Horticulture Innovation 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 11: July 2015

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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 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 301 Australians completed our online questionnaire. Respondents represented all States and Territories, as well as both metro and rural areas.

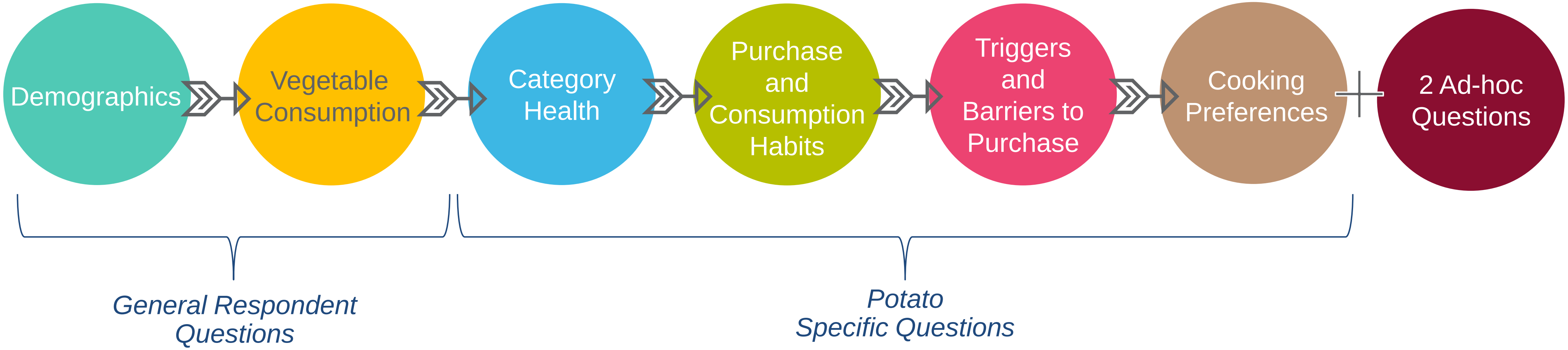
Demographic profiling information about age and household structure was collected to examine differences between life stages.

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 11 n=304	Waves 1-9 n=2,833
Gender	Male	27%	33%
	Female	73%	67%
Age	18-24 years	8%	6%
	25-34 years	21%	18%
	35-44 years	18%	16%
	45-54 years	18%	18%
	55-64 years	21%	21%
	65 + years	14%	20%
Household	Single Income no Kids	16%	22%
	Double Income no Kids	19%	17%
	Young Families	21%	17%
	Established Families	25%	19%
	Empty Nesters	20%	25%
State	New South Wales	21%	16%
	Victoria	18%	16%
	South Australia	18%	16%
	Queensland	11%	16%
	Western Australia	20%	16%
	Tasmania	11%	16%
	Australian Capital Territory	1%	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 Innovation 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. **Trends data will be reported quarterly, and is available in this 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.

Wave 11: Potato Fast Facts

- Consumer sentiment, including satisfaction and importance is strong this month. There is a high level of future purchase intent amongst consumers.
- Potatoes are purchased more than 3 times and consumed on 12 occasions per month. Both purchasing and consumption are slightly higher than past months.
- On average, 2.8kg of potatoes are purchased. Recalled last spend is higher this month at $4.40. Overall, consumers perceive both brushed and washed potatoes equal value for money.
- Nearly half of all consumers are purchasing both washed and brushed styles, generally in loose formats and medium bags.
- Price tracking reveals stable prices across states and retailers, with the national average price in July $3.98 per kilo.
- Spontaneous and prompted awareness of potato types is slightly higher this month. Desiree, Dutch Cream and Kennebecs are the most recalled and purchased varieties.
- The key influences on potato purchase are that they are easy to prepare and cook with as well as taste. “I already consume enough for my needs” consistently remains the key barrier to future purchase.
- This month sees an increase in potatoes being used in stews and soups. Mashing and roasting remain popular cooking styles. Australian, British and Indian cuisines are most commonly cooked using potatoes.
- Potatoes are expected to remain fresh for nearly 17 days and expectations are generally met. Importance of potato provenance increased this month, and is somewhat important to consumers.

Potato Grower Action Plan

Horticulture Innovation Australia

Continue to drive increased potato purchase frequency and consumption through positioning potatoes as an essential accompanying vegetable for the family meal

1.

Insight:

Change in season to the colder winter months has seen increased potato purchase frequency and consumption.

Recommendation:

Maintain increased purchase and consumption momentum by highlighting and communicating the comfort of warm ‘hearty’ potatoes as a regular accompanying vegetable with the family meal, and introduce consumers to its versatility with alternative winter cooking styles such as soups or stews.

2.

Insight:

Consumers’ willingness to pay more for potatoes is greatest for loose washed potatoes and organic loose potatoes.

Recommendation:

Support increased spend for loose washed potatoes by highlighting the convenience and reduced preparation times, encouraging consumers to spend less time preparing the family meal and more time enjoying it; and the perceived health and sustainability benefits of organic loose potatoes.

3.

Insight:

Potatoes are considered easy to cook, versatile in their cooking style and good value for money.

Recommendation:

Position potatoes as the ideal and essential accompanying vegetable for the family meal, through highlighting its ease of use, versatility with cooking styles, good value for money and price consistency.

Response to Ad Hoc Questions.

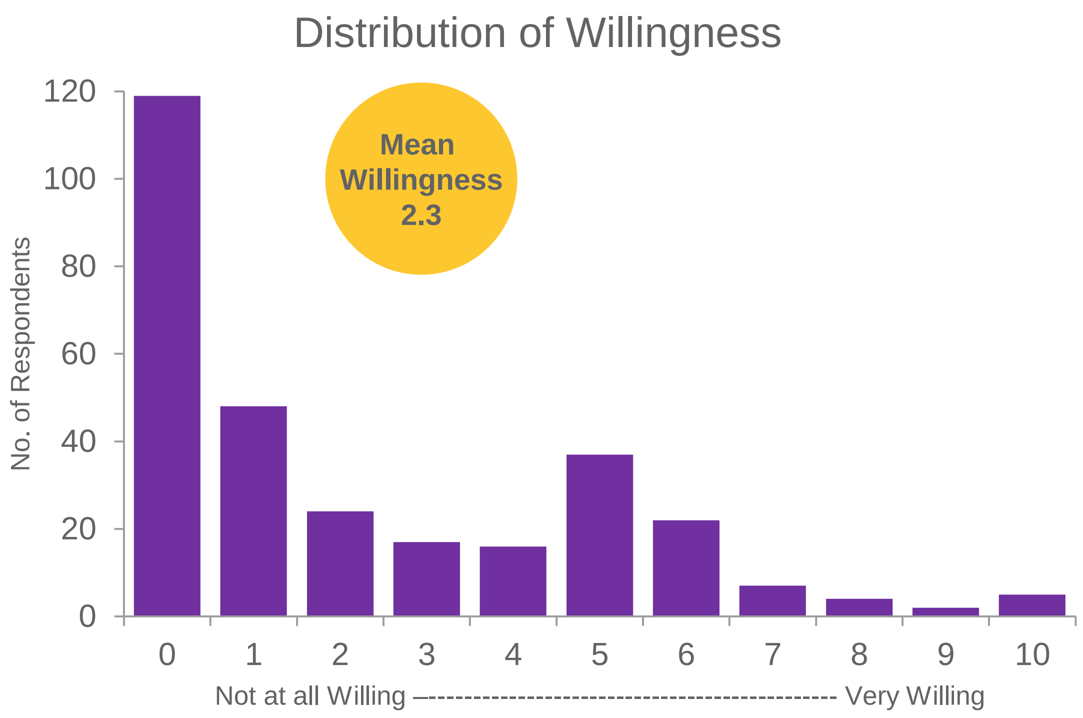
Some consumers are willing to spend more on pre-prepared and organic potatoes, compared with their regular purchase.

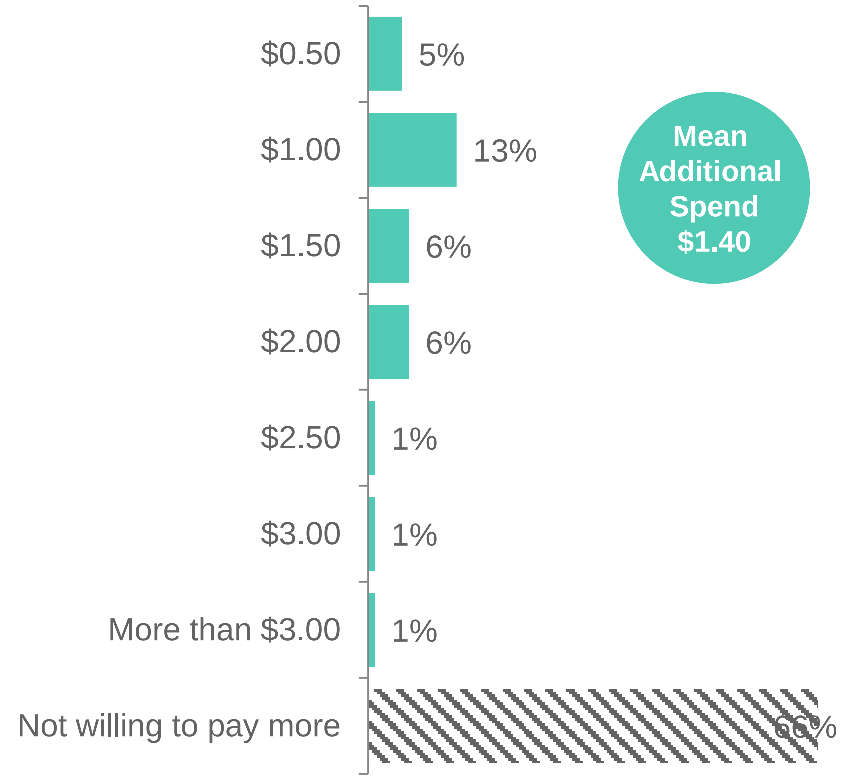
Pre-prepared $1.4	Organic loose $1.4	Bagged brushed $1.2	Bagged washed $1.1	Loose washed $1.1	Loose brushed $1.1
More likely to be male and aged 25-34 and less likely to be from TAS.	*More likely to be aged 25-34 and less likely to be aged 65 or over or empty nesters.*	*More likely to be living in NSW and less likely to be aged 65 or over.*	*More likely to be from VIC, aged 25-34 and less likely to be aged 65 or over or empty nesters.*	*More likely to be from NSW or VIC and aged 25-34. Less likely to be Aged 65 or over and from TAS.*	*More likely to be from VIC, aged 25-34 and less likely to be 65 or over or empty nesters.*

Willingness to Pay More. Pre-prepared potatoes.

Pre-prepared potatoes had the lowest willingness to pay more among all potato types.

Of those consumers who were willing to pay more for loose washed potatoes, $1 more than regular was considered reasonable, with an average additional spend of $1.40.



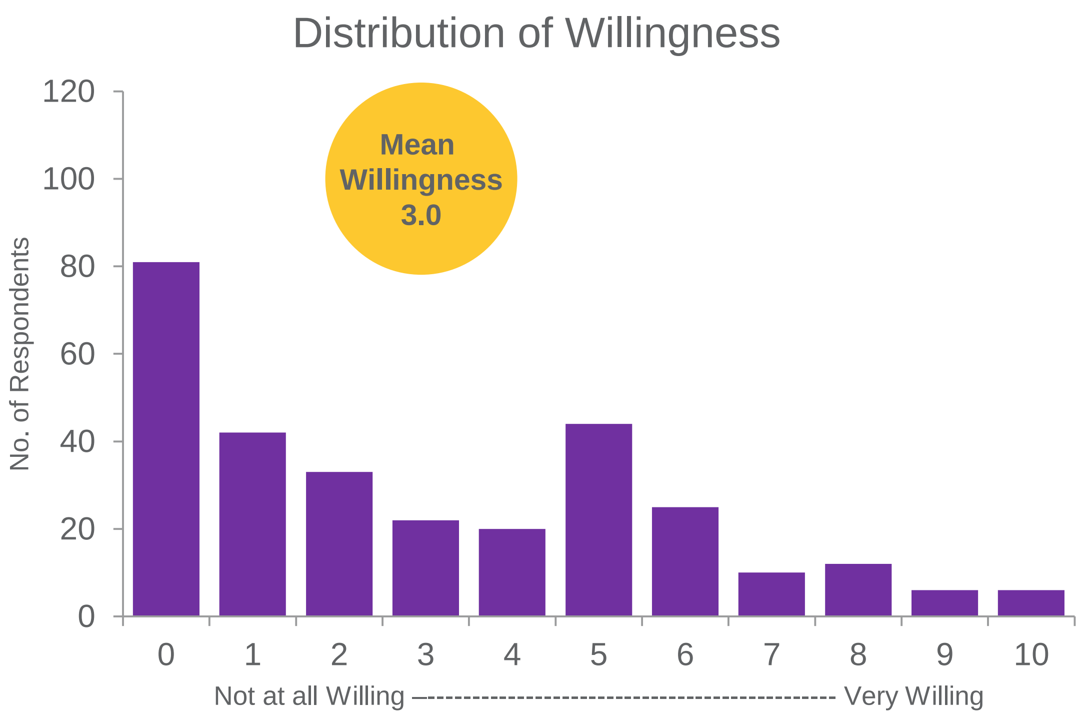


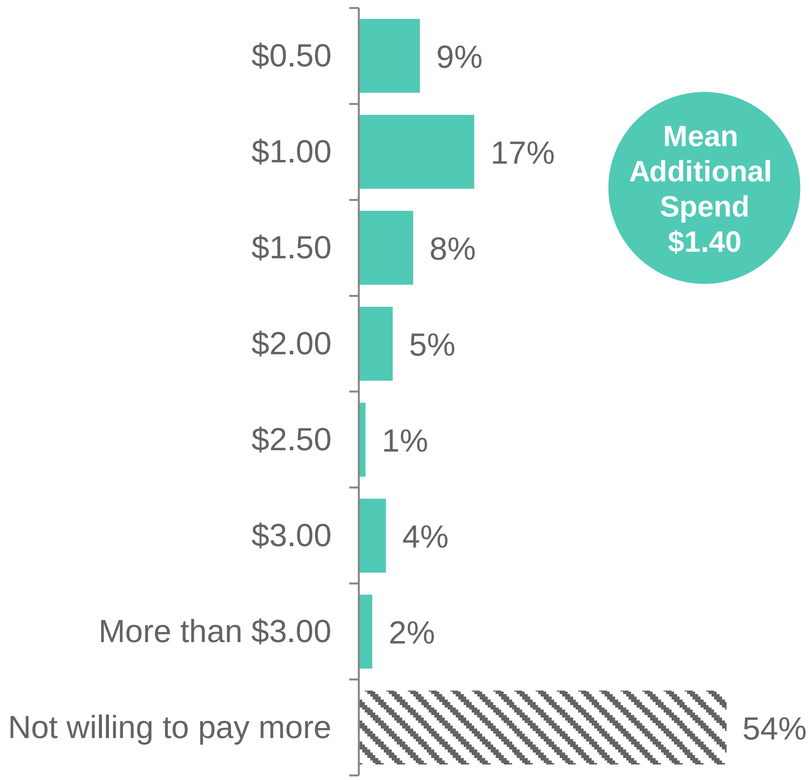
Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Pre-prepared potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Pre-prepared potatoes, compared to your regular potatoes?
Base: Potatoes N=301

Willingness to Pay More. Organic loose potatoes.

There was greater willingness to pay more for organic loose potatoes, alongside loose washed potatoes, than any other potato type.

Of those consumers who were willing to pay more for loose washed potatoes, $1 more than regular was considered reasonable, with an average additional spend of $1.40.





Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Organic loose potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Organic loose potatoes, compared to your regular potatoes?
Base: Potatoes N=301

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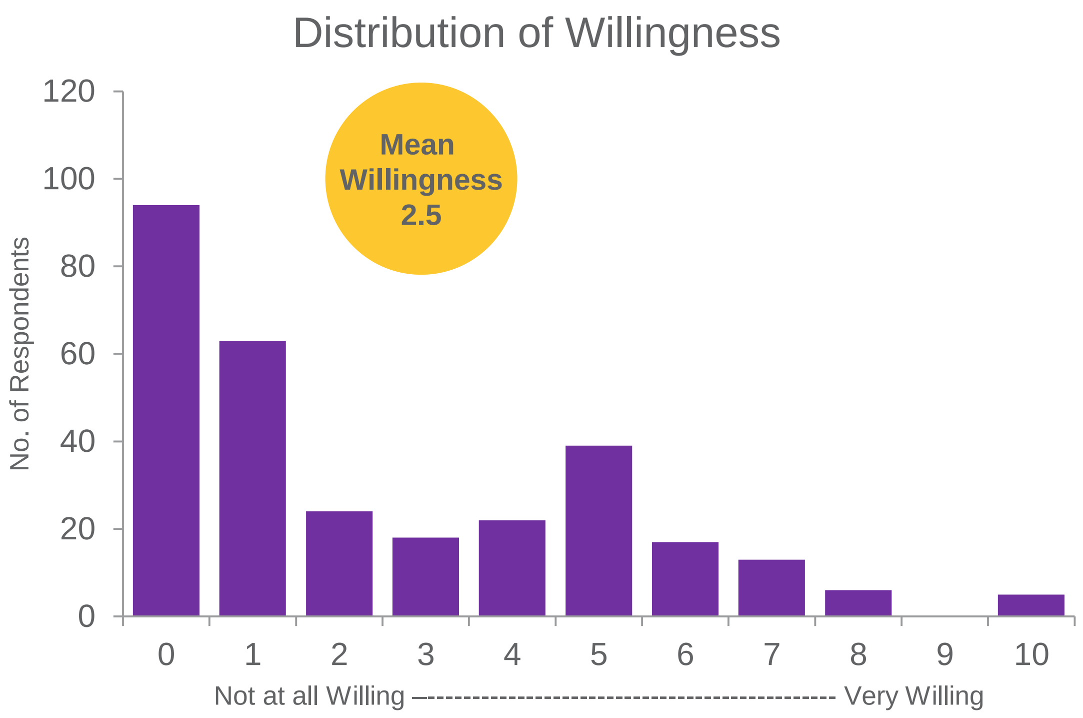
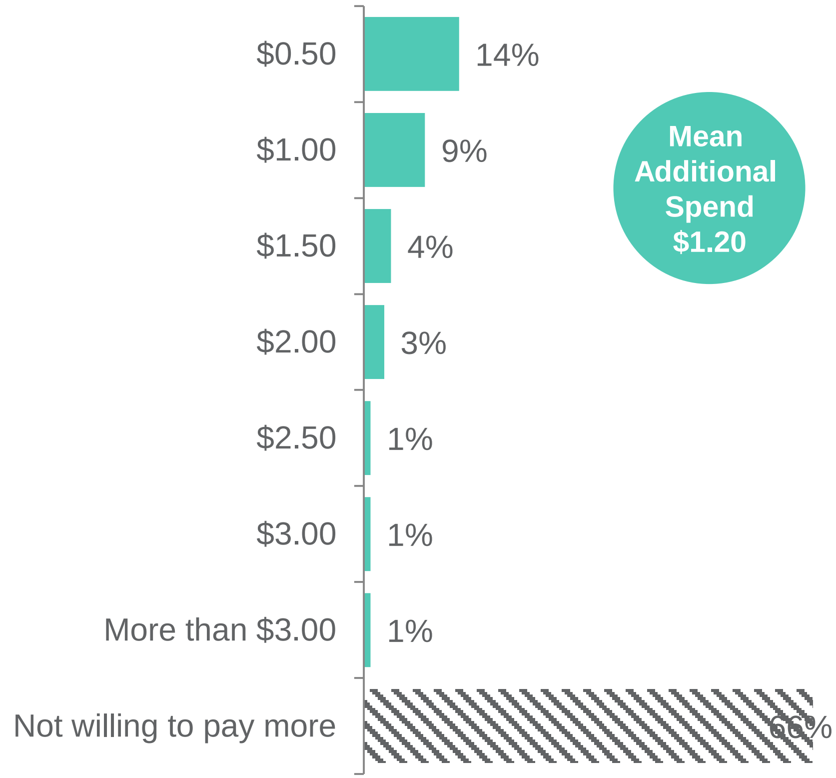
Willingness to Pay More. Bagged brushed potatoes.

Willingness to pay more for bagged brushed potatoes was average relative to other potato types.

Of those consumers who were willing to pay more for bagged brushed potatoes, $0.50 more than regular was considered reasonable, with an average additional spend of $1.20.



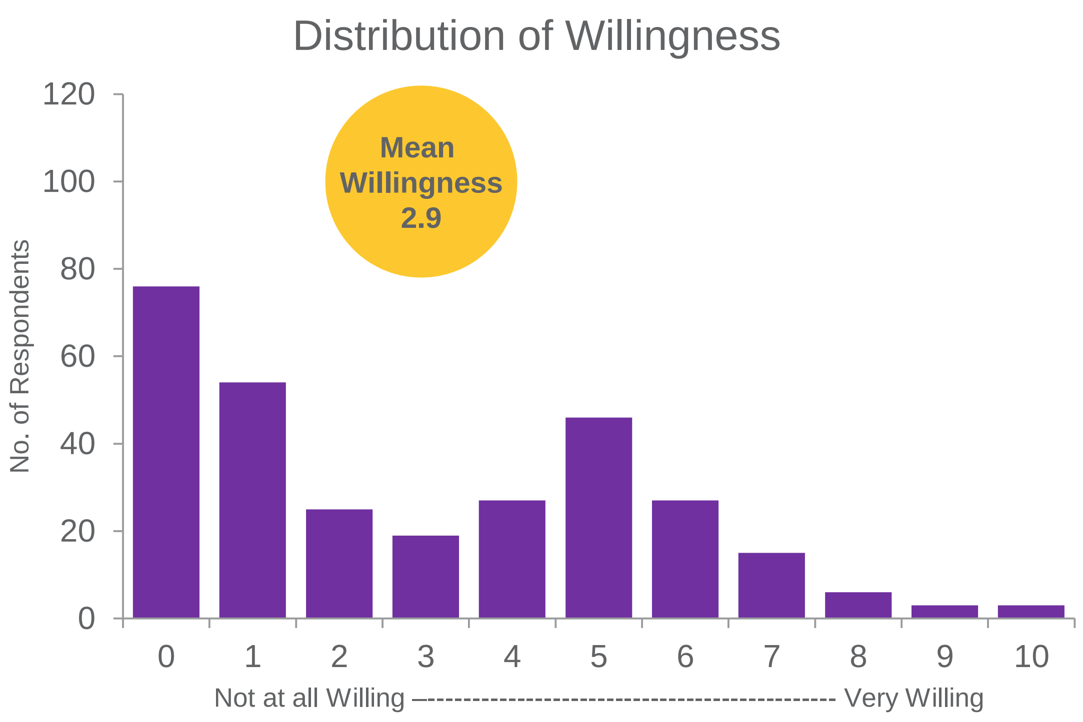


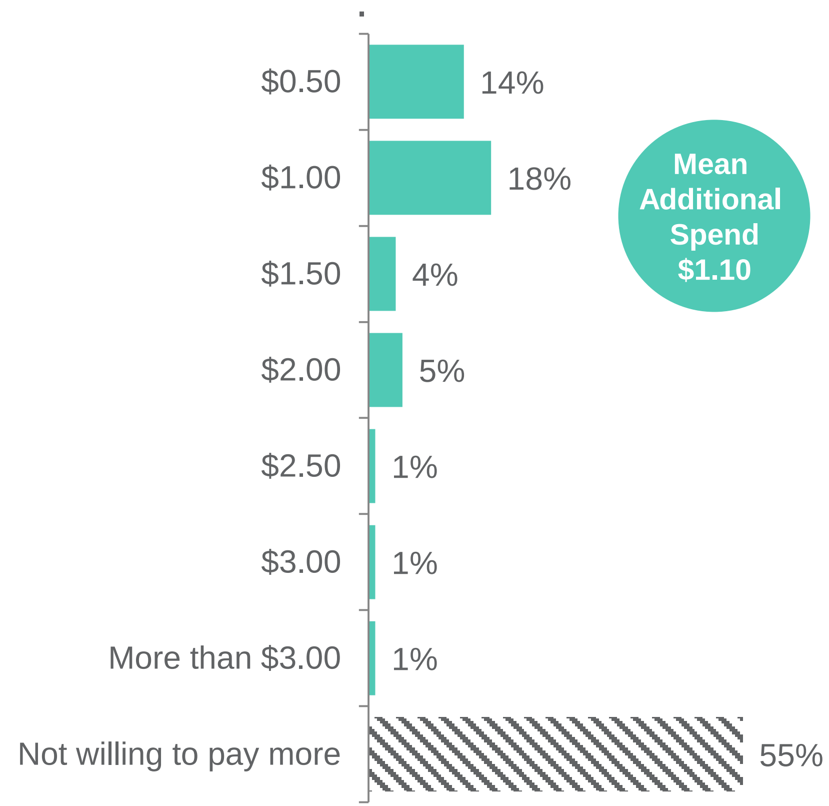
Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Bagged brushed potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Bagged brushed potatoes, compared to your regular potatoes?
Base: Potatoes N=301

Willingness to Pay More. Bagged washed potatoes.

Willingness to pay more for Bagged washed potatoes was higher than most potato types, with the exception of loose washed potatoes and organic loose potatoes.

Of those consumers who were willing to pay more for bagged washed potatoes, $1 more than regular was considered reasonable, with an average additional spend of $1.10.



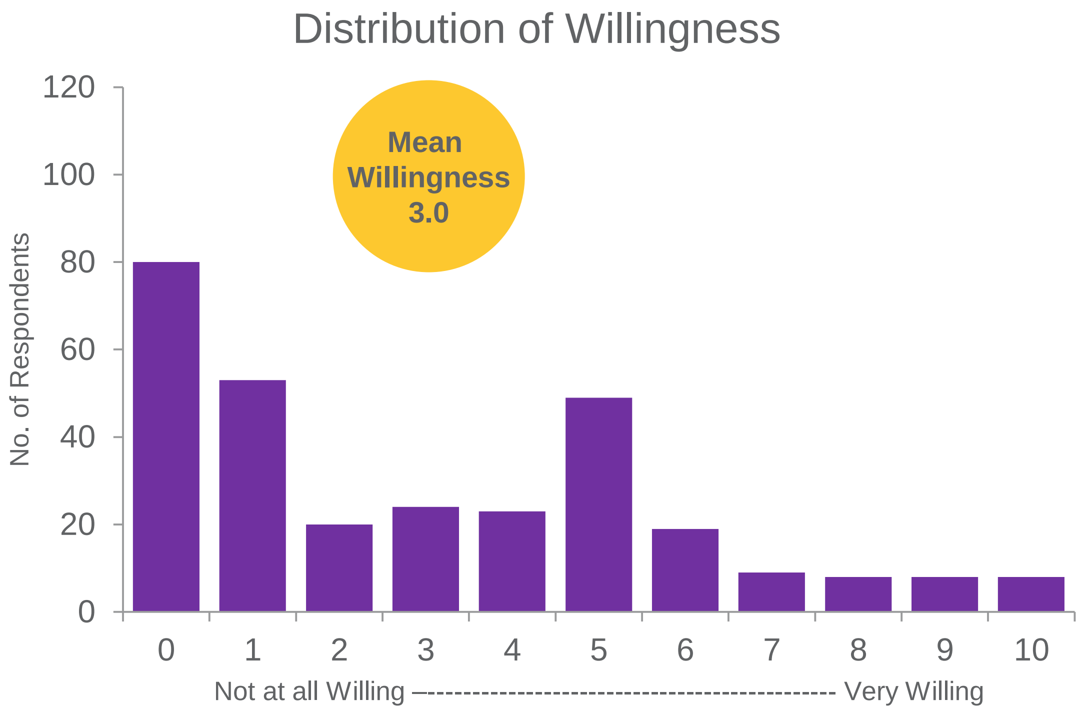


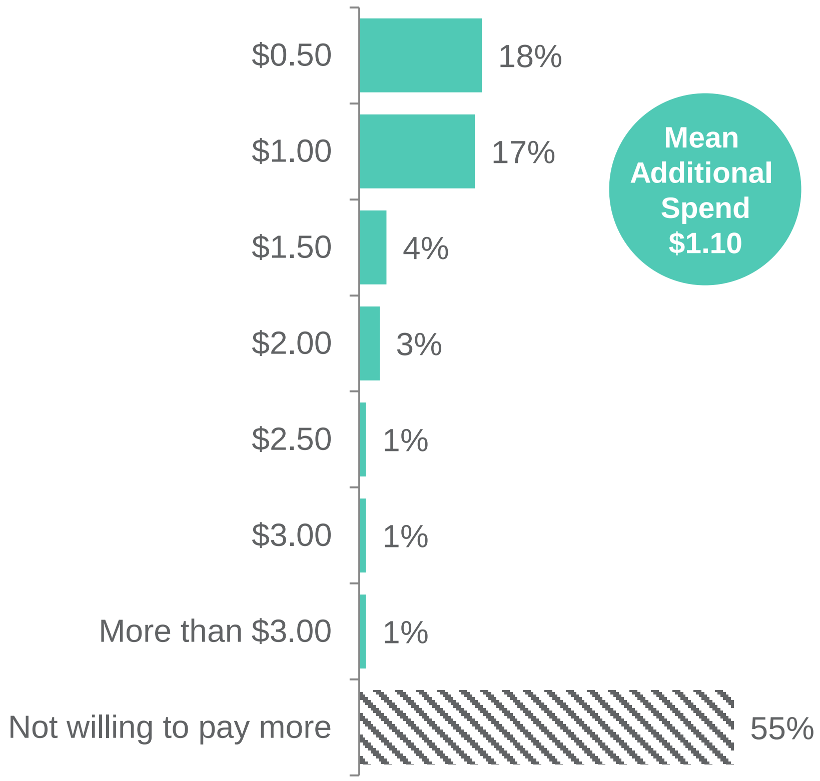
Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Bagged washed potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Bagged washed potatoes, compared to your regular potatoes?
Base: Potatoes N=301

Willingness to Pay More. Loose washed potatoes.

There was greater willingness to pay more for loose washed potatoes than any other potato type, on par with organic loose potatoes.

Of those consumers who were willing to pay more for loose washed potatoes, between $0.50 and $1 more than regular was considered reasonable, with an average additional spend of $1.10.





Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Loose washed potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Loose washed potatoes, compared to your regular potatoes?
Base: Potatoes N=301

Willingness to Pay More. Loose brushed potatoes.

Willingness to pay more for loose brushed potatoes was lower than most other potato types, with the exception of Pre-prepared potatoes.

Of those consumers who were willing to pay more for loose brushed potatoes, between $0.50 and $1 more than regular was considered reasonable, with an average additional spend of $1.10.

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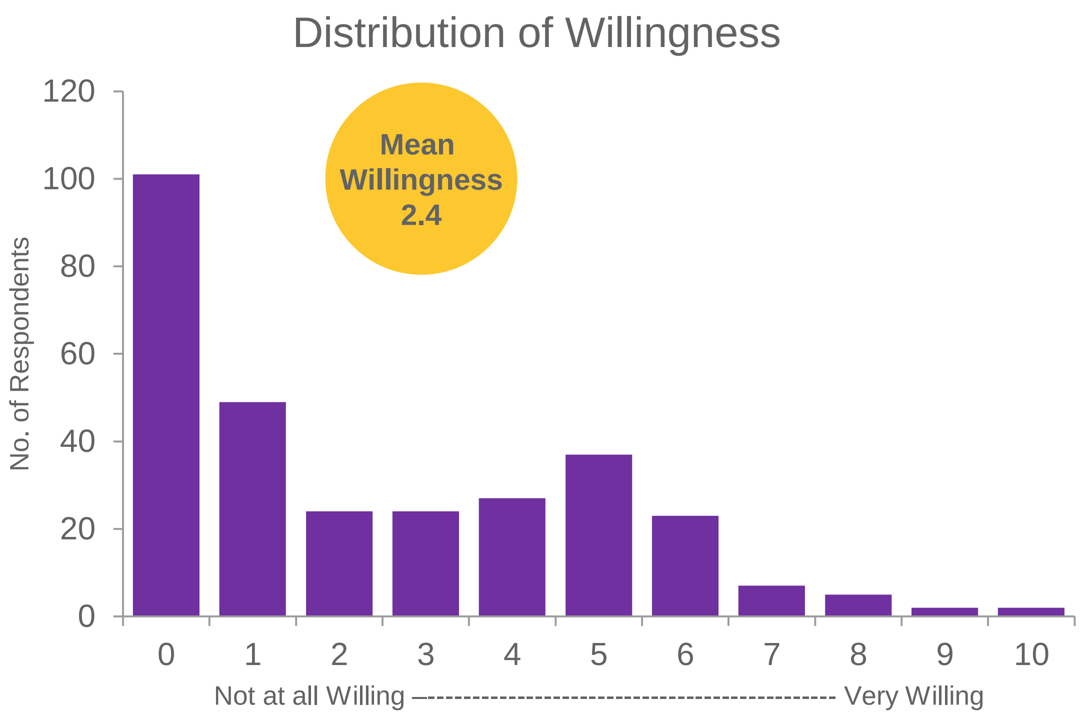

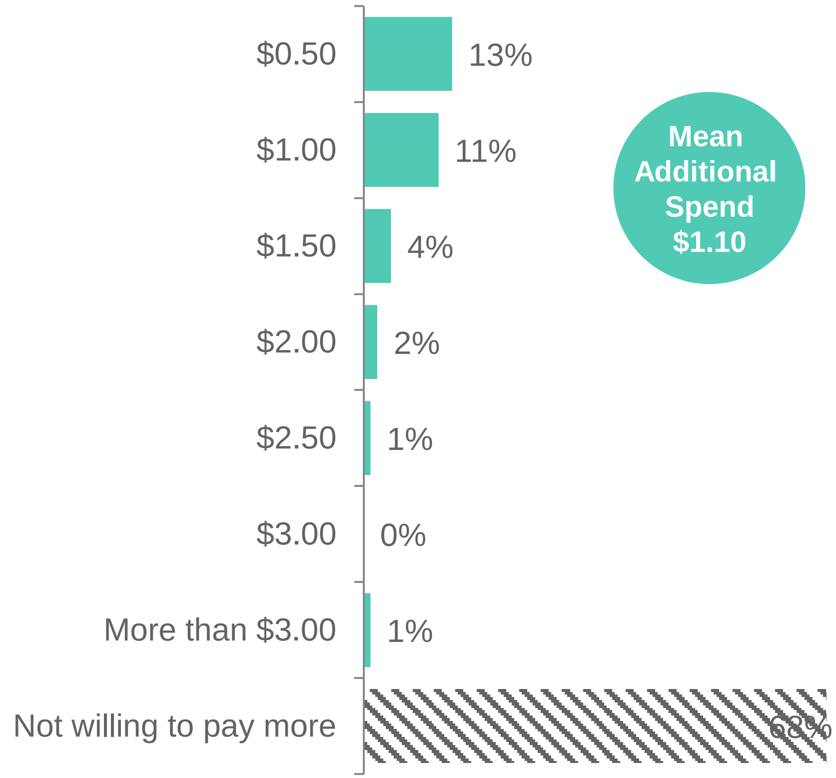

Thinking about your typical shop for fresh potatoes, how willing would you be to pay MORE for Loose brushed potatoes compared to your regular potatoes.
Approximately, how MUCH MORE are you willing to pay for Loose brushed potatoes, compared to your regular potatoes?
Base: Potatoes N=301

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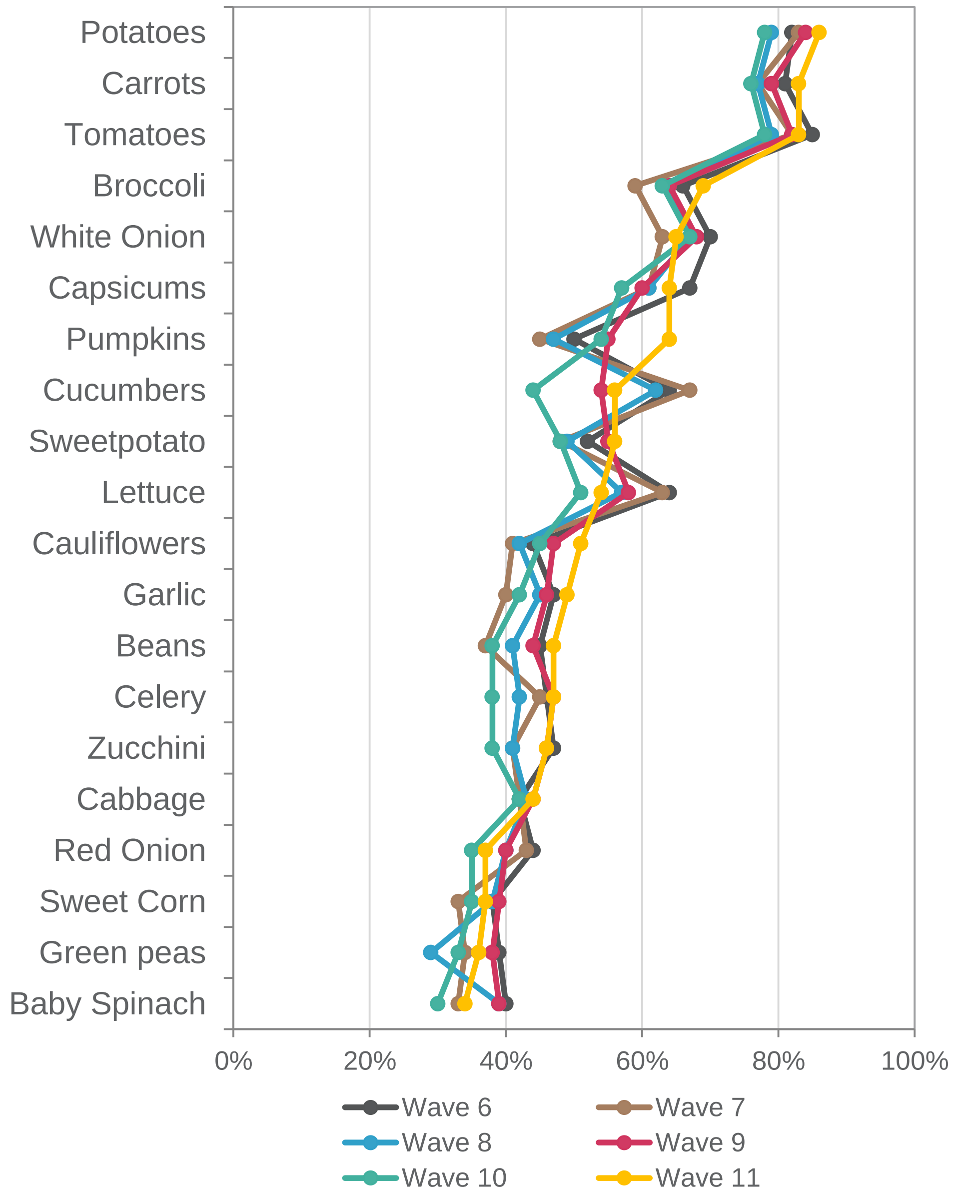
Online Tracker Findings.

Top 20 Vegetables Purchased Last Month

- Overall, there has been an increase in purchase of vegetables this month.
- Pumpkin has had the greatest increase in purchase compared to past months.
- Potatoes, carrots and tomatoes remain the most commonly purchased vegetables.

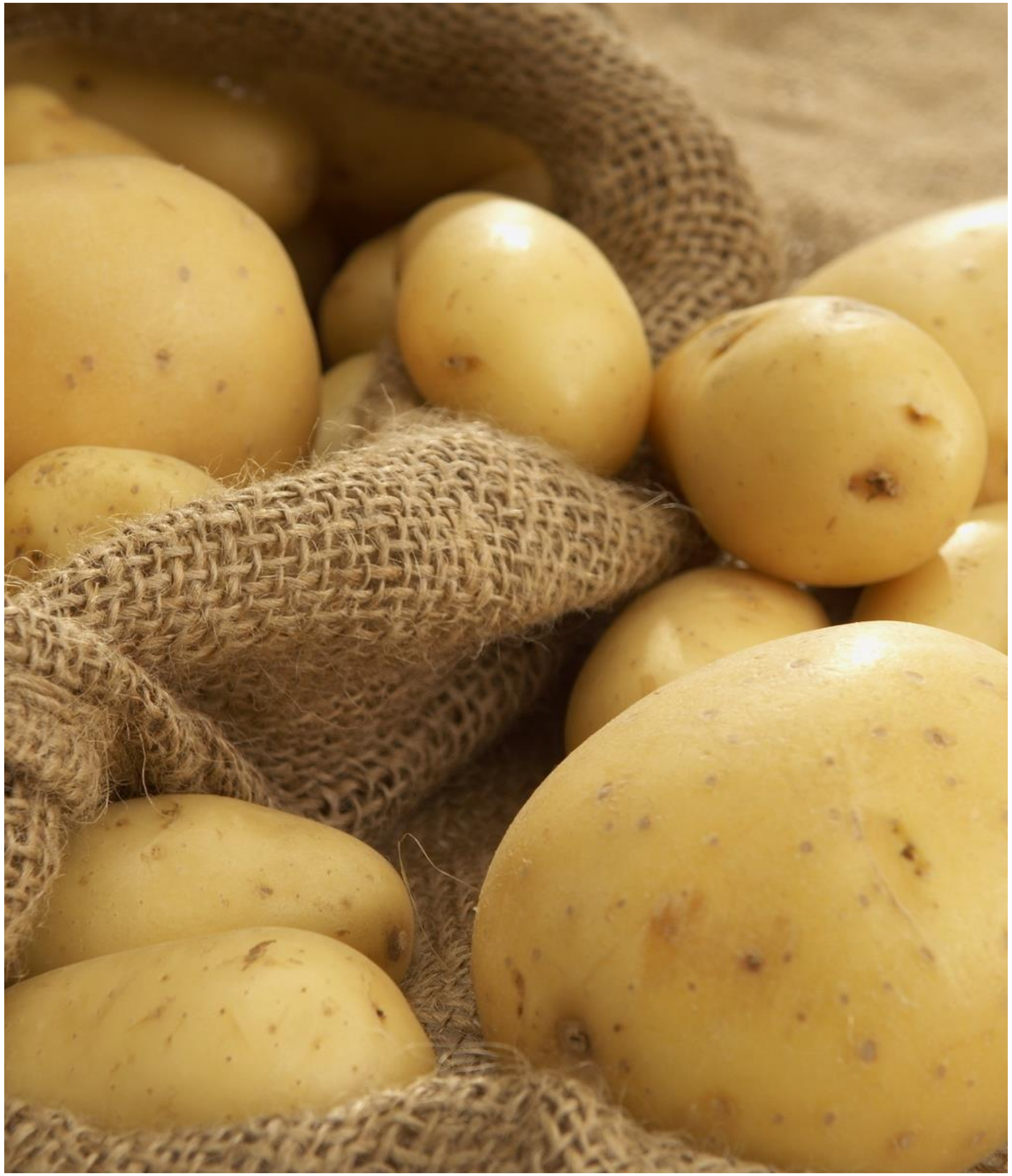


S8. Which of the following fresh vegetables have you purchased in the last month?
Wave 11, N=371

Category Health Explained

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

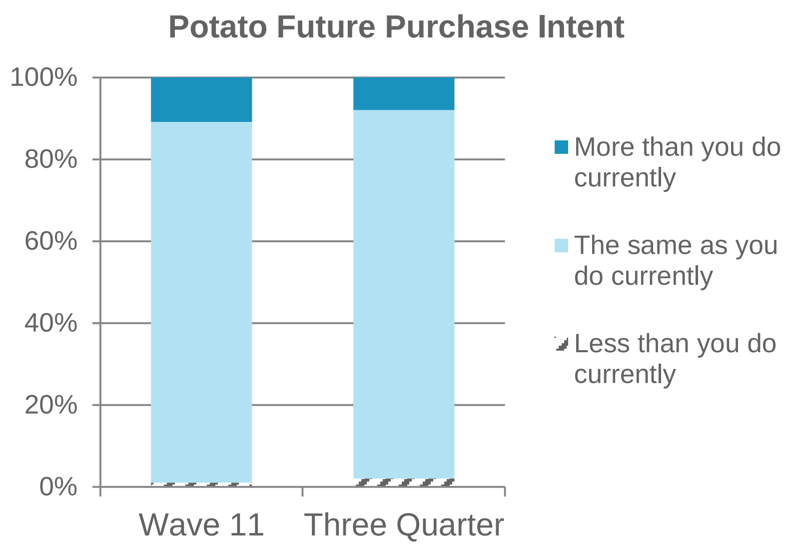
- How **important** to you is having a range of *potatoes* available in the store where you usually shop?
- How **satisfied** or dissatisfied are you with the range of *potatoes* currently available?
- How likely would you be to **recommend** *potatoes* to your family and friends?
- How interested or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



Consumer sentiment is in-line with the Three Quarter Average. Consumers indicate that having a range of potatoes is important to them.

Future purchase intent improved this wave, with over one in ten consumers ndicating they will increase their purchase amount in the future.

	Wave 11	Three Quarter Average
Importance	6.6	6.5
Satisfaction	6.6	6.6
Endorsement	6.5	6.2
Interest (New Types)	6.1	6.0



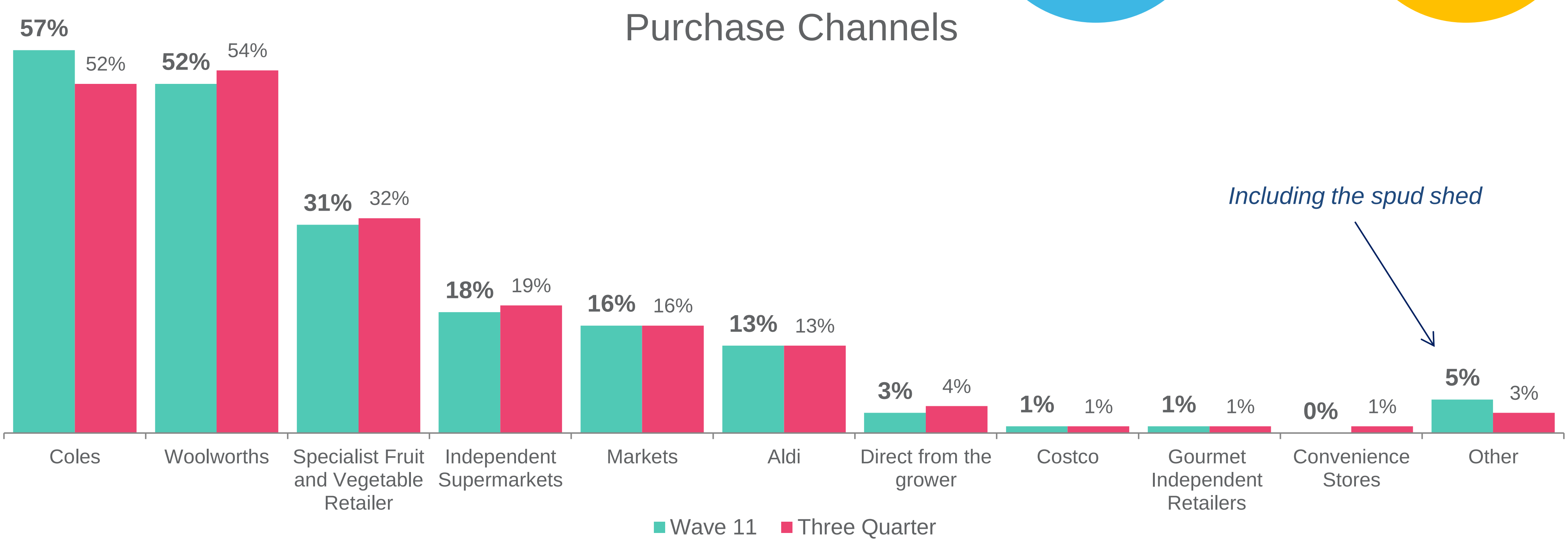
Three Quarter = Average of Wave 1-9 results

There is an increase in purchase and consumption occasions this month.

Purchase channels are on trend with the Three Quarter average. Coles remains the key retailer for purchase.

Average Purchase **3.7** times per month ▲

Average Consumption **12.9** times per month ▲



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=301

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

Washed potatoes are perceived to be good value for money this month. Average weight of purchase is just above the three quarter average, whereas the recalled last spend is still lower than average.

Average weight of purchase

The average consumer typically purchases **2.8kg**▲ of potatoes, slightly higher than the Three Quarter average.

Recalled last spend

The average recalled last spend is **$4.40**▲ in July 2015. This is slightly higher than previous months.

Value for money

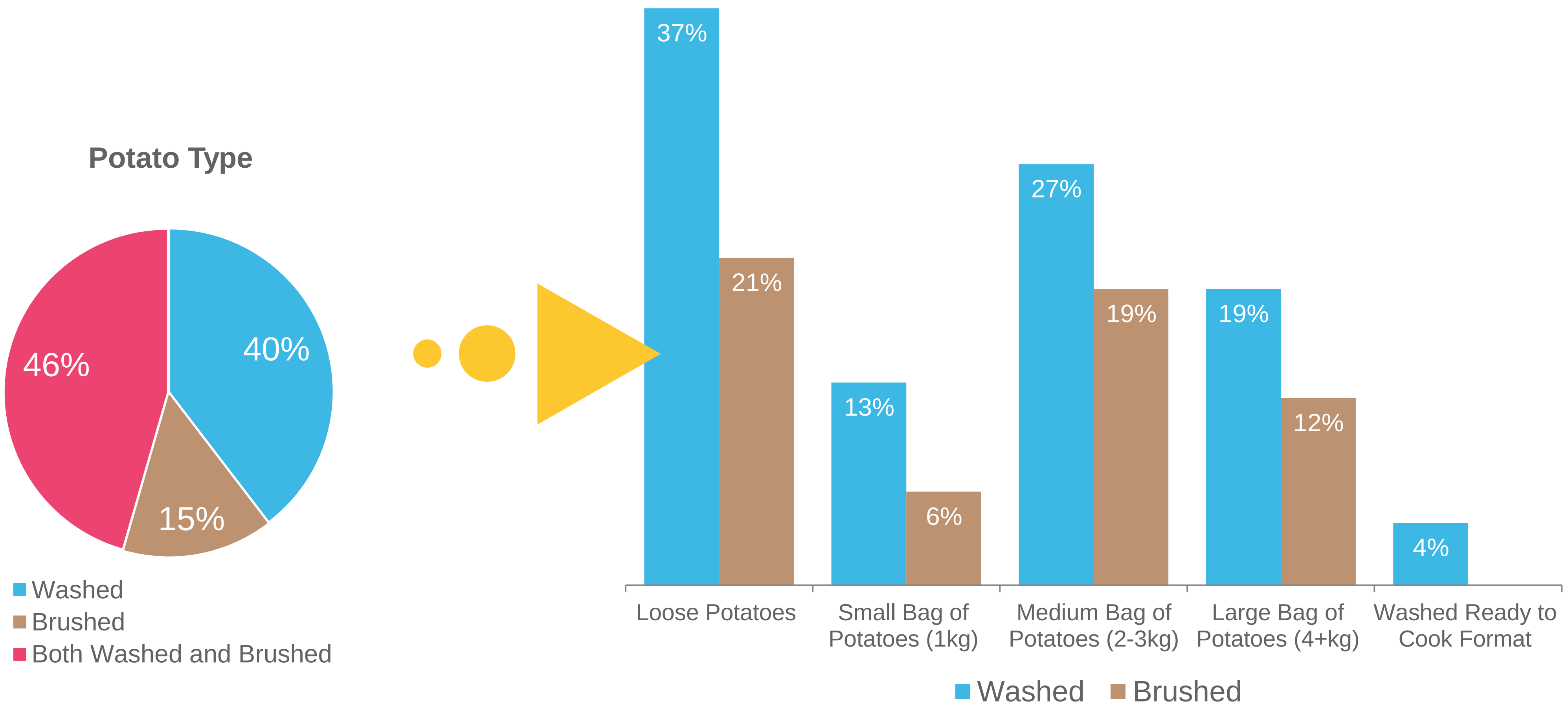
On average, consumers perceive **washed** and **brushed** potatoes to be good value for money **(6.6/10** ▲ **and 6.6/10** ▼ respectively).

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=301

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

There has been an increase in purchase of medium bags of washed potatoes this month.

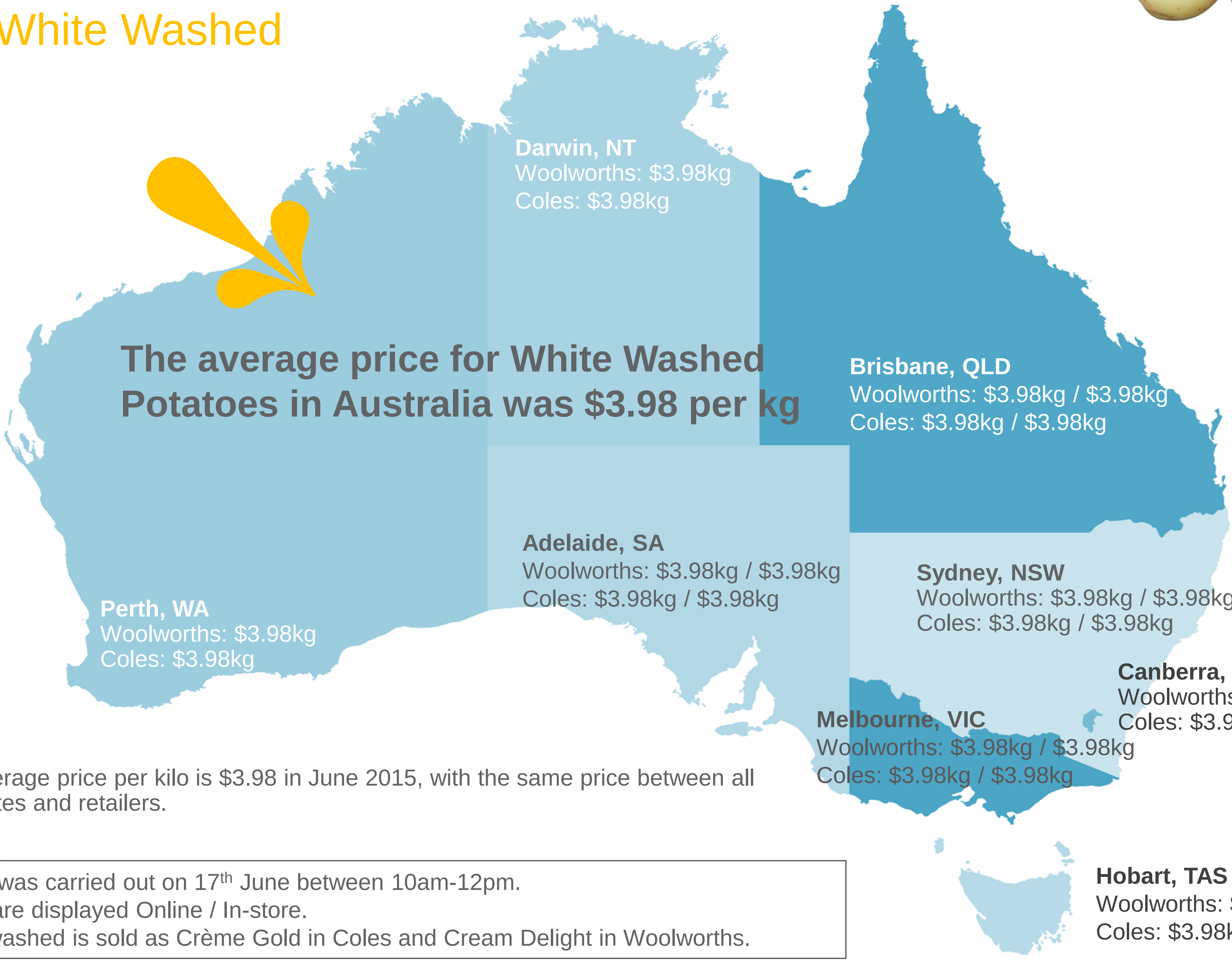
Loose potatoes remains the main format purchased for both washed and brushed varieties.



Sample N=301
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 is $3.98 in June 2015, with the same price between all states and retailers.

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

Unprompted awareness increased this month, however one third of consumers are unable to recall a type of potato.

Desiree and Dutch Cream consistently have the highest recall.

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

Sample N=301
Q6a. What type/varieties of potatoes are you aware of? (unprompted)

Awareness of varieties purchased has slightly increased this wave.

Desiree, Dutch Cream and Kennebec remain the most popular varieties purchased, however Desiree saw a relatively large decrease in purchase this month.

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

Carisma- **12%** ▲

Coliban- **13%** ▼

Desiree- **41%** ▼

Dutch Cream- **22%** ▼

Gold Rush- **12%** ▲

Golden Delight- **14%** ▲

Kennebec- **22%** ▼

Kestrel- **14%** ▲

King Edward- **9%** ▼

Kipfler- **18%** ▼

Lady Christl- **6%** –

Maranca- **12%** ▲

Mozart- **6%** ▲

Nadine- **14%** ▲

Nicola- **6%** ▼

Red Rascal- **7%** –

Sebago- **12%** ▼

Sifra- **5%** ▲

Valor- **13%** ▲

Other- **7%** ▲

Sample N=301

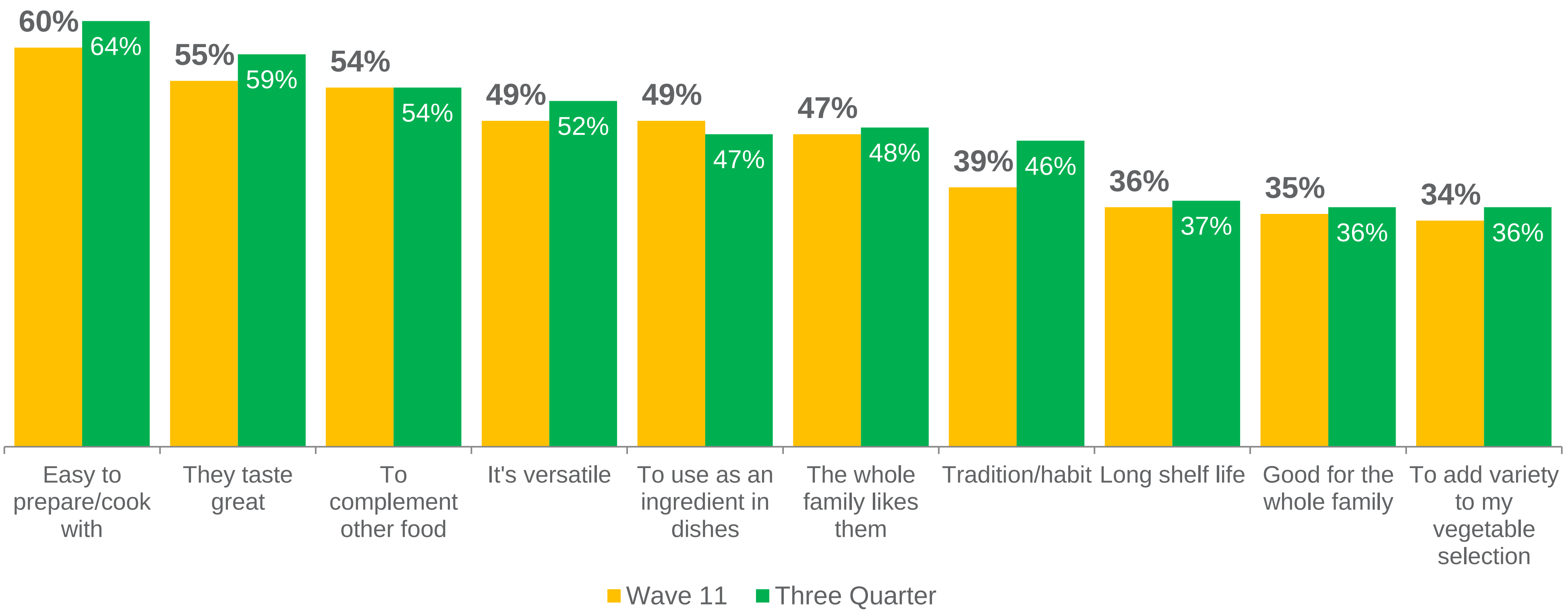
Q6. Which of the following types/varieties of POTATOES do you typically purchase?

▼ : Indicates LOWER score than Three Quarter Average.

▲ : Indicates HIGHER score than Three Quarter Average.

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

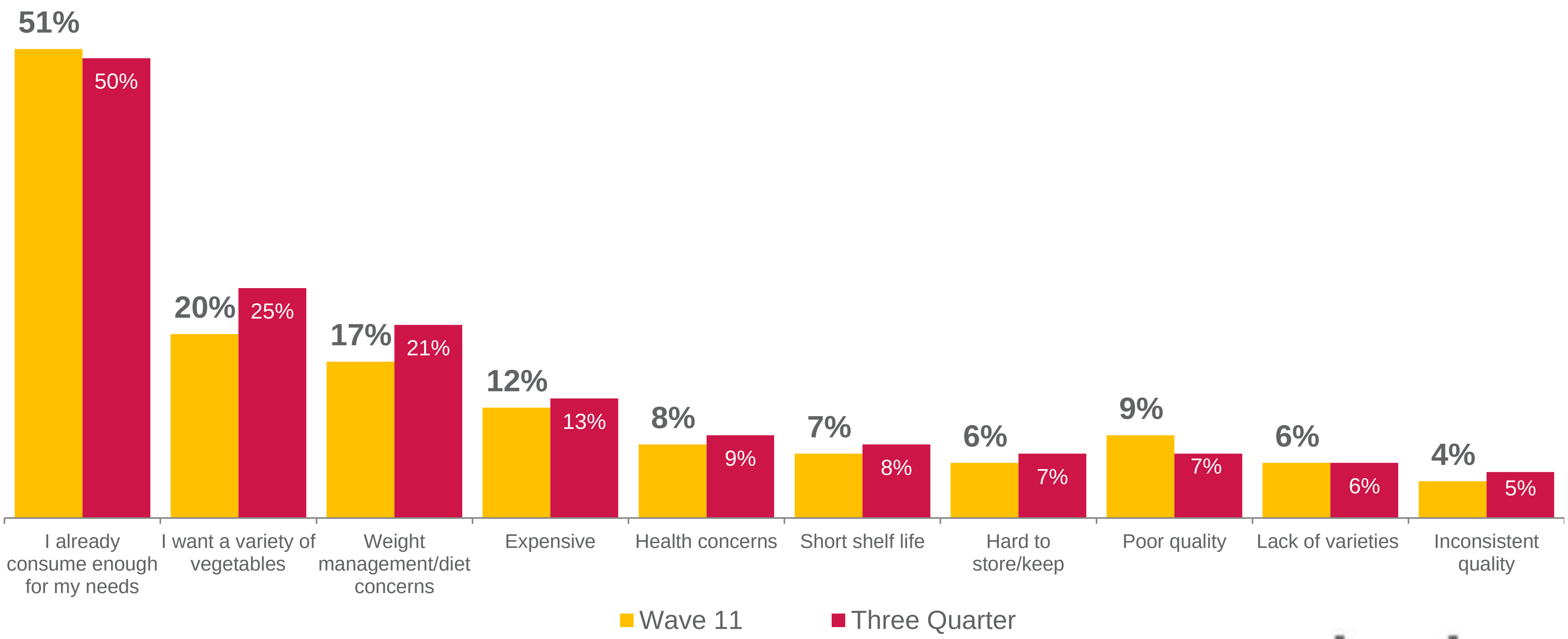
This month sees an increase in consumers purchasing potatoes to use as an ingredient in dishes.



Sample N=301
Q7. Which of the following reasons best describes why you purchase potatoes?

Consuming enough for my needs remains the main barrier to future purchase.

This month sees a decrease in wanting a variety of vegetables and health concerns and a small increase in poor quality.



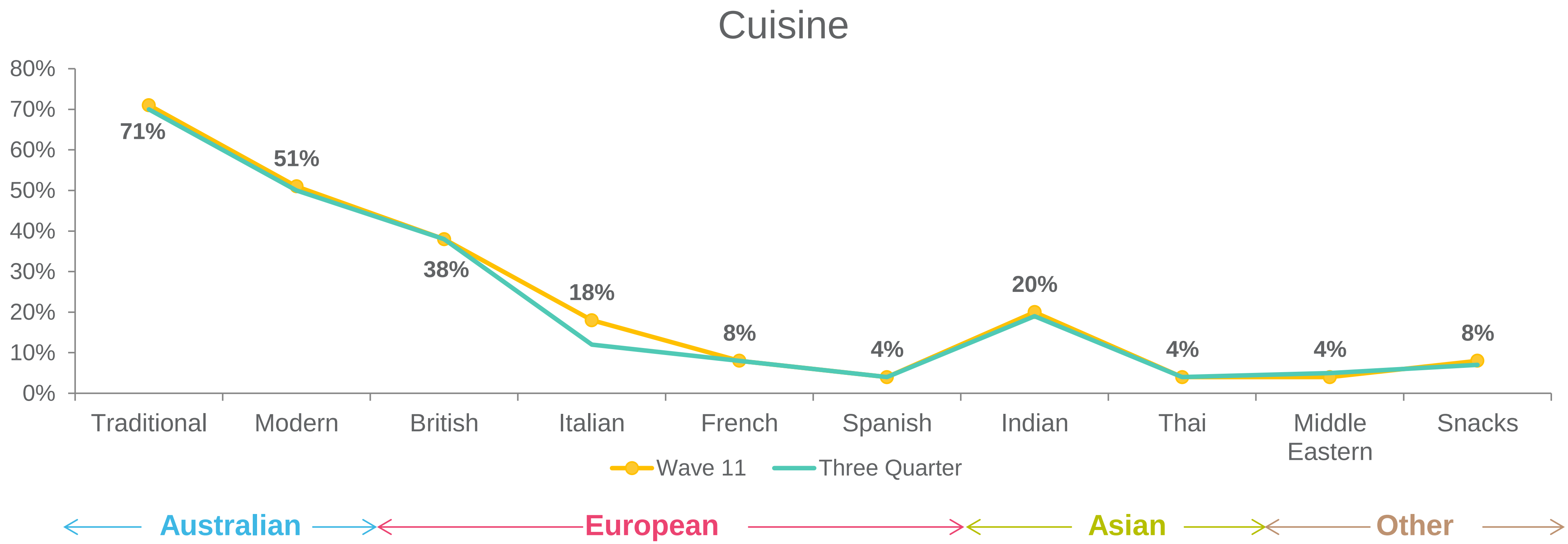
Sample N=301
Q8. Which reason best describes why you don’t buy potatoes more often?

Dinner meal occasions remain the key time of day to eat potatoes.

Cooking cuisines are on trend with the Three Quarter average, with Australian, British and Indian popular choices.

Top 5 Consumption Occasions

	Wave 11	
Weekday Dinner	67%	▲
Weekend Dinner	51%	▲
Family Meals	51%	▲
Every-day Meals	32%	▼
Quick Meals	23%	▲



Sample N=301
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 Three Quarter Average.
▲ : Indicates HIGHER score than Three Quarter Average.

During the winter months the greatest increase in cooking styles has been for stewing and using potatoes in soup.

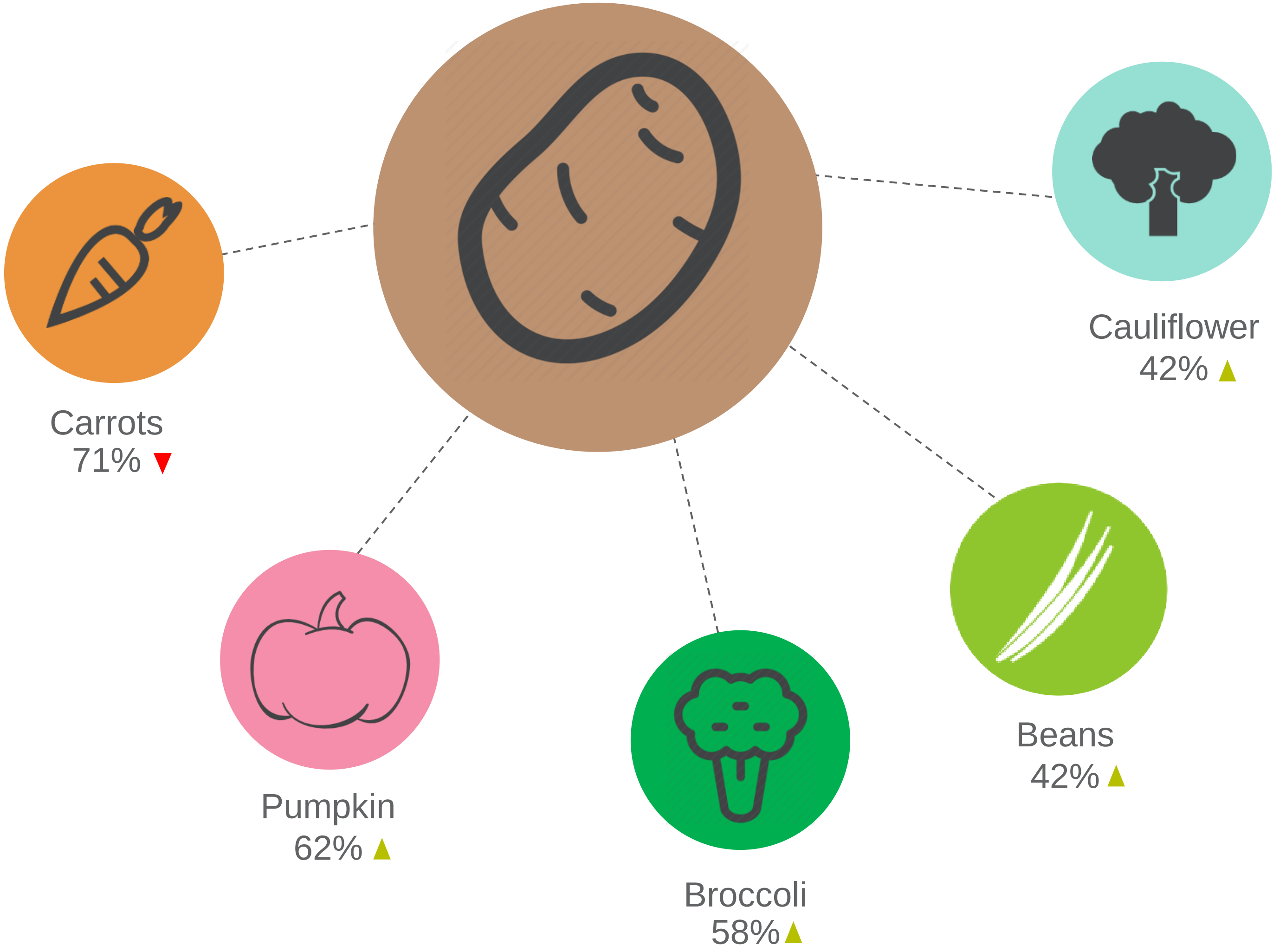
This month sees the greatest decline in steaming.

74%▼	67%▼	60%▲	53%▲	28%▲	27%▲	24%▼	23%▼
Mashing	Roasting	Boiling	Baking	Stewing	Soup	Microwave	Steaming

Sample N=301
Q9. How do you typically cook potatoes?

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

Carrots and potatoes are routinely served together. However, this month sees an increase in pumpkin, broccoli, beans and cauliflower being served with potatoes.



Sample N=301
Q10a. And when are you serving potato which of the following do you also serve together with this?

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

Importance of provenance is higher than the average of the first nine waves. However, expected shelf life and freshness have declined this month.

Provenance is fairly important to consumers **6.1/10.** ▲

Compared with the Three Quarter average, importance of provenance has slightly increased.

Consumers expect potatoes to remain fresh for **16.8** days after purchase.▼

This is a decrease from previous trends.

Expectations of freshness is always met **15%** of the time. ▼

Only 2% 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=301

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

Thanks.