Horticulture Innovation Australia

Horticulture Australia and AUSVEG.

PT13015 Potato Tracker.

This project has been funded by HIA using the fresh potato levy and matched funds from the Australian Government.

Wave 6: February 2015

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Contents.

- Background & Methodology 4
- What We Found 9
- Response to Ad hoc Questions 12
- Online Tracker Findings 16

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 HIA 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.

This month a total of 305 Australians completed our online questionnaire. Respondents represented all States and Territories, as well as both metro and rural areas.

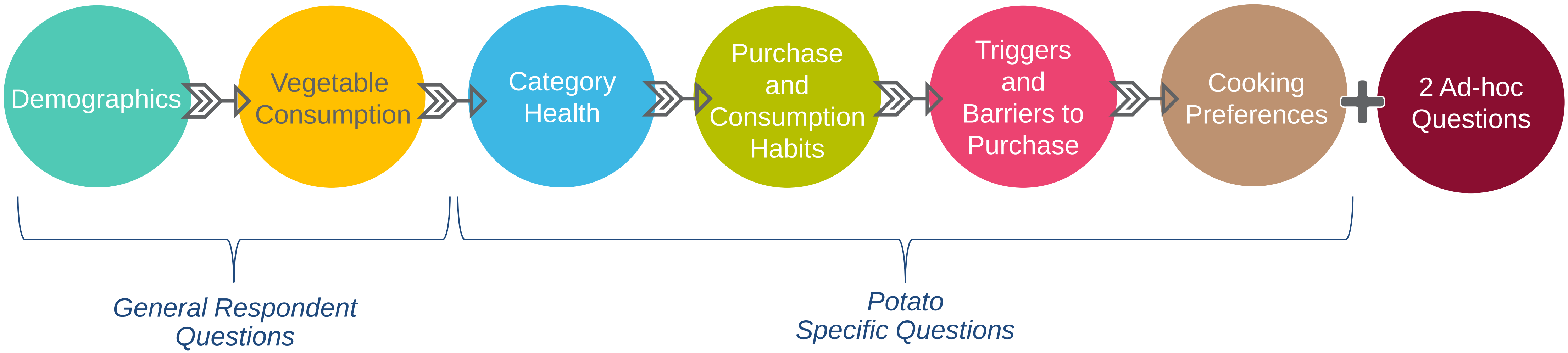
Demographic profiling information about age and household structure was collected to examine differences between life stages.

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		Wave 6 N=305	Quarter 1 N=991
Gender	Male	36%	34%
	Female	64%	66%
Age	18-24 years	8%	6%
	25-34 years	16%	20%
	35-44 years	19%	16%
	45-54 years	20%	17%
	55-64 years	23%	21%
	65 + years	14%	20%
Household	Single Income no Kids	18%	22%
	Double Income no Kids	21%	19%
	Young Families	15%	17%
	Established Families	23%	17%
	Empty Nesters	23%	25%
State	New South Wales	17%	15%
	Victoria	16%	16%
	South Australia	16%	15%
	Queensland	16%	15%
	Western Australia	16%	17%
	Tasmania	15%	18%
	Australian Capital Territory	2%	3%
	Northern Territory	1%	1%

Online Tracker Methodology.



- All respondents complete general demographic and consumption questions. If respondents purchase 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, and next available in Wave 7 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

Horticulture Innovation Australia

Both Washed and Brushed formats remain relevant to consumers.

1.

Insight:

Quality issues arise at both purchase location and at home whilst cooking.

Recommendation:

Reassure consumers in-store that despite visual and superficial defects, the quality of the potato is not affected. Investigate the possibility of an 'ugly' potato bin for un-uniformed produce (a campaign that has been highly successful overseas). This may increase overall volume and sales.

2.

Insight:

Expense has increased as a key barrier to purchase this month.

Recommendation:

Expense is primarily driven by consumer perceptions (rather than an increase in retail price). Debunk 'potatoes are expensive' by highlighting value for money options, such as loose and brushed formats. A reduced price, 'ugly' potato bin may also combat negative price opinions.

3.

Insight:

Length of potato freshness and perceptions have fallen.

Recommendation:

Freshness concerns may be related to the quality issues reported (especially the firmness of potatoes). Educate consumers on correct storage to extend shelf life and freshness perceptions. Ensure that regular quality checks are in place and enforced to maintain freshness throughout the supply chain.

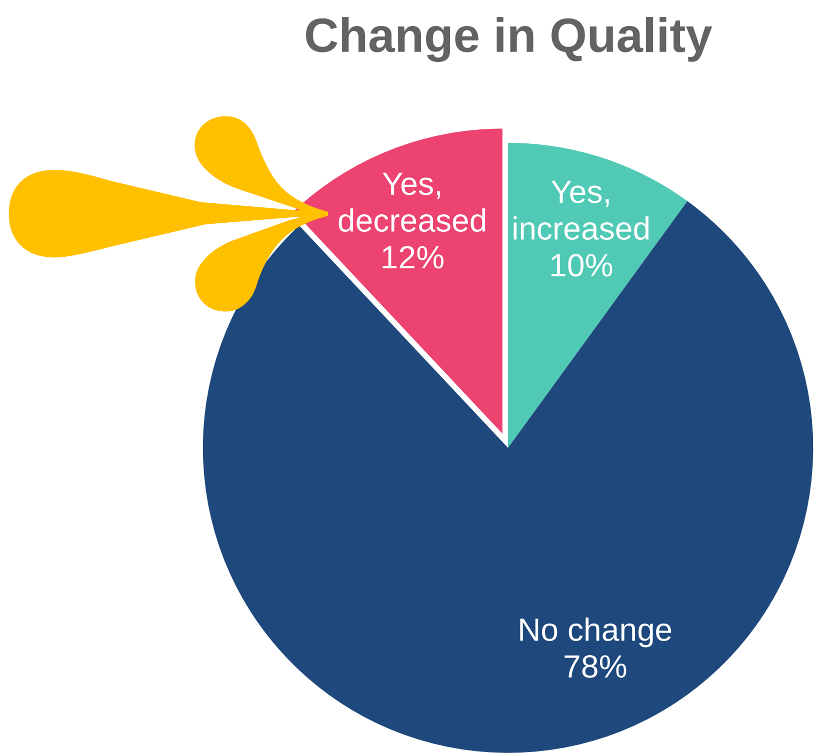
Wave 6: Potato Fast Facts

- Potatoes continue to have positive consumer sentiment with stable future purchase intent.
- Potatoes are purchased over 3 times per month and consumed on an average of 13 occasions.
- On average, 2.6kg of potatoes are purchased. Recalled last spend was $4.60, both slightly down from the previous Quarter. Overall, consumers perceive washed and brushed potatoes to be equally good value for money.
- Consumers are purchasing both washed and brushed styles, generally in loose formats. However, small and medium bags remain popular for washed potatoes.
- Price tracking reveals an average of $3.86 per kilo in January, consistent between states and retailers.
- Spontaneous and prompted awareness of potato types remains high. Desiree, Kennebec and Dutch are the most regularly purchased this month.
- The key influences on potato purchase are that they are easy to prepare and cook with as well as taste. “I consume enough for my needs” consistently remains the key barrier to future purchase, although expense has considerably increased as a barrier to purchase this month.
- Potatoes are expected to remain fresh for 16 days and expectations are somewhat met. These have decreased in comparison to Quarter 1 averages.

Response to Ad-Hoc Questions.

The majority of consumers have not noticed a change in the quality of potatoes over the past couple of months.

Positively, 10% of consumers perceive the quality of potatoes to have increased. However, 12% did indicate a decline in quality in past months.



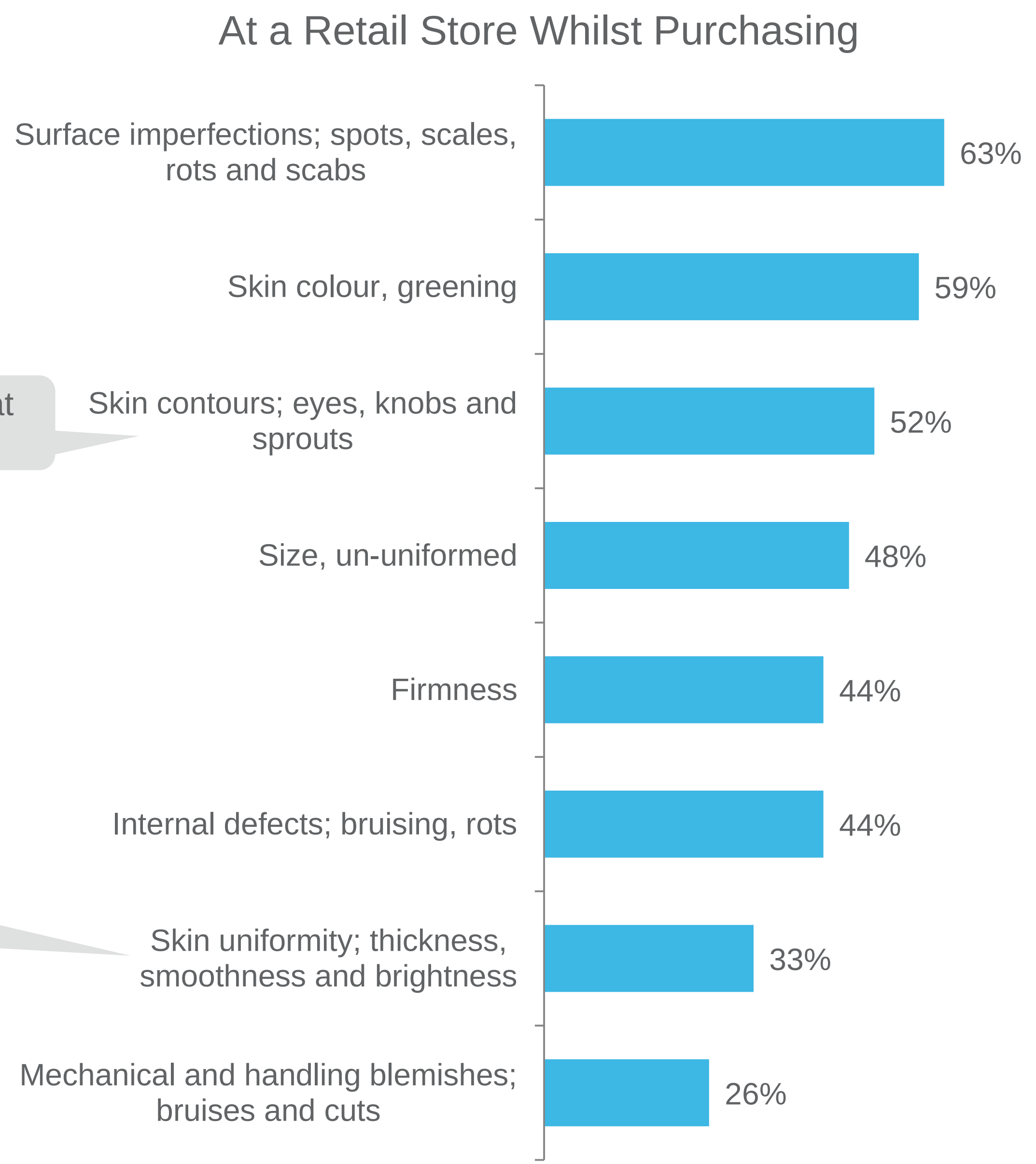
AHQ1. Over the last couple of months have you noticed a change in the quality of potatoes?
Sample N=305

In-store, the main quality issues that consumers have noticed are surface imperfections and skin colour.

Quality issue more likely at Coles stores

Imperfections are relatively consistent between washed and brushed potato types.

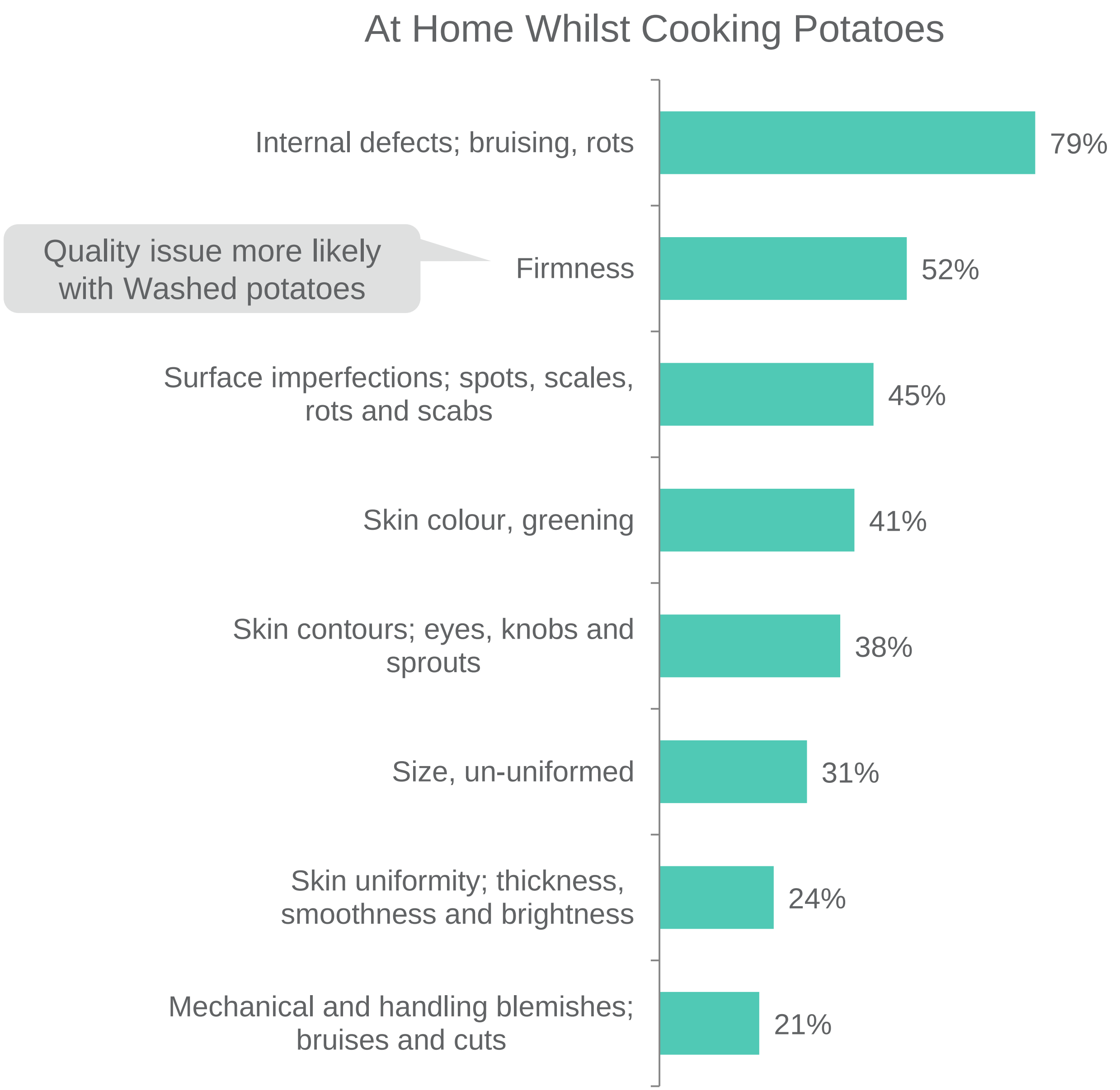
Quality issue more likely at Woolworth stores



AHQ2. You mentioned that the quality of potatoes has decreased over the past couple of months. What aspects of potatoes have been affected and when did you notice the imperfections? At the retail store whilst shopping for potatoes
Sample N=27
Please not small sample size, please interpret with caution

When cooking with potatoes at home, consumers are noticing internal quality issues, such as bruising and rots. The firmness is also an issue, particularly with washed potatoes.

Firmness may have to do with incorrect storage once purchased or extended display in-store.



AHQ2. You mentioned that the quality of potatoes has decreased over the past couple of months. What aspects of potatoes have been affected and when did you notice the imperfections? At home whilst cooking the potatoes.
Sample N=29
Please note small sample size, please interpret with caution

Online Tracker Findings.

Top 20 Vegetables Purchased Last Month

- Vegetable purchase is in line with previous waves. Purchase of summer salad vegetables, such as lettuce and cucumber are higher this month.
- The top five most purchased vegetables are tomatoes, potatoes. carrots, onion and capsicums.

Wave 4 N=388
S8. Which of the following fresh vegetables have you purchased in the last month?

Category Health Explained

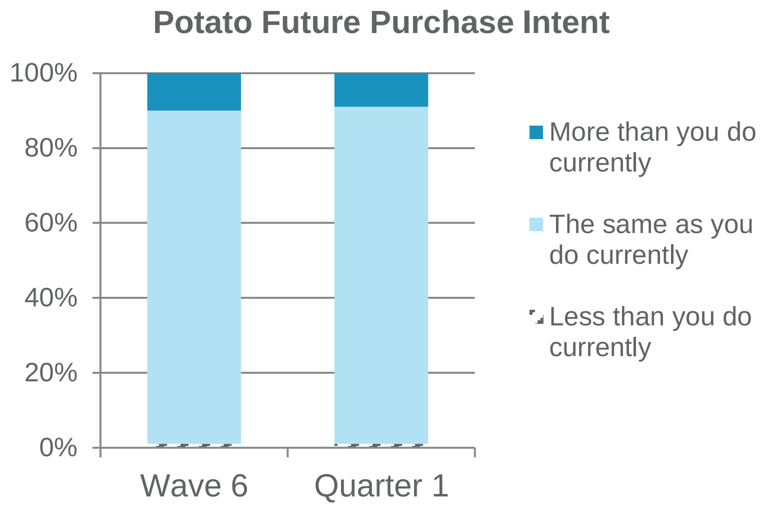
The following questions were asked to understand consumer sentiment about potatoes, which can be tracked over time.

- 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**?

In line with previous months, consumers are satisfied with potatoes. Having a range available where they shop is important to consumers.

Future purchase intent is stable. Increased volume is most likely to come from younger age groups and single income, no kids households.

	Wave 6	Quarter 1 Average
Importance	6.6	6.5
Satisfaction	6.6	6.7
Endorsement	6.3	6.2
Interest (New Types)	6.1	6.0



Quarter 1= Average of Wave 1-3 results

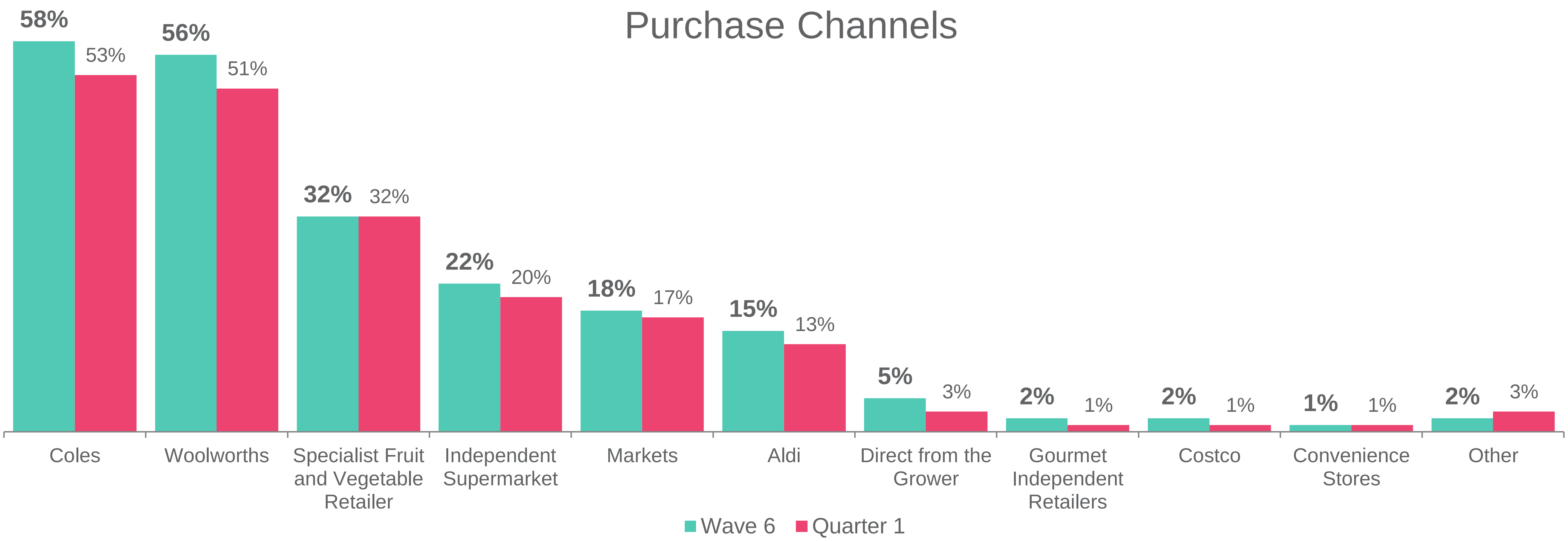
Purchase and consumption frequency remain consistent with past months. Consumption occasions appear stable, and are not influenced by seasonality.

Coles and Woolworths remain the major retail outlets for potato purchase.

Average Purchase **3.6** times per month —

Average Consumption **13.7** times per month ▼

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=305

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Weight of purchase and spend are down on previous months.

The decrease in purchase and spend may have lead to the increase in value for money perceptions of washed potatoes, however brushed perceptions are down.

Average weight of purchase

The average consumer typically purchases **2.6kg** ▼ of potatoes, consistent with Quarter 1.

Recalled last spend

The average recalled last spend is in line with Quarter 1 average, at **$4.60** ▼ in December 2014.

Value for money

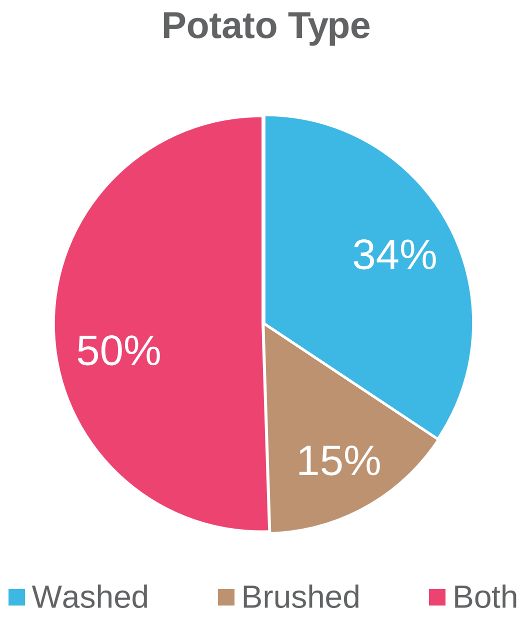
On average, consumers perceive **washed** and **brushed** potatoes to be good value for money **(6.6/10** ▲ **and 6.6/10** ▼ respectively).

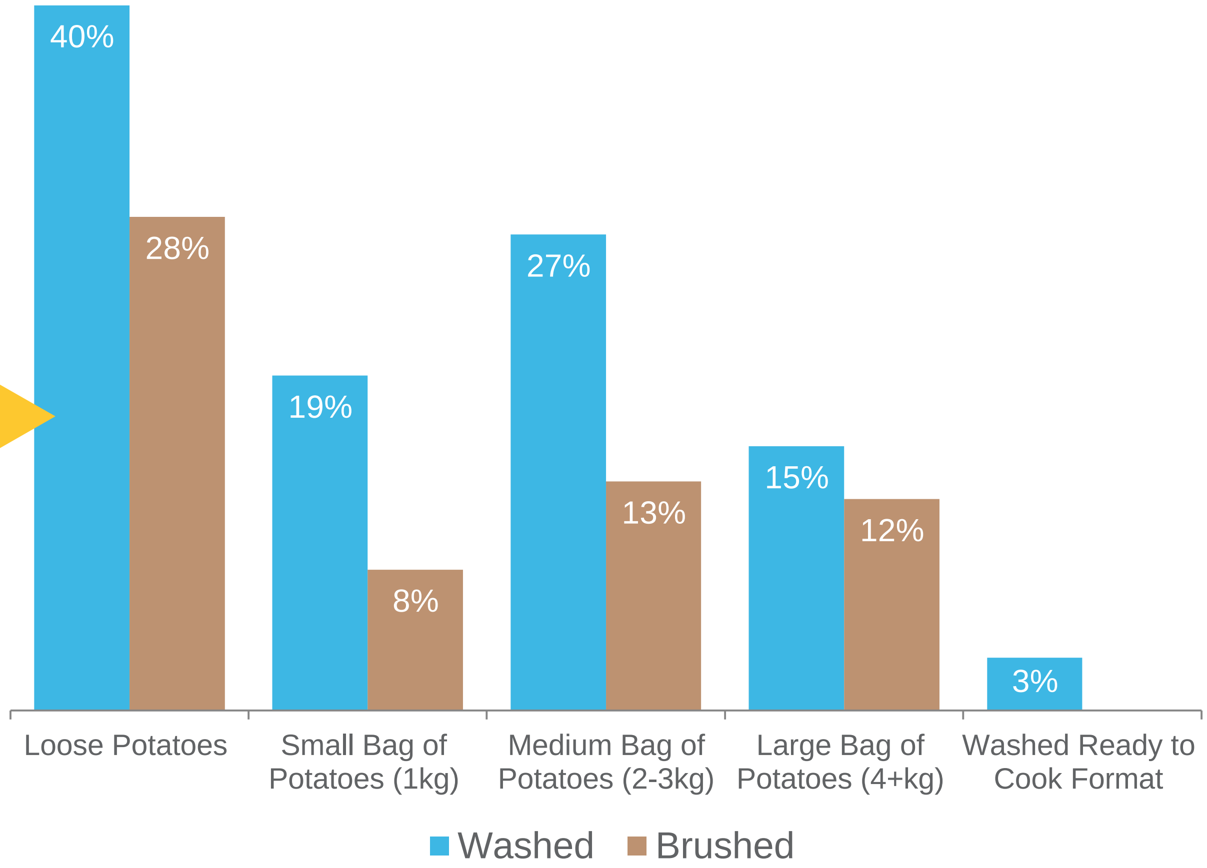
Q3. How much potato do you typically purchase when you shop for it?
Q3b. To the best of your memory how much did this cost on your most recent typically purchase?
Q4. Please indicate how Poor to Good Value you think this is? (0-10 scale)
Sample N=305

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Purchase of potato formats was consistent with past months, with half of consumers purchasing both washed and brushed.

February saw an increase in purchase of small bag formats, however loose remains the dominant format for both types of potatoes.

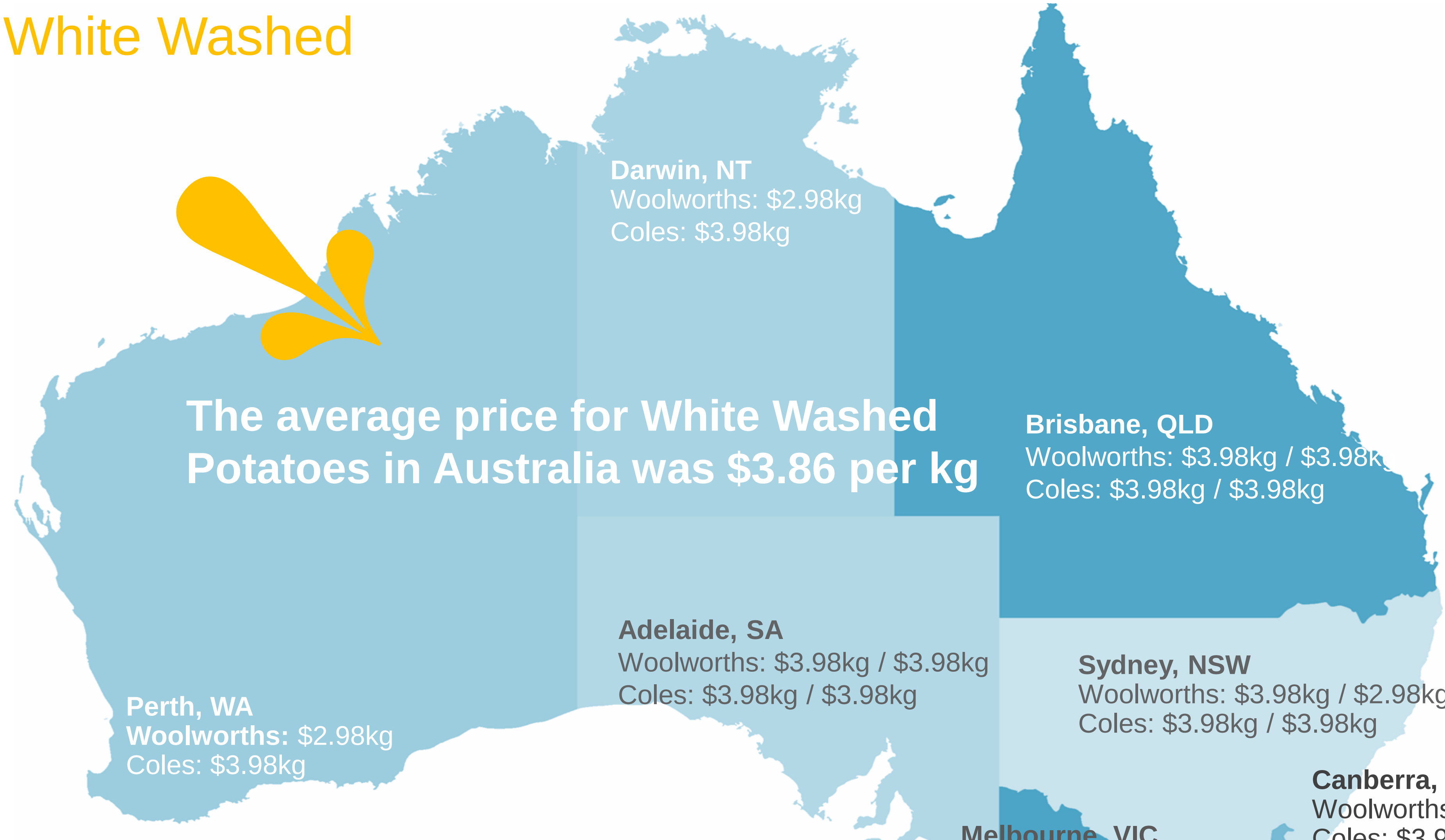




Sample N=305
Q2b. How do you normally buy your POTATOES?
Q3a. How much potato does this typically equate to?

Online and In-store Prices

White Washed



The average price for White Washed Potatoes in Australia was $3.86 per kg

- Average price per kilo was $3.86 in January 2014, slightly down on the previous months.
- There was little variation in retail price between states and retailers.
- The retail price range has decline to $1.00 per kg.

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

Recall of potato varieties is in line with past months, with one third of consumers unable to name a type.

Desiree, Dutch Cream and Kipfler have the greatest unprompted awareness.

29% of consumers were unable to recall a type of potato

Sample N=305
Q6a. What type/varieties of potatoes are you aware of? (unprompted)

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The greatest increase in purchase this month is Golden Delight potatoes.

Desiree potatoes are consistently the most purchased variety, also up this month.

12% of consumers don’t know what variety they typically purchase

Carisma- **14%** ▲

Coliban- **16%** ▲

Desiree- **50%** ▲

Dutch Cream- **23%** ▼

Gold Rush- **10%** –

Golden Delight- **17%** ▲

Kennebec- **27%** ▲

Kestrel- **11%** ▼

King Edward- **8%** ▼

Kipfler- **18%** ▲

Lady Christl- **7%** ▲

Maranca- **12%** ▲

Mozart- **4%** ▼

Nadine- **15%** ▲

Nicola- **6%** –

Red Rascal- **9%** ▲

Sebago- **19%** ▲

Sifra- **5%** ▲

Valor- **14%** ▲

Other- **6%** –

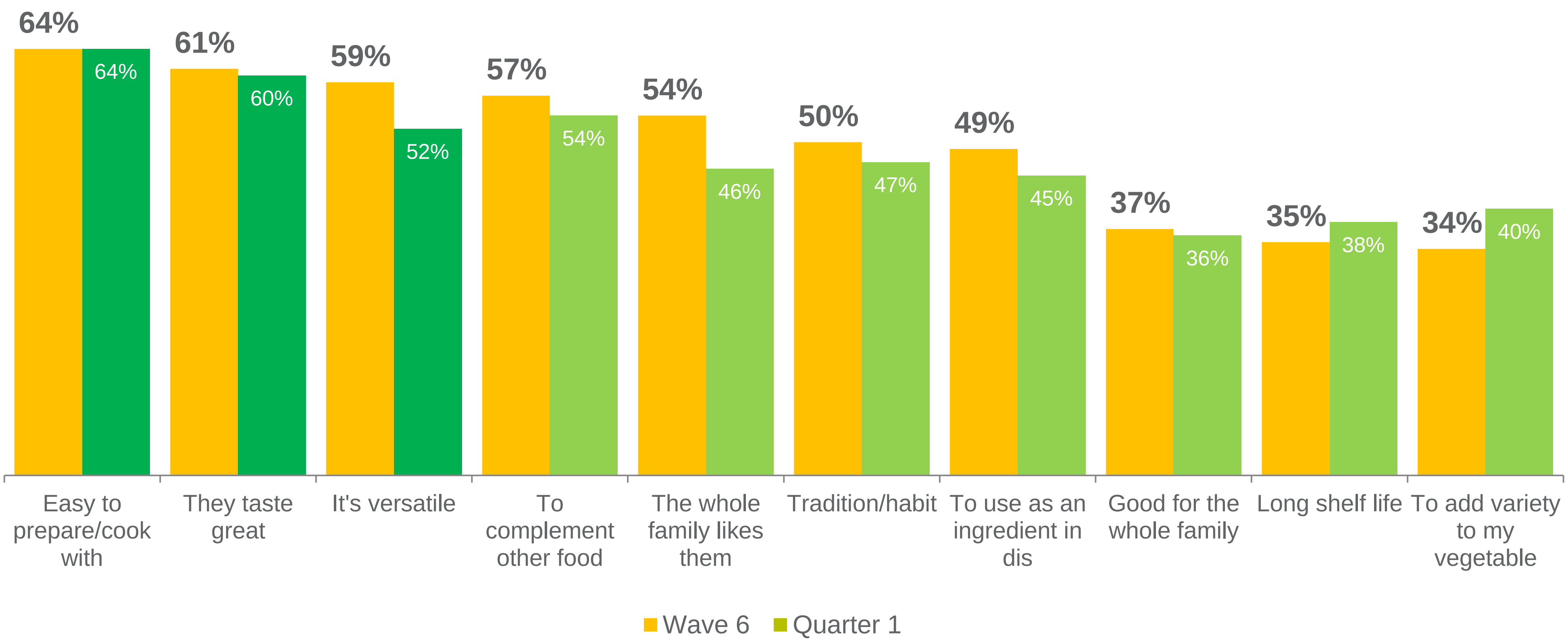
Sample N=305

Q6. Which of the following types/varieties of POTATOES do you typically purchase?

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Triggers to purchase have strengthened this month. ‘The whole family liking potatoes’ has seen the largest increase compared with the average.

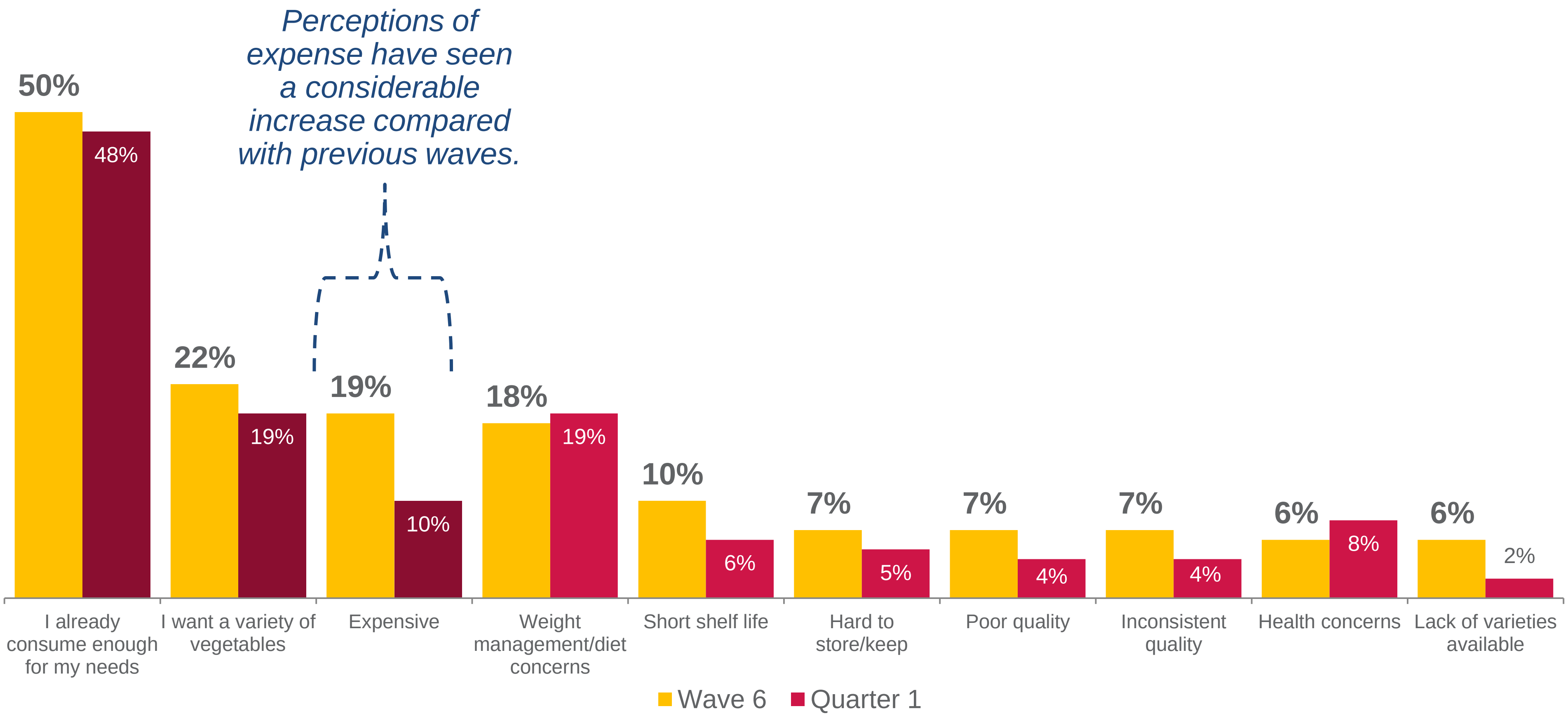
Ease of preparation and taste remain the key influences to purchase.



Sample N=305
Q7. Which of the following reasons best describes why you purchase potatoes?

The main barrier to purchase potatoes remains 'consuming enough for my needs'.

This month saw an increase in expense and short shelf life. Both of these barriers can be overcome by educating consumers on value for money and highlighting length of freshness and storage instructions on pack and in-store.



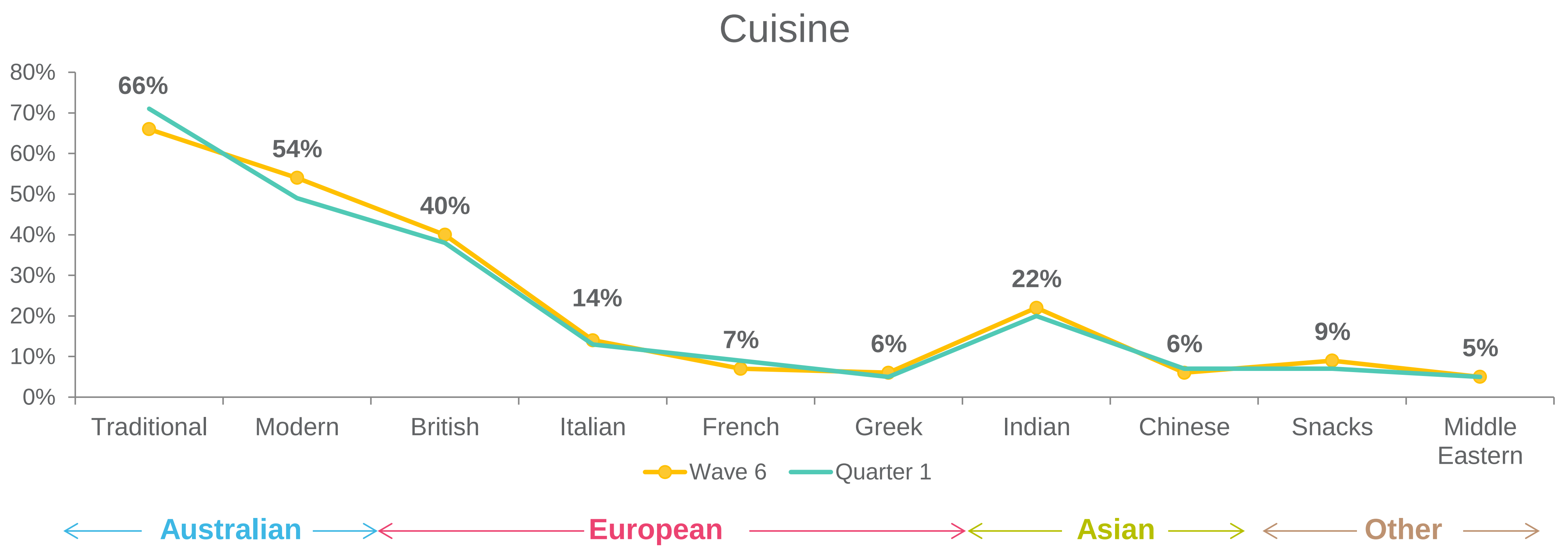
Sample N=305
Q7. Which of the following reasons best describes why you purchase potatoes?
Q8. Which reason best describes why you don't buy potatoes more often?

Consumption occasions are increasing on past waves, especially around dinner meals. However, to increase overall consumption, consumers need encouragement to eat outside of dinner meals.

Cooking cuisines remain steady across waves, with Australian cuisine dominating.

Wave 6 Top 5 Consumption Occasions

	Wave 5
Weekday Dinner	67% ▲
Weekend Dinner	55% ▲
Family Meals	50% ▲
Every-day Meals	42% –
Quick Meals	26% ▲

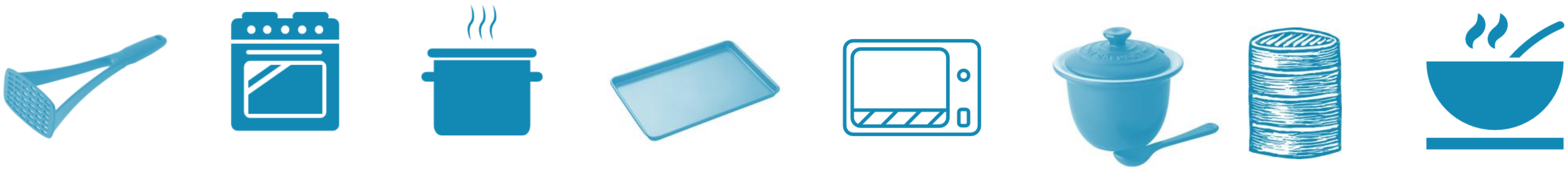


Sample N=305
Q10. What cuisines do you cook/consume that use potatoes?
Q11. Which of the following occasions do you typically consume/use potatoes?

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

There has been a progressive increase in cooking styles over the past months.

Baking and boiling potatoes saw a considerable increase compared with the average.



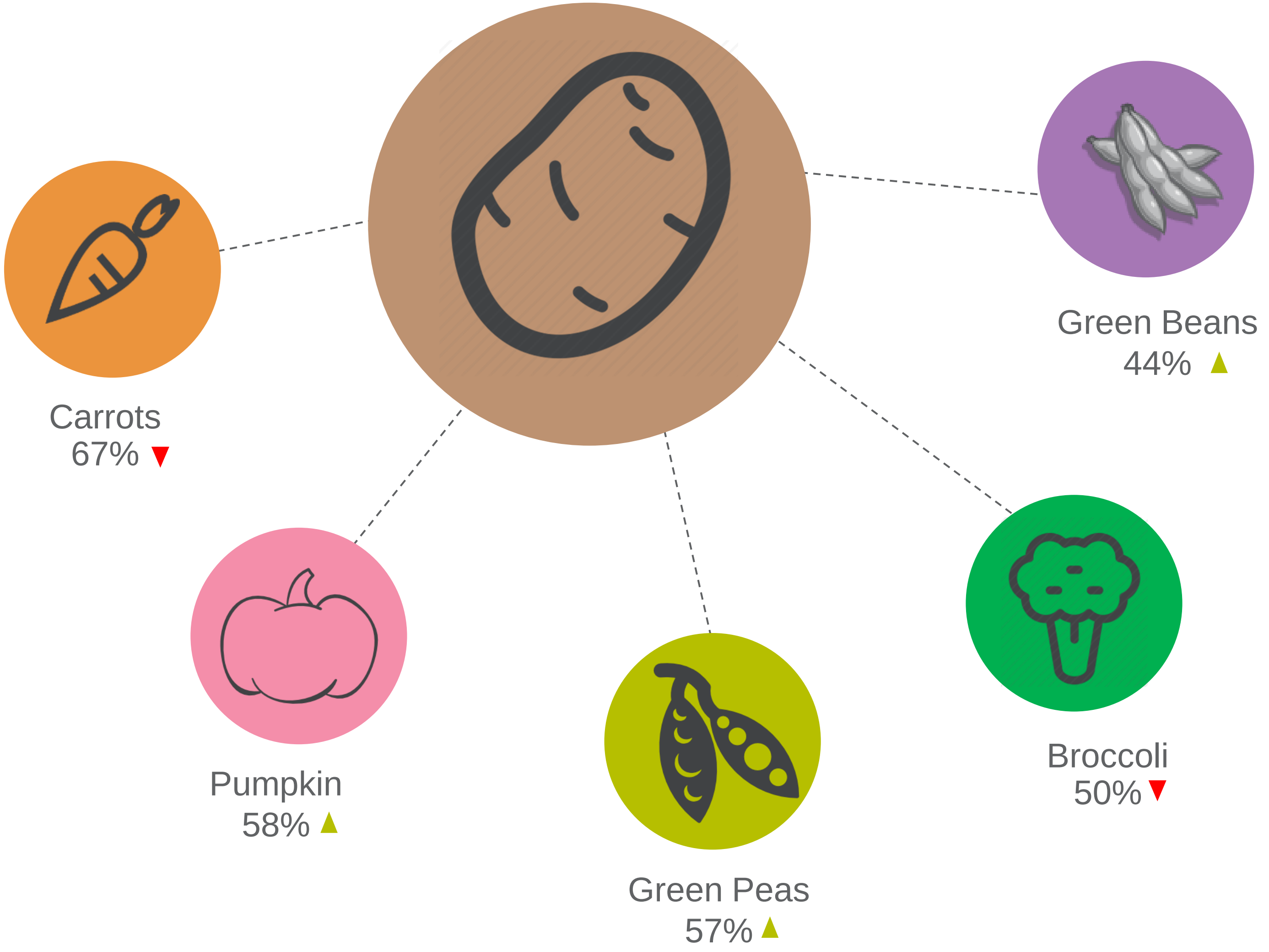
Mashing	Roasting	Boiling	Baking	Microwave	Stewing	Steaming	Soup
76% ▲	72% ▲	66% ▲	63% ▲	29% –	29% ▲	27% ▲	26% ▲

Sample N=305
Q9. How do you typically cook potatoes?

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Whilst carrots remain the primary vegetable served with potatoes, there was a substantial drop this wave relative to previous months.

Pumpkin and Green Beans were more likely to be served with potatoes this month.



Sample N=305
Q10a. And when are you serving potato which of the following do you also serve together with this?

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Expected freshness and expectations were down this month, the lowest tracked thus far.

Freshness could be related to quality issues and shelf life, all increasing barriers to purchase this wave.

Provenance is fairly important to consumers **5.9/10.** ▲

Compared with the quarter 1 average, importance of provenance has slightly decreased.

Consumers expect potatoes to remain fresh for **16.5** ▼ days after purchase.

This is slightly down on previous trends.

Expectations of freshness is always met **13%** of the time.▼

6% of consumers indicate that their expected freshness is rarely met.

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=305

▼: Indicates LOWER score than Quarter 1 Average.
▲: Indicates HIGHER score than Quarter 1 Average.

Thanks.