Horticulture Australia and AUSVEG.

PT13015 Potato Tracker.

Wave 2: October 2014

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Contents.

Background & Methodology.

Background.

- The Australian fresh potato industry needs to better understand consumer attitudes to fresh produce, sales trends and market sizes over time.
- In order to most effectively deliver to consumers needs as well as overall market trends, a comprehensive and dedicated research program that guides commercial activation was required.
- This project has been funded by HAL using the fresh potato levy and matched funds from the Australian Government.
- The monthly online tracking project for potatoes is across a 12 month period to assist in better understanding consumer behaviour.

Sample Structure.

In total, 317 Australians completed our online questionnaire. Respondents represented most States and Territories, as well as both metro and rural areas.

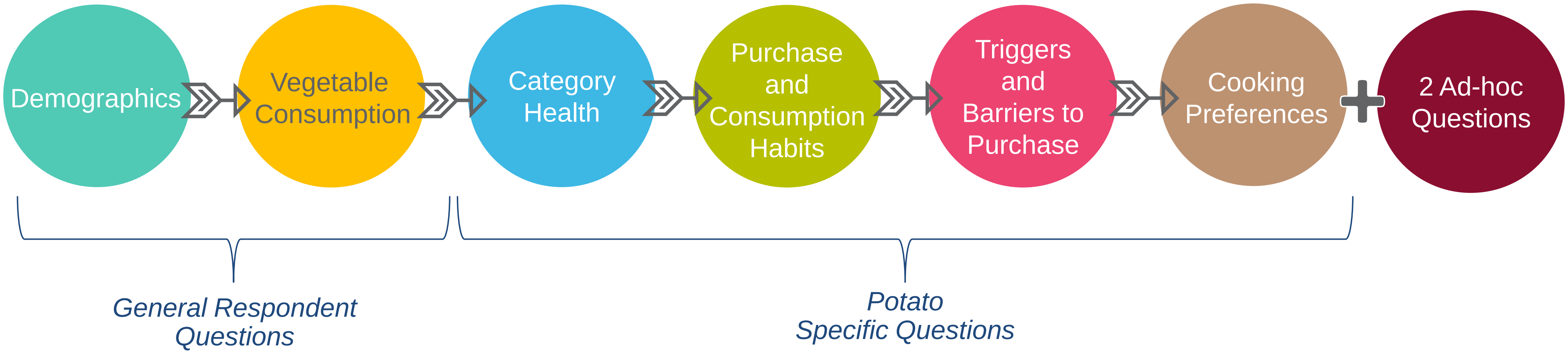
Demographic profiling information about age and household structure was collected to examine differences between life stages.

Sample specifications:

- Aged 18 + years
- Purchased fresh vegetables in the last fortnight
- Purchased potatoes in the last month
- Main grocery OR Joint grocery buyers

Total		N=317
Gender	Male	27%
	Female	73%
Age	18-24 years	6%
	25-34 years	25%
	35-44 years	16%
	45-54 years	16%
	55-64 years	17%
	65 + years	20%
Household	Single Income no Kids	23%
	Double Income no Kids	17%
	Young Families	20%
	Established Families	18%
	Empty Nesters	22%
State	New South Wales	17%
	Victoria	17%
	South Australia	17%
	Queensland	17%
	Western Australia	15%
	Tasmania	15%
	Australian Capital Territory	3%
	Northern Territory	0%

Online Tracker Methodology.



- All respondents complete general demographic and consumption questions. If respondents purchased any of the specific commodities within the last month they complete those questions.
- An additional 2 ad-hoc questions are asked at the end of the questionnaire. The subjects of these questions are supplied by Horticulture Australia and AUSVEG.
- Questions asked appear on the bottom of each page of this report. Unless stated otherwise, all scales were 0 -10 scales, with higher scores indicating greater agreement/liking/importance etc.

Trends Research: Our Approach

- Colmar Brunton has used a combination of both desk research and in the field market research to explore trends.
- Our main source of secondary data for this report was collected from Mintel Global New Products Database (GNPD).
- This data source is used to analyse products launched around the globe in the last 3 months (L3M) that contained potato as a core ingredient. Therefore trends data will be reported quarterly. **Next trends analysis will be contained in Wave 4 report**.
- Trends are determined at a global and regional level.
- Claims and pack types used for the launched products are explored and the relevant product categories are determined. Specific examples of products being launched around the globe that are particularly innovative are displayed for reference.

What We Found.

Potato Grower Action Plan

Propensity to purchase more potatoes in the future is strong, especially with younger age groups.

1.

Insight:

A large portion of consumers are purchasing both washed and brushed potatoes.

Recommendation:

Aim to differentiate both types of potatoes to maintain relevance to consumers. Promote brushed as the value for money option, position washed as convenient and easy to prepare and use straight away.

2.

Insight:

Diet concerns and weight management is a key barrier to purchase this month.

Recommendation:

Educate consumers on the health benefits and nutritional facts of potatoes, including low in fat, good source of vitamin B6 and potassium, which can help boost heart health and reduce cholesterol levels.

3.

Insight:

Consumers want information on suitability for cooking styles, country of origin and best before dates.

Recommendation:

Work with manufacturers, packers and retailers to develop viable options to ensure this essential information reaches consumers, such as printing on packaging, point of sale materials or QR codes.

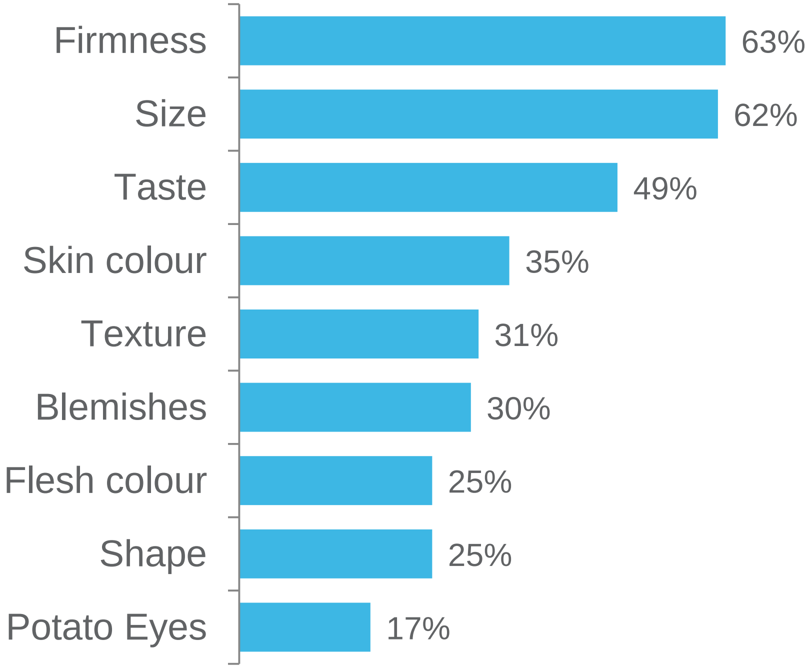
Wave 2: Potato Fast Facts

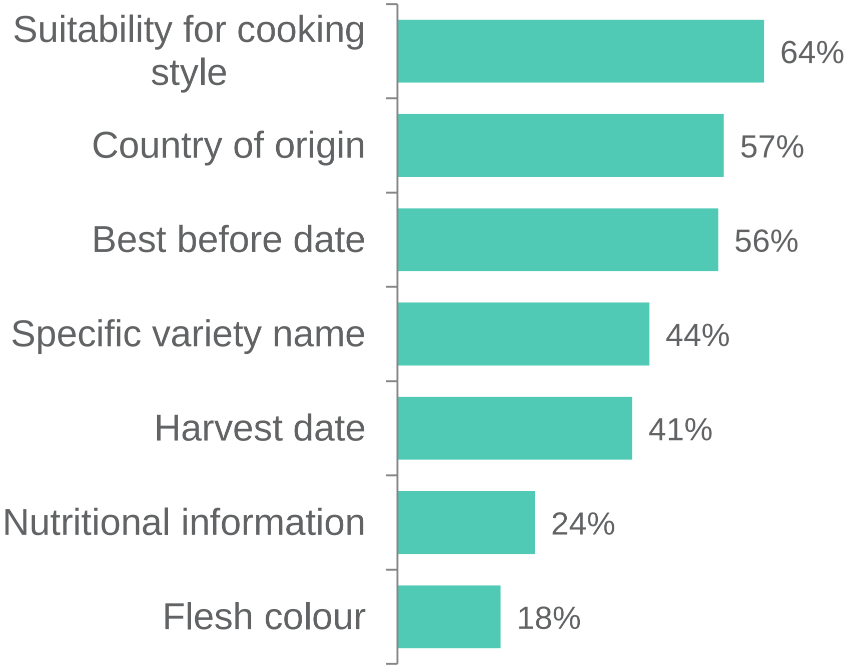
- Consumers are satisfied with the range of potatoes available. Future purchase intent remains strong, especially amongst 18-24 year olds.
- Consumers report a high consumption frequency of 13.9 occasions per month. On average potatoes are purchased 4.0 times per month, slightly up from last wave.
- On average, 2.9 kg of potatoes are purchased. Recalled last spend was $5.00. Overall, consumers perceive washed and brushed potatoes to be good value for money. Nearly half of consumers purchase both washed and brushed types.
- Price tracking reveals an average of $3.92 per kilo in September. Price was relatively consistent across states and retailers.
- Spontaneous and prompted awareness of potato types remains high. Desiree is most regularly purchased. This month saw an increase in the purchase of Dutch Creams.
- The top triggers to purchase are taste and ease of preparation. This month saw a large increase in people believing they consume enough for their needs as well as diet concerns, as the key barriers to purchase.
- Potatoes are expected to remain fresh for 17 days and expectations are typically met.

Response to Ad-Hoc Questions.

What are consumers looking for?

- When purchasing potatoes consumers are comparing firmness, a sign of freshness, as well as suitability of size.
- Consumers are most interested in suitability for cooking, such as mashing or roasting. Consumers also want to know where the potatoes are grown and best before dates.





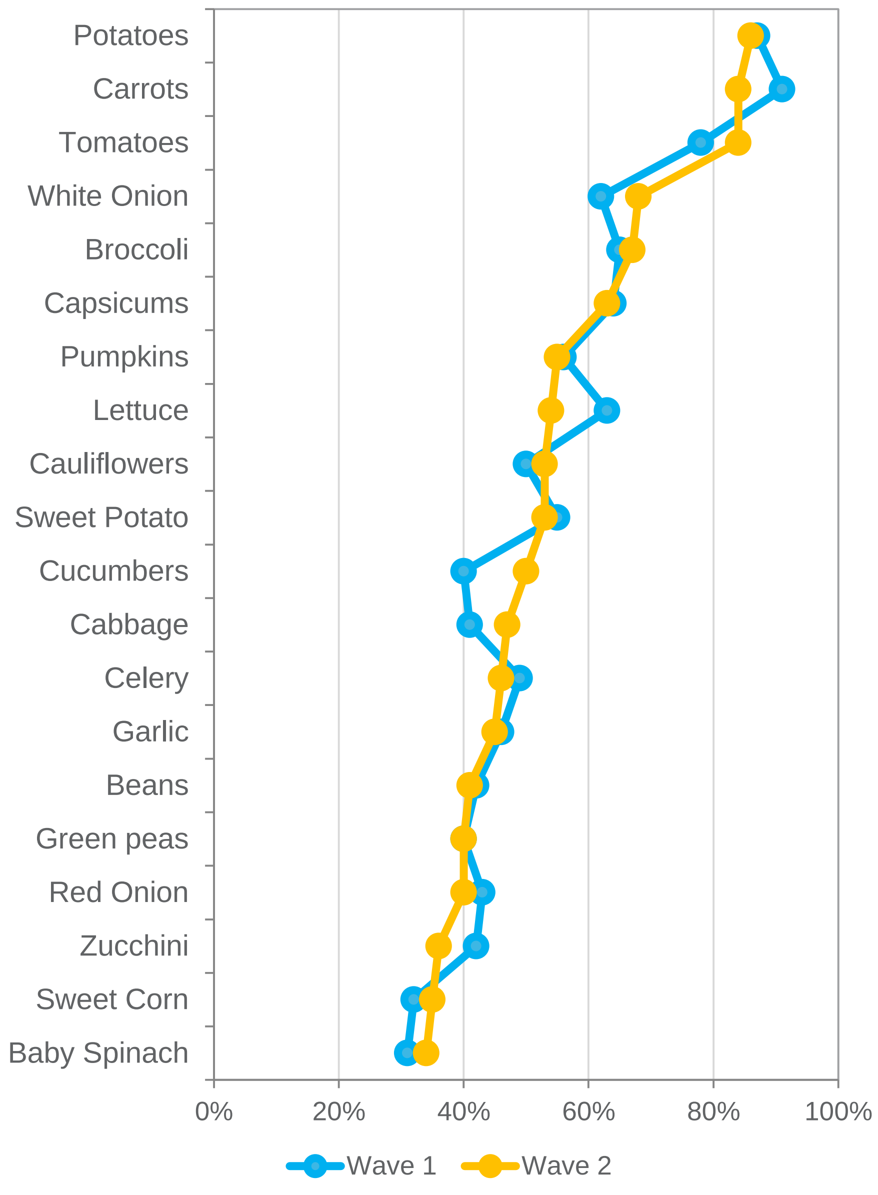
Having potato eyes and blemishes is less important to consumers.

N=317
AHQ1. When purchasing potatoes what are the most important factors?
AHQ2. When purchasing potatoes in-store, what information would you like to know?

Online Tracker Findings.

Top 20 Vegetables Purchased Last Month

- Consumers purchase a large variety of fresh vegetables in a month.
- There has been an increase in cucumber and cabbage purchase compared with last month, August.
- The top five most purchased vegetables are carrots, potatoes, tomatoes, onion and broccoli.



Wave 1 N=402
S8. Which of the following fresh vegetables have you purchased in the last month?

Category Health Explained

The following questions were asked to understand consumer sentiment about potatoes, which can be tracked over time.

- How **important** to you is having a range of *potatoes* available in the store where you usually shop?
- How **satisfied** or dissatisfied are you with the range of *potatoes* currently available?
- How likely would you be to **recommend** *potatoes* to your family and friends?
- How interested or disinterested are you in new *potato* **varieties**?
- In the future, are you **likely to buy**?

Category Health

- Consumer sentiment is consistent with last month. Consumers are satisfied with the range of potatoes currently available.
- Intention to purchase more potatoes in the future is strong. This month has seen a large increase in propensity to purchase from 18-24 year olds.

	Wave 2
Importance	6.5 ▼
Satisfaction	6.7 –
Endorsement	6.2 –
Interest (New Types)	6.1 –

Future Purchase Intent	Total	Age						Gender	
		18-24	25-34	35-44	45-54	55-64	65+	Male	Female
More than you do currently	11% ▲	25%	18%	12%	14%	2%	2%	15%	9%
The same as you do currently	88% ▼	75%	82%	86%	86%	98%	95%	85%	90%
Less than you do currently	1% –	0%	0%	2%	0%	0%	3%	0%	1%

CH1. How important to you is having a range of potatoes available in the store where you usually shop?
CH2. How satisfied or dissatisfied are you with the range of potatoes currently available?
CH3. How likely would you be to recommend potatoes to your family and friends?
CH4. How interested or disinterested are you in new potato varieties?
CH5. In the future, are you likely to buy?

▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

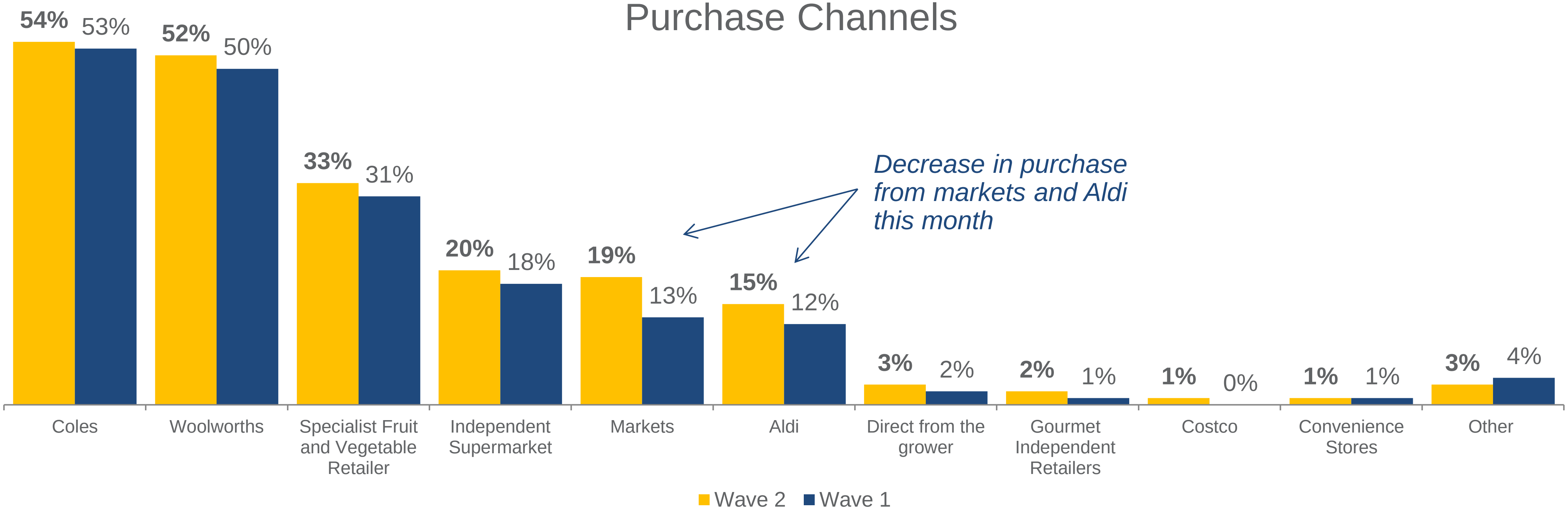
Purchase and Consumption Behaviour

Average Purchase **4.0** times per month ▲

Average Consumption **13.9** times per month ▼

- Purchase frequency has slightly increased from September.
- Consumption frequency remained relatively frequent, approximately once every two days.
- Mainstream retail channels remained the key purchase locations.

Purchase Channels



Q1. On average, how often do you purchase potatoes?
Q2. On average, how often do you consume potatoes?
Q5. From which of the following channels do you typically purchase potatoes?
Sample N=317

▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Average Spend and Price Sensitivity

Average weight of purchase

The average consumer typically purchases **2.9kg** ▲ of potatoes, consistent with last month.

Recalled last spend

The average recalled last spend is slightly up at **$5.00** ▲ in September 2014.

Value for money

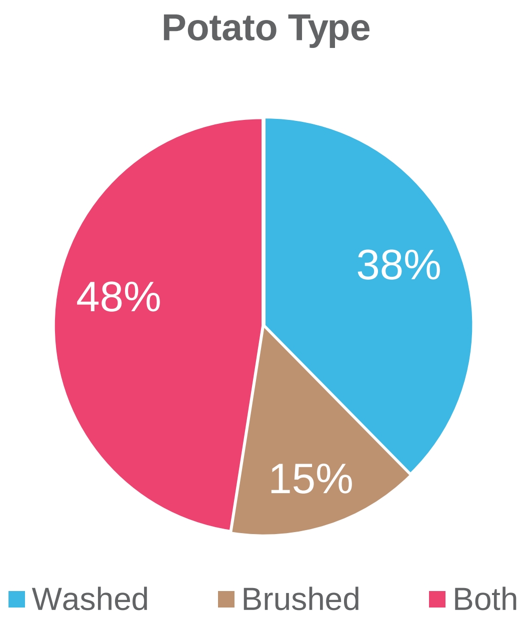
On average, consumers perceive **washed** and **brushed** potatoes to be good value for money **(6.5/10** ▼ **and 6.7/10** – respectively).

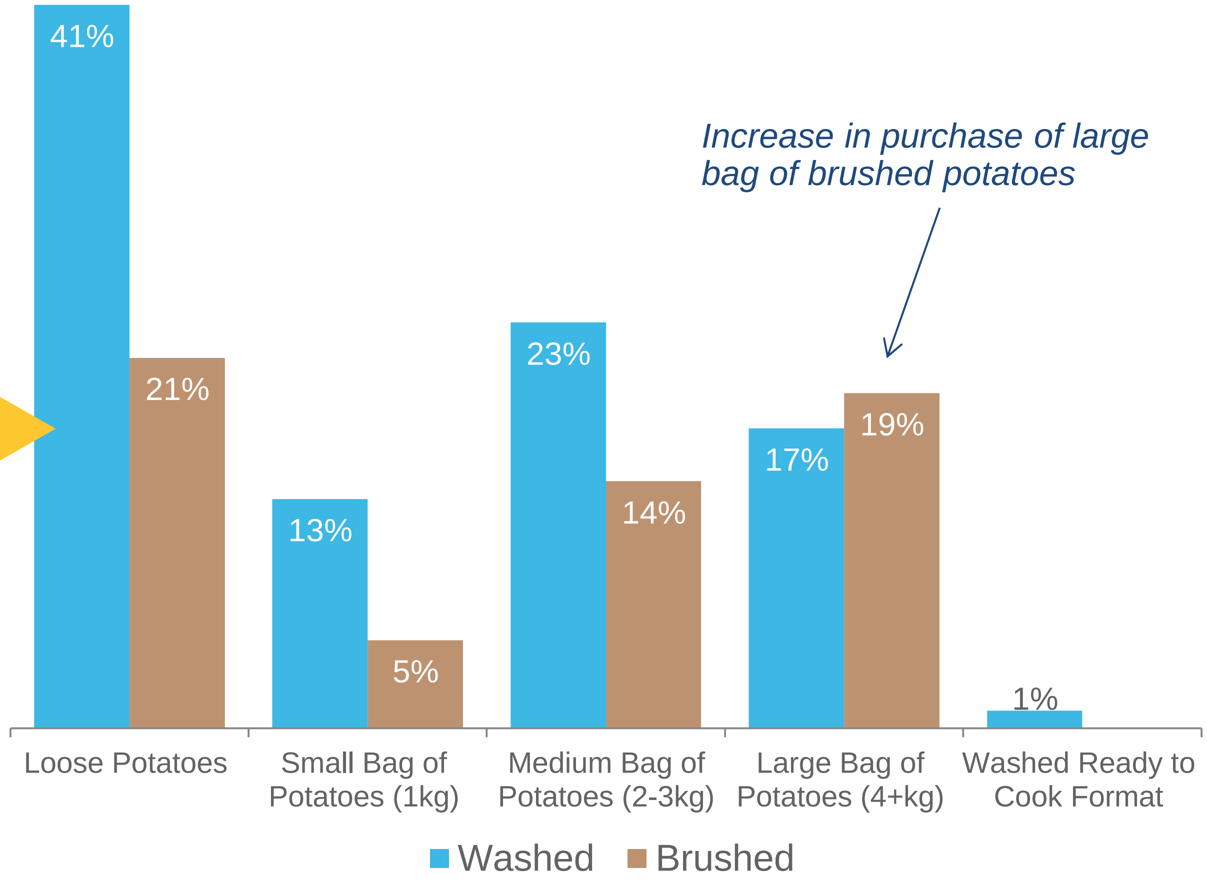
Q3. How much potato do you typically purchase when you shop for it?
Q3b. To the best of your memory how much did this cost on your most recent typically purchase?
Q4. Please indicate how Poor to Good Value you think this is? (0-10 scale)
Sample N=317

▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Formats Purchased

- Purchase of potato types is consistent with last month, with nearly half of all consumers purchasing both washed and brushed.
- Loose potatoes remain the most common format purchased. There has been an increase in purchase of large bags of brushed potatoes.

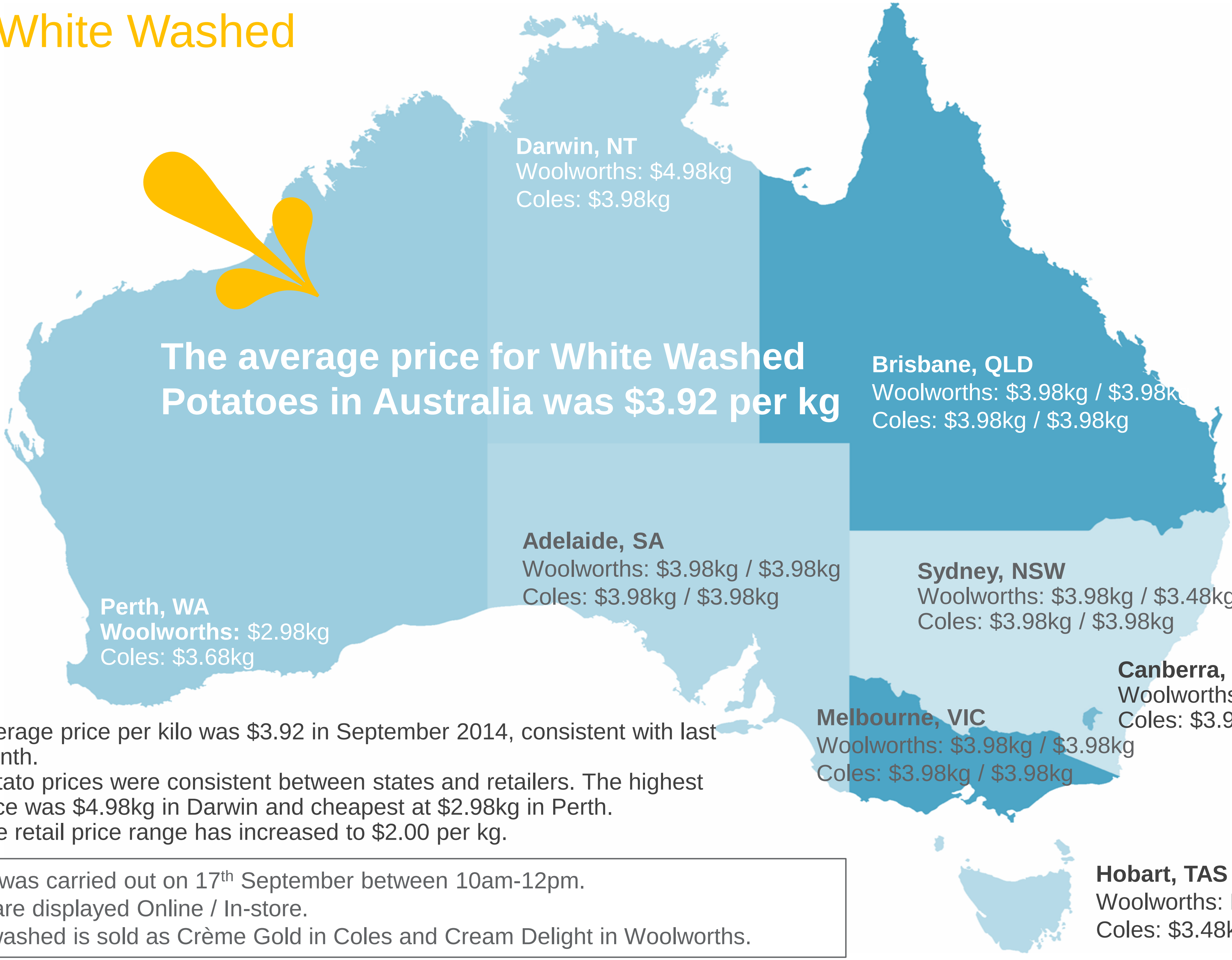




Sample N=317
Q2b. How do you normally buy your POTATOES?
Q3a. How much potato does this typically equate to?

Online and In-store Prices

White Washed



- Average price per kilo was $3.92 in September 2014, consistent with last month.
- Potato prices were consistent between states and retailers. The highest price was $4.98kg in Darwin and cheapest at $2.98kg in Perth.
- The retail price range has increased to $2.00 per kg.

Pricing was carried out on 17th September between 10am-12pm.
Prices are displayed Online / In-store.
White washed is sold as Crème Gold in Coles and Cream Delight in Woolworths.

Spontaneous Awareness

⇛ Levels of awareness is consistent with the previous wave, with one in three consumers unable to recall a type of potato.

⇛ Potatoes with the greatest recall are Desiree, Dutch Cream and Kipfler. These names are a mixture of supermarket branding and varietal names.

31% of consumers were unable to recall a type of potato

Sample N=317
Q6a. What type/varieties of potatoes are you aware of? (unprompted)

Purchased Varieties.

- Desiree remains the most commonly purchased potato variety.
- This month saw an increase in purchase of Dutch Creams and a decrease in Carisma purchase.

13% of consumers don't know what variety they typically purchase

Carisma- **11%** ▼

Coliban- **15%** ▼

Desiree- **45%** ▼

Dutch Cream- **22%** ▲

Gold Rush- **11%** ▼

Golden Delight- **12%** ▲

Kennebec- **26%** ▲

Kestrel- **17%** ▲

King Edward- **11%** –

Kipfler- **21%** ▲

Lady Christl- **8%** ▲

Maranca- **12%** ▲

Mozart- **4%** ▼

Nadine- **15%** ▼

Nicola- **5%** ▼

Red Rascal- **7%** –

Sebago- **16%** ▼

Sifra- **3%** ▼

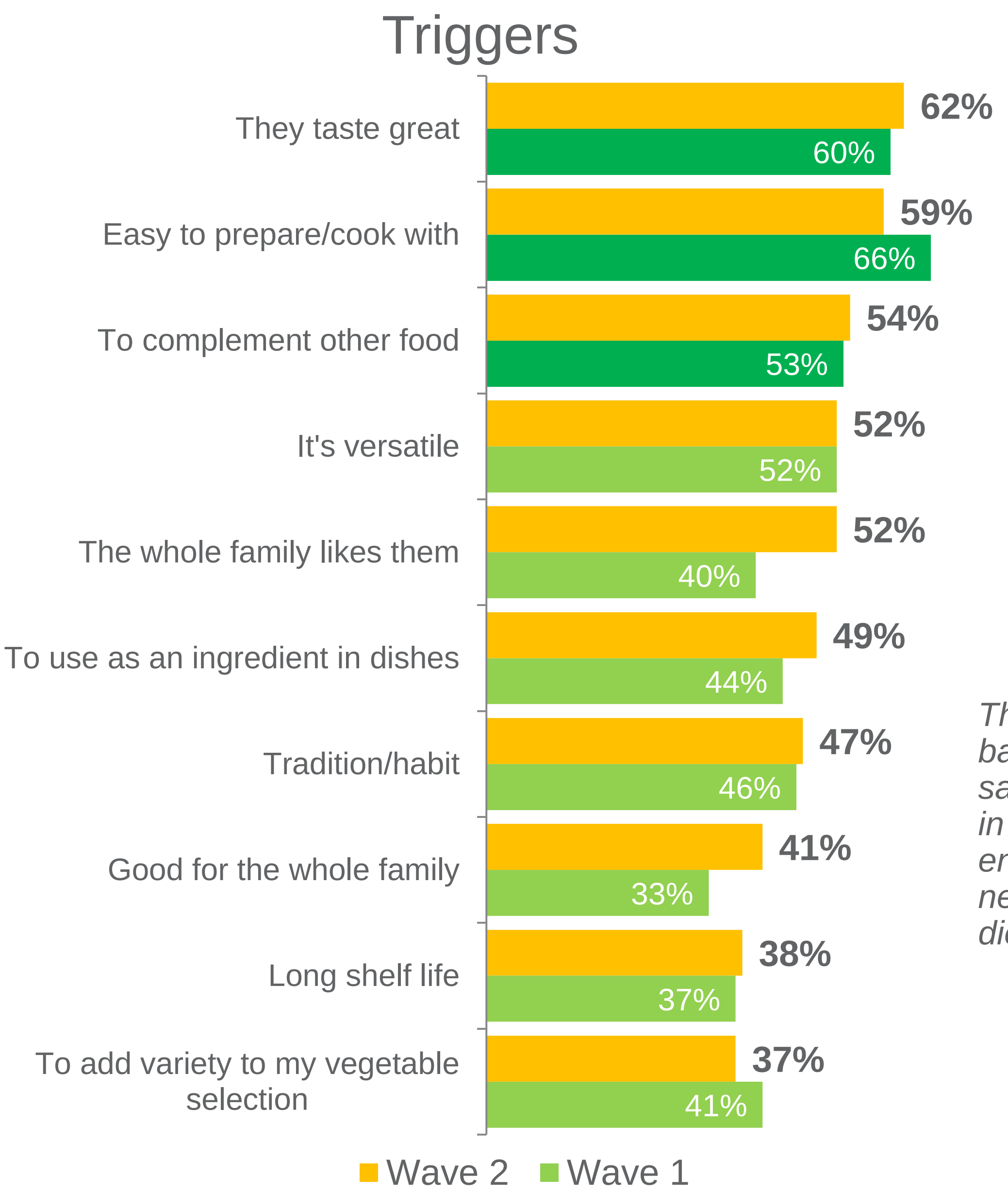
Valor- **12%** ▼

Other- **5%** ▼

Sample N=317
Q6. Which of the following types/varieties of POTATOES do you typically purchase?

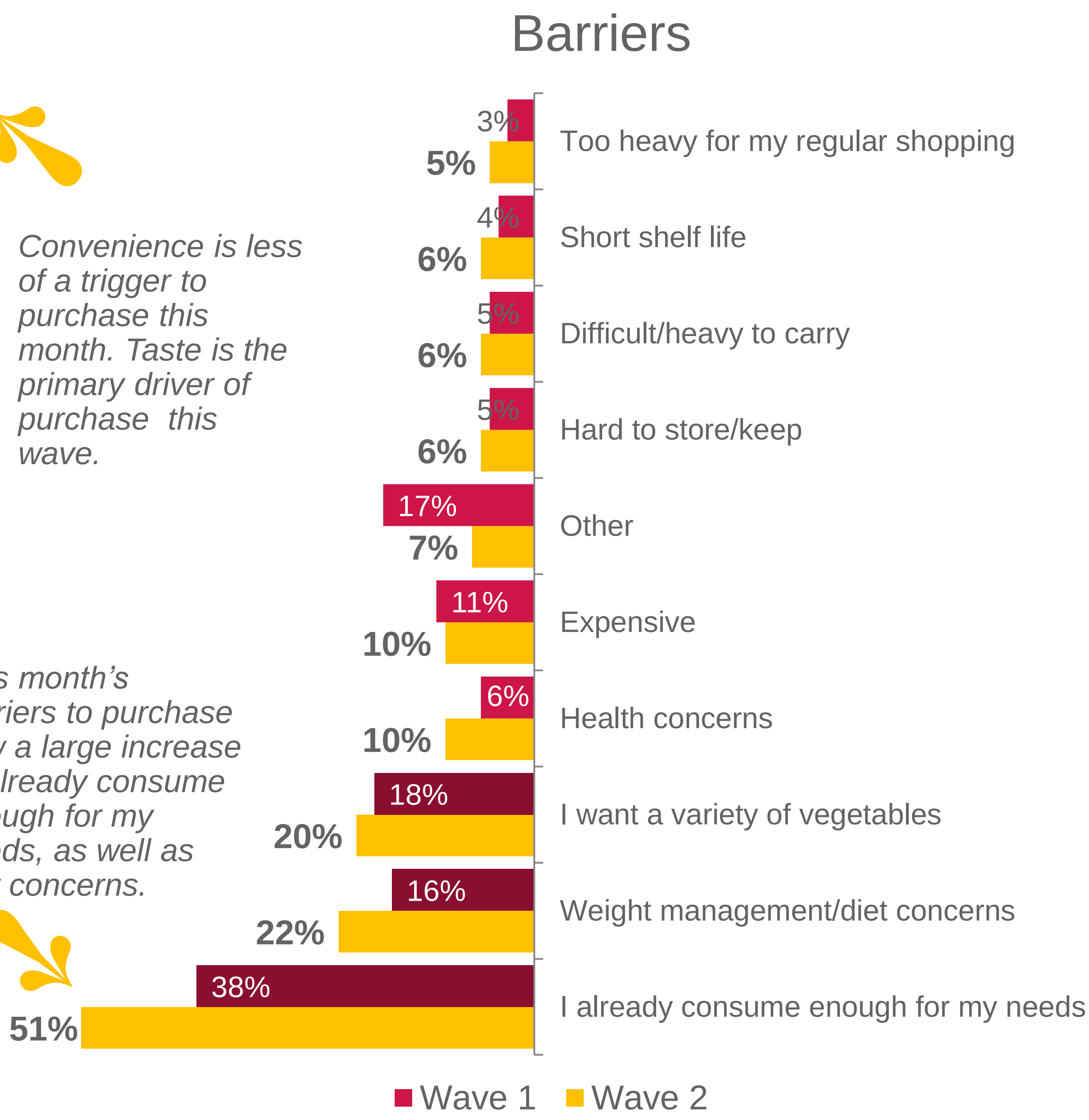
▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Triggers and Barriers to Purchase



Convenience is less of a trigger to purchase this month. Taste is the primary driver of purchase this wave.

This month's barriers to purchase saw a large increase in already consume enough for my needs, as well as diet concerns.



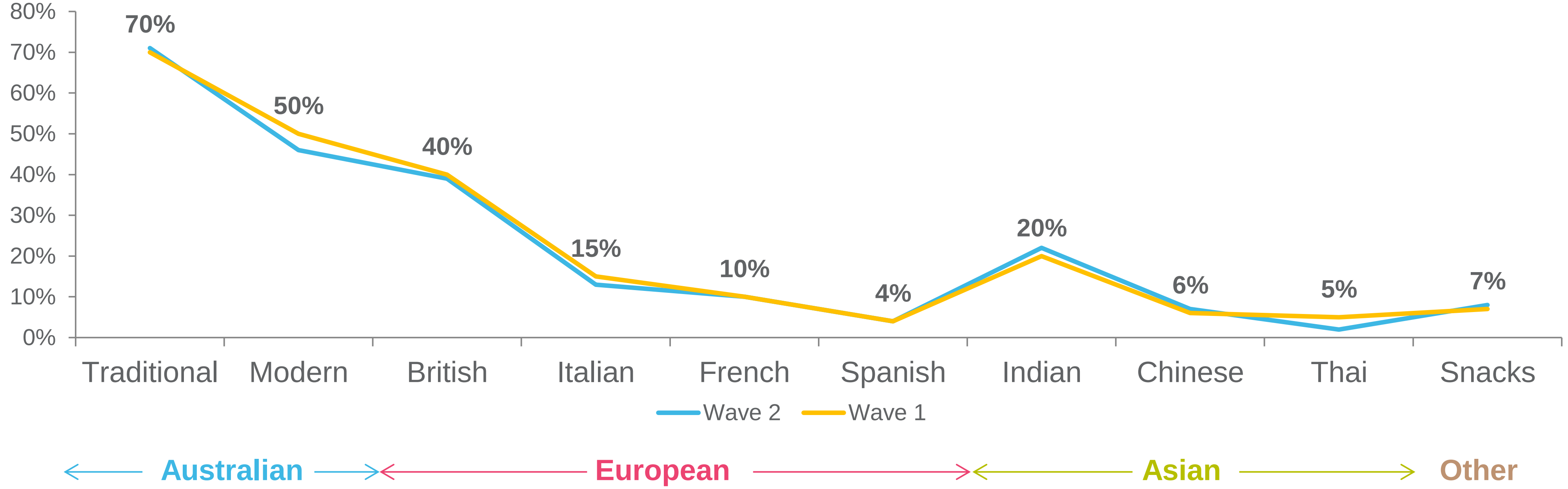
Sample N=317
Q7. Which of the following reasons best describes why you purchase potatoes?
Q8. Which reason best describes why you don't buy potatoes more often?

Cooking Cuisine & Occasions

- Compared with last month there is a decrease in dinner consumption. However, family meals is a more prominent meal occasion for potatoes.
- Cuisines remain consistent with last month, Australian, British and Indian the most popular to cook using potatoes.

Wave 1 Top 5 Consumption Occasions

	Wave 2
Weekday Dinner	61% ▼
Weekend Dinner	48% ▼
Family Meals	48% ▲
Every-day Meals	45% ▲
Quick Meals	22% ▲



Sample N=317
Q10. What cuisines do you cook/consume that use potatoes?
Q11. Which of the following occasions do you typically consume/use potatoes?

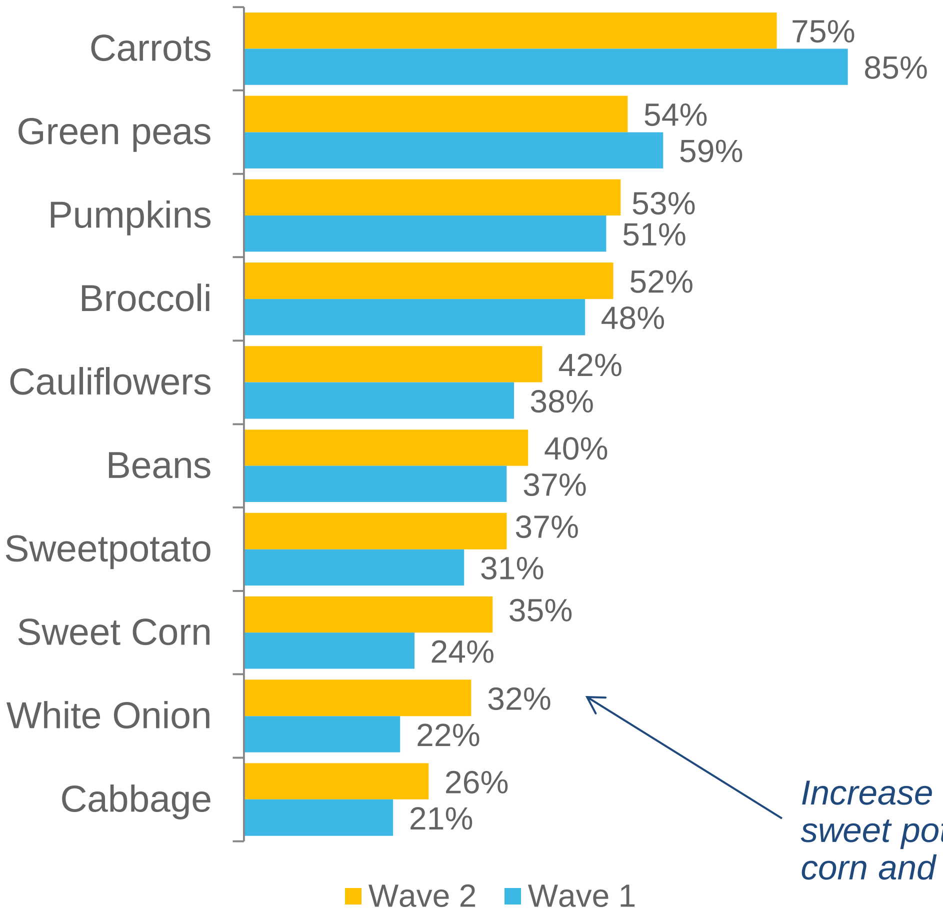
▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Cooking Preferences

⇛ Potatoes are typically served with carrots, green peas and pumpkin, consistent with last month.

⇛ There is an increase in the number of consumers who baked and shallow fried their potatoes. Mashing and roasting remain the favourite cooking styles.

Accompanying Vegetables



Increase in serving with sweet potato, sweet corn and white onion

Cooking Styles		
Mashing	72%	▼
Roasting	68%	–
Boiling	57%	▼
Baking	56%	▲
Microwave	29%	–
Steaming	24%	▼
Soup	24%	▼
Stewing	23%	▼
Shallow Frying	16%	▲
Deep Frying	15%	▼

Sample N=317
Q9. How do you typically cook potatoes?
Q10a. And when are you serving potato which of the following do you also serve together with this?

▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Provenance and Freshness

Importance of provenance has increased since last wave. →

Provenance is quite important to consumers **6.0/10** ▲

Expectations of freshness are more likely to be met compared to August. →

Consumers expect potatoes to remain fresh for **16.9** ▼ days after purchase

Only 2% of consumers indicate that their expected freshness is rarely met. →

Expectations of freshness is always met **21%** of the time ▲

Q14. When purchasing potatoes, how important is Provenance to you?
Q12. How long do you expect potatoes to stay fresh for, once you have purchased it?
Q13. How often is this length of freshness met when you buy potatoes?
Sample N=317

▼: Indicates LOWER score than previous wave.
▲: Indicates HIGHER score than previous wave.

Thanks.