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Hort Innovation

Introducing the Domestic Growth Framework

Australian Market Report

October 2022

Hort Innovation

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Key Insights

1
6 Needs Pillars Drive All Consumption Choices

All consumption of fresh produce is driven by 6 unchanging consumer needs:

1. **Taste**
2. **Quick & Easy**
3. **Healthy & Nutritious**
4. **Indulgence**
5. **Physical & Mental Energy**
6. **Connection**

2
Taste and Convenience Are Table-stakes

While **Taste** and **Quick & Easy** are an **expectation** for all consumption territories, growth opportunities exist for many commodities by distinctively delivering to **'Second Order'** Needs

3
Meal Occasion has the next Biggest Influence on Choice

While the 6 Needs Pillars are the primary driver of commodity choice, the next most predictive factor that determines consumers' choice for fresh produce is Meal Occasion:

1. **Breakfast**
2. **Lunch**
3. **Dinner**
4. **Dessert**
5. **Snack**

4
Advantages can Drive Growth in 'Heartland' Territories

Highlighting where commodities have a **advantages in key territories can be leveraged to improve distinctivity and drive consumer choice**

5
Poor Quality is the Biggest Barrier to Growth

Consumers cite **poor quality** as the most significant **impediment to choosing** fresh produce, and overcoming specific quality barriers is a necessity for most commodities to realise incremental growth opportunities

2. Background and Objectives

Background

- To support and guide an approach to the delivery of industry-leading consumer insights, Hort Innovation developed a Consumer Insights Strategy 2022-2026 in late 2020.

- The Strategy identified three pillars of activity with the overall vision **“By 2026, consumer understanding is at the heart of our thinking and actions.**”

- Our research proposal is aligned with the second strategic pillar: bringing consumers into focus and will be delivered through MT21003 Consumer Demand Spaces for Horticulture project outcomes.

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Objectives

- The objective of this project is to help Hort Innovation provide a foundational demand spaces framework for the horticulture sector.
- This framework will support levy players, industry stakeholders and value chain members in identifying **“where to play”** and **“how to win”** when seeking to engage consumers.
- The demand space foundational framework will support the identification and prioritisation of growth opportunities which will uncover tangible avenues for industry stakeholders and Hort Innovation to drive ongoing campaign and product development strategies to **elevate demand for each category.**

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3. Approach and Methodology

Approach




1. Audit & Discovery

Project Kick Off
Knowledge Audit
Stakeholder Workshop

Outcomes from Phase 1:

- Clear understanding of key hypotheses and inputs into later stages of work and alignment on the knowledge gaps.

2. Localise & Enrich

Qualitative Online Community

Outcomes from Phase 2:

- In-depth market understanding of occasion-based needs, identifying drivers, barriers, gaps and unmet needs across the Australian market for fresh produce.
- Key inputs into the quantitative phase.

3. Develop Growth Plan

Quantitative Demand Space Modelling
Quantitative Emotive Reasoning (NeedScope[1])

Outcomes from Phase 3:

- Demand Space Model that maps all commodities, identifying 'Where-to-Play' and 'How-to Win'.
- NeedScope[1] framework that outlines the optimal emotive positioning for each commodity.

4. Align & Embed

Assimilation and Debrief Workshops:

- Debrief
- Where-to-Play and How-to-Win

Outcomes from Phase 4:

- Aligned Team trained, engaged and ready to activate clear missions & jobs to be done against prioritized horizons.
- A unified growth narrative tailored and fit for purpose for key stakeholder groups.

1 NeedScope delivered in a separate report

Research Methodology

Qualitative

- Online qualitative community
- Australia-wide with a cross-section of the general population
- N=40 consumers
- 5 x day moderated
- Members spent approximately 4-5 hours contributing daily to individual and group discussions, reacting to stimulus and building detailed response feedback
- Totalling **over 1,000 hours** of responses from community members

Quantitative

Demand Space Model

- N= 4,000**, Australia wide, national representative sample**
- 25 minute **survey**
- **Category usage across fruit, veg and nuts**
- **Category usage across fruit, veg and nuts**
- **Primary or shared grocery buyer for household**
- **Asked about their own most recent consumption of two of the 31 commodities that they consume frequently**

4. Context Impacting Consumer Choices

It is the purchasing moments that play the biggest role in fresh produce selection, rather than consumption moments.

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Source: Kantar HIA Domestic Growth Study 2022

Two key shifts in people's approach to food have impacted the role of fresh produce: role of regionality and role of meals.

Source: Kantar HIA Domestic Growth Study 2022

Shift 1: The role of regionality: from Australian to local

From: Proudly purchasing Australian produce

- Supporting Aussie farmers has long been a driver of purchasing, along with Australian produce being seen to be of better quality
- Australian produce provides reassurance of quality controls, better growing conditions and health of food overall

To: Proudly purchasing Local produce

- Supporting local farmers and areas, contributing to local communities and states. This is particularly prevalent in WA (Buy West, Eat Best campaign performing well).
- Moving more towards areas of regionality where certain produce shines (similar to wine) e.g. Riverina Apples

Shift 2: The changing role of meals: Breakfast and Dinner play a bigger role

From: Lunch punctuating the day

- Something that involved effort, either through planning and preparing something prior to leaving home or purchasing at work
- Provided people an opportunity to break up their day by stepping away from the workplace, particularly if going out to buy lunch
- Breakfast was often quick and on the go, dinner something low effort so lunch was more of a treat

To: Breakfast and Dinner being the heroes

- Movement to working from home means people grab and go from whatever's in the fridge, rarely is lunch purchased
- Breakfast and dinner play a bigger role, more care and consideration goes into preparation as there is more time at the bookends of the work day

Early imprints of produce also play a critical role in how consumers approach fruits, vegetables and nuts.

Source: Kantar HIA Domestic Growth Study 2022

Childhood experiences and early imprints of food impact individual repertoire and engagement with fresh produce

What people were exposed to when they were young, in particular what fresh produce was used (and how) largely sets people up for how they use it as they get older.

People who've become more engaged with food and/or cooking tend to be the exception. They've made an effort to broaden their horizons, inspired by recipes or other experiences.

"This is food I grew up with, so have eaten it all my life. I suppose that's why I eat more of these than of other vegetables. They're my staples for roasts and just yummy."

Male, S/DINK

"I have vegetables that I buy and eat every week. They work well in most recipes and meals that I make, and there's some that are interchangeable, like sweet potato instead of potato so I know things will always turn out alright."

Female, S/DINK

Source: Kantar HIA Domestic Growth Study 2022

When selecting what to eat, people are limited by what's available to them, rarely do they seek out something specific

Few people are set on a particular piece of produce when they have a consumption moment, rather they choose what works for the moment that they're in based on what's readily available.

Ultimately, while the choice in the moment of consumption is important, the bigger decision comes in the purchase moment.

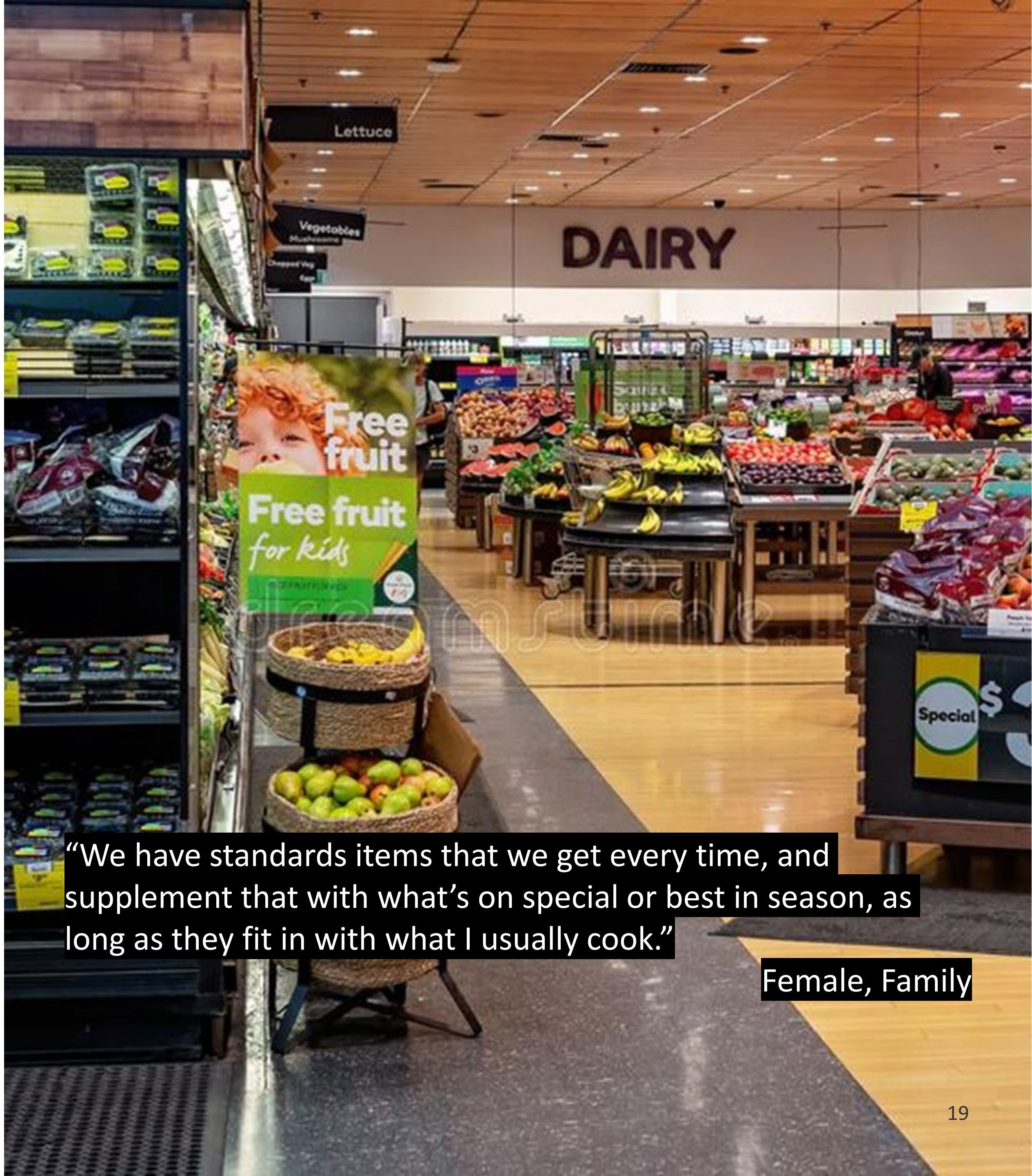
People tend to shop based on the type of meals they expect to have, with a healthy dose of flexibility.

Source: Kantar HIA Domestic Growth Study 2022

While people may not know exactly what they’re going to purchase, they broadly know the types of produce they need or intend to buy.

Most people are habitual in both their consumption and shopping choices, and therefore have a set repertoire based upon the type of meals they’re going to have over the community days/week.

This allows them to then make a choice for the best value at the time.



“We have standards items that we get every time, and supplement that with what’s on special or best in season, as long as they fit in with what I usually cook.”

Female, Family

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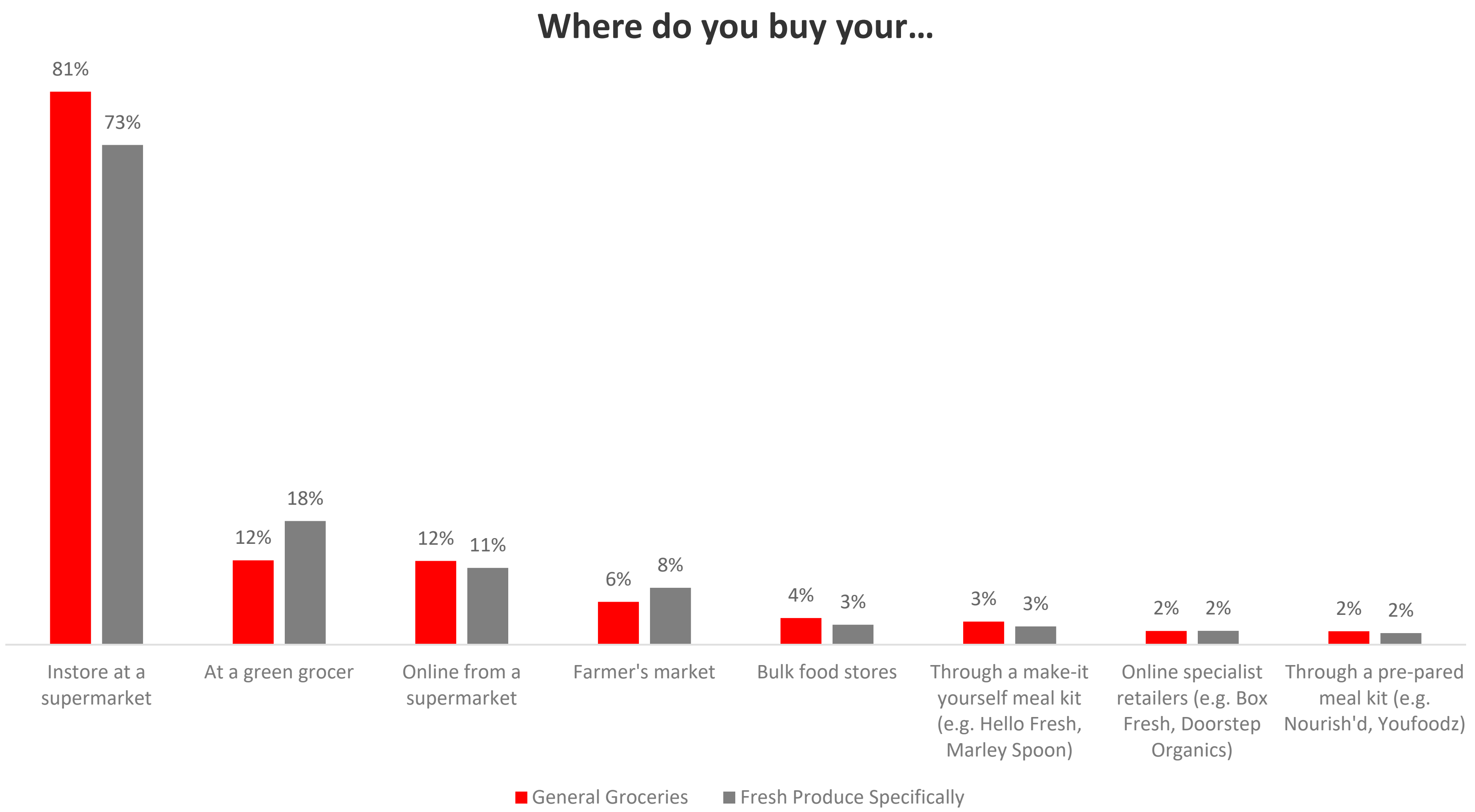
Source: Kantar HIA Domestic Growth Study 2022

Groceries are overwhelmingly purchased in store at a supermarket

Nearly 1 in 5 consumers get fresh produce from a green grocer

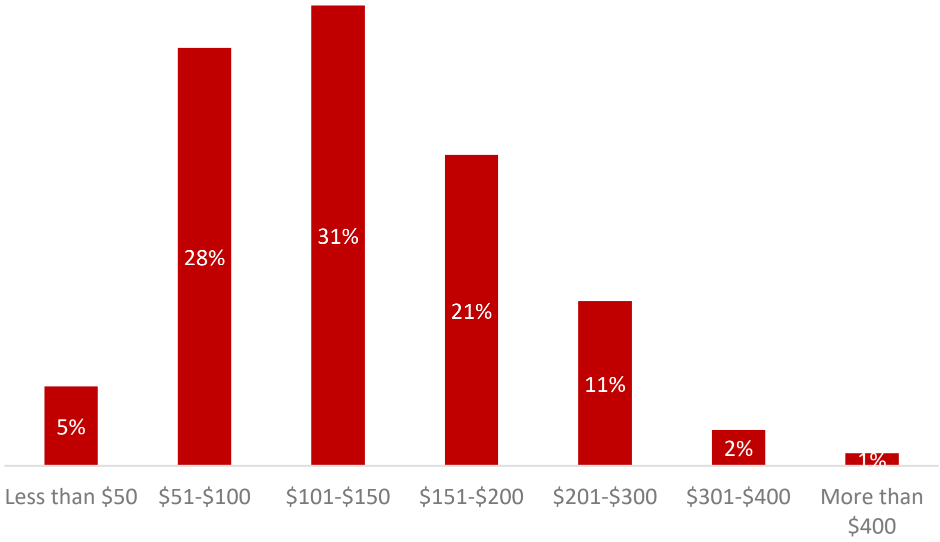


N=4,002
Source: Kantar HIA Domestic Growth Study 2022

Over half of consumers are spending between $100-$200 a week on groceries

Consumers estimate that about 35% of their weekly grocery bill is spent on produce

In a typical week, how much do you spend on groceries?



35%

Estimated share of grocery cost spent on fresh produce specifically in a typical week

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N=4,002
Source: Kantar HIA Domestic Growth Study 2022

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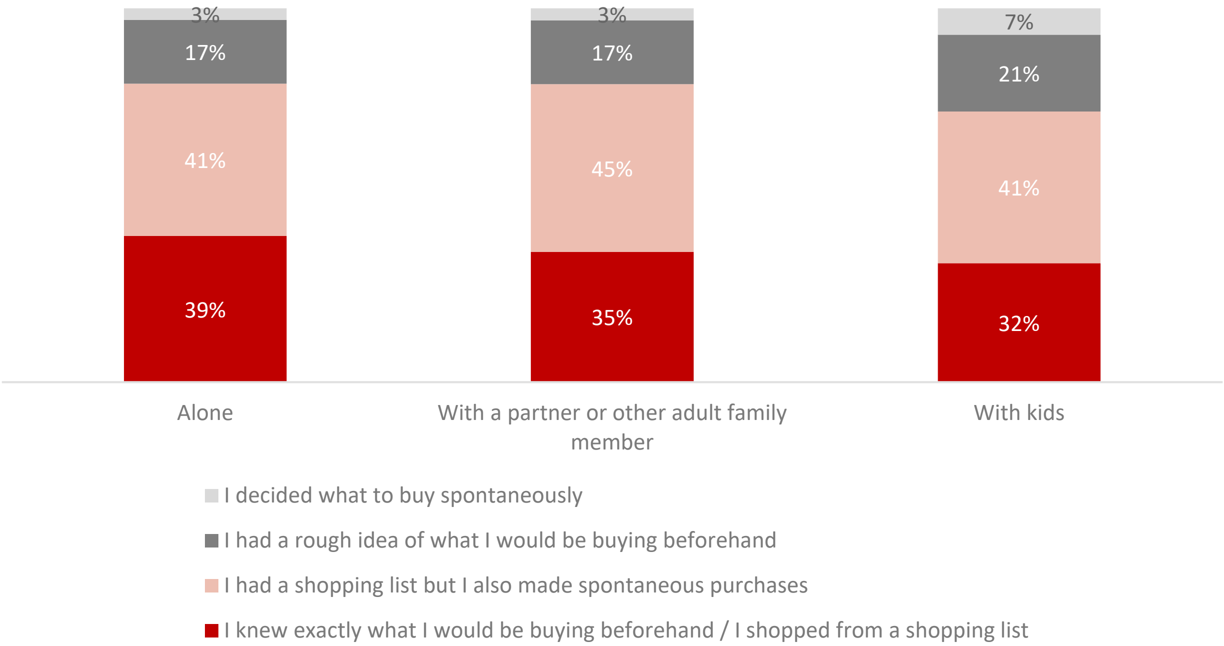
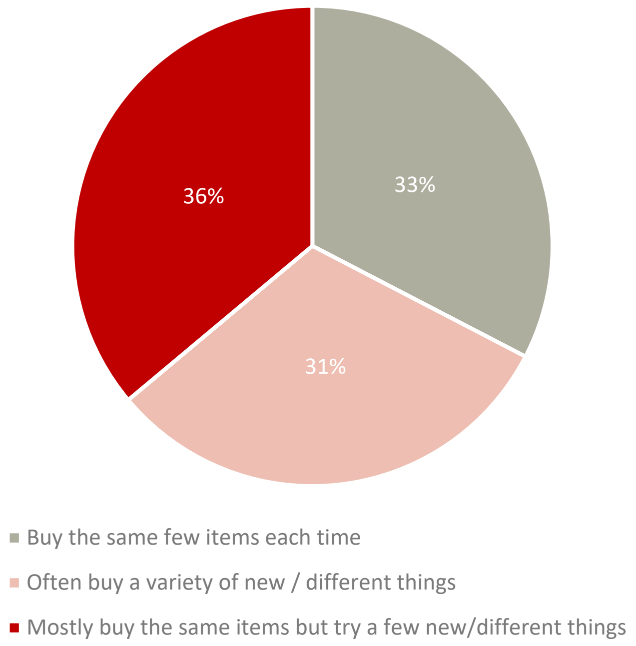
Consumers like to use a list, although they are open to spontaneous purchases

Attitudes towards new and different items differ across the consumer base

Which would you say describes your shop when shopping…



When shopping for fresh produce do you…



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N=4,002
Source: Kantar HIA Domestic Growth Study 2022

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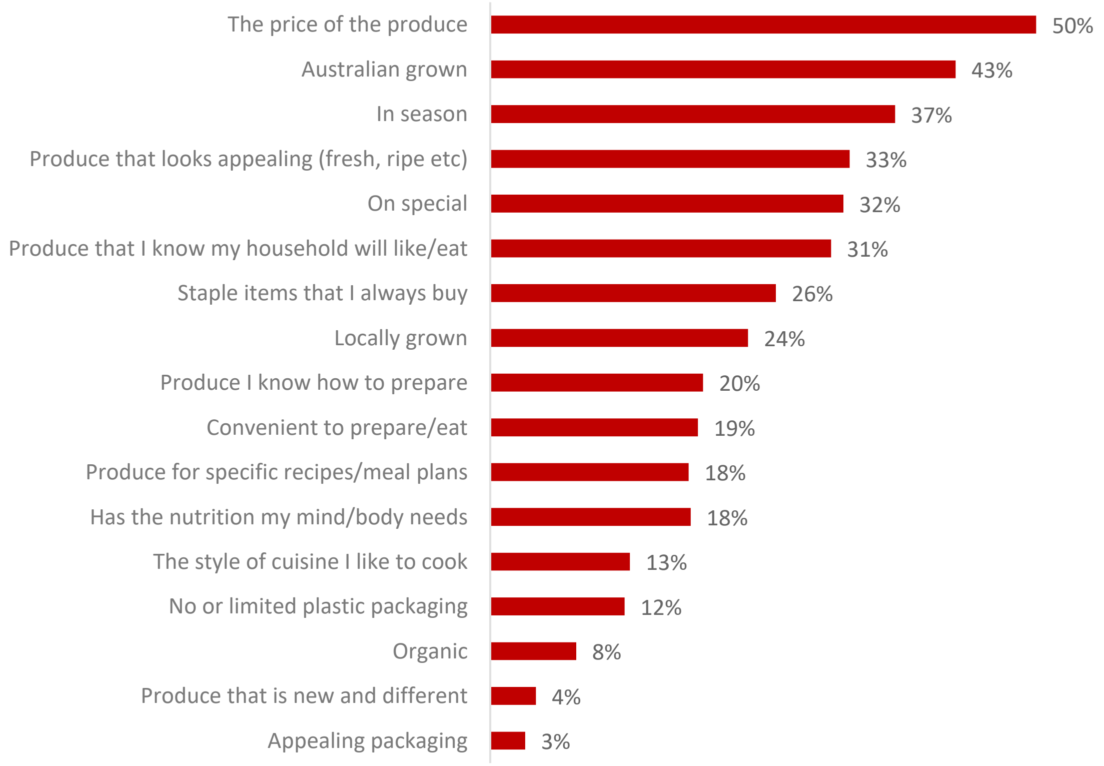
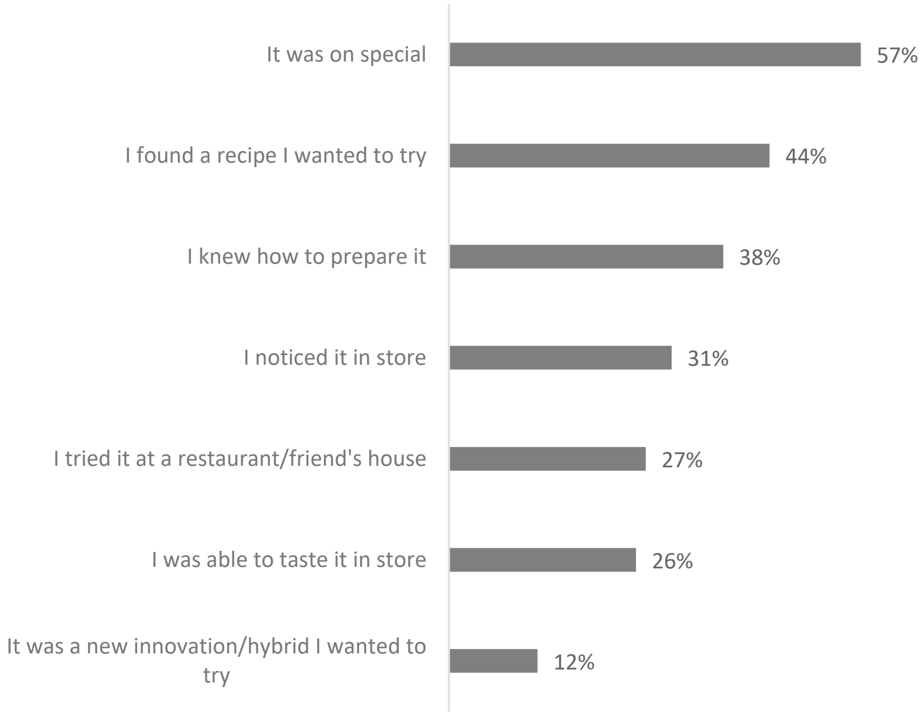
Price aside, the biggest purchase drivers are Australian grown and in season

Consumers are hesitant to try new items without a recipe or knowledge of how to prepare it

When shopping for fresh produce what determines your choice?



What would encourage you to purchase fresh produce you wouldn't normally buy?



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N=4,002
Source: Kantar HIA Domestic Growth Study 2022

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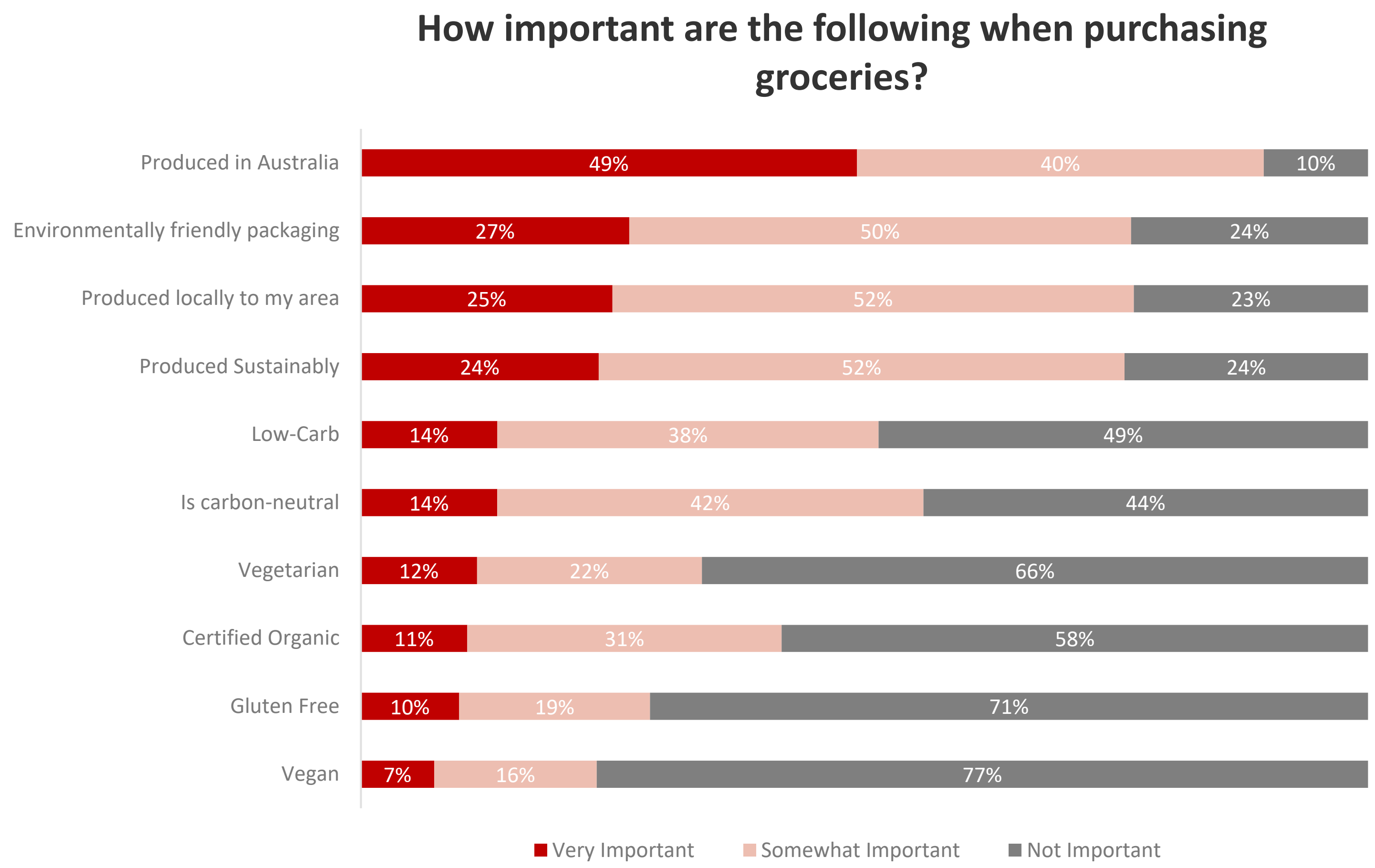
Locality and sustainability are what consumers are looking for from groceries

Dietary claims like Vegan and Gluten-free are less important to most consumers



N=4,002
Source: Kantar HIA Domestic Growth Study 2022

5. Introducing the Demand Space Framework

What can the Demand Space framework do?

Represent a total Australian **market map** of **commodity consumption** that shows where commodities are **strong today**, and could **grow in the future.**

Additionally:

Diagnostics

Understanding the consumption landscape of fresh produce, quantifying demand, and where some commodities have advantages over others.

Understanding drivers and barriers within key consumption territories.

Competitive Mapping

Identify the distinct consumption territories that certain commodities can deliver against.

Map the commodities' performance compared to substitutes, and their relative performance.

Opportunity Identification

Defining '***Where to Play***' - Identifying which consumption territories will unlock growth for certain commodities.

Activation Guidelines

Guiding stakeholders on '***How to Win***', and what consumers are looking for in key consumption territories.

Identify best in class commodities to understand why and how they are winning.

How did we build it?

Key Inputs

Advanced Analysis

Key Outputs

What We Used…

- Commodity Consumption Frequency (Z6)
- Meal Occasion (C2)
- Occasion Needs (C8)

What We Did…

- Principle Component Analysis
- Cluster Analysis
- Correspondence Mapping
- Qualitative Validation

What We Got…

- 6 Needs Pillars
- 5 Meal Occasions

Demand Space Framework

We have identified **6 needs pillars**, born of unchanging consumer needs that drive consumption choices of fresh produce

Tasty

All about: Taste, Refreshment, and Enjoyment

Quick & Easy

All about: Convenience Simplicity, and Ease

Healthy & Nutritious

All about: Guilt-free, Nourishing and Sensible

Indulgence

All about: Comfort, Relaxation and Self Care

Physical & Mental Energy

All about: Energy, Uplift, and Reinvigoration

Connection

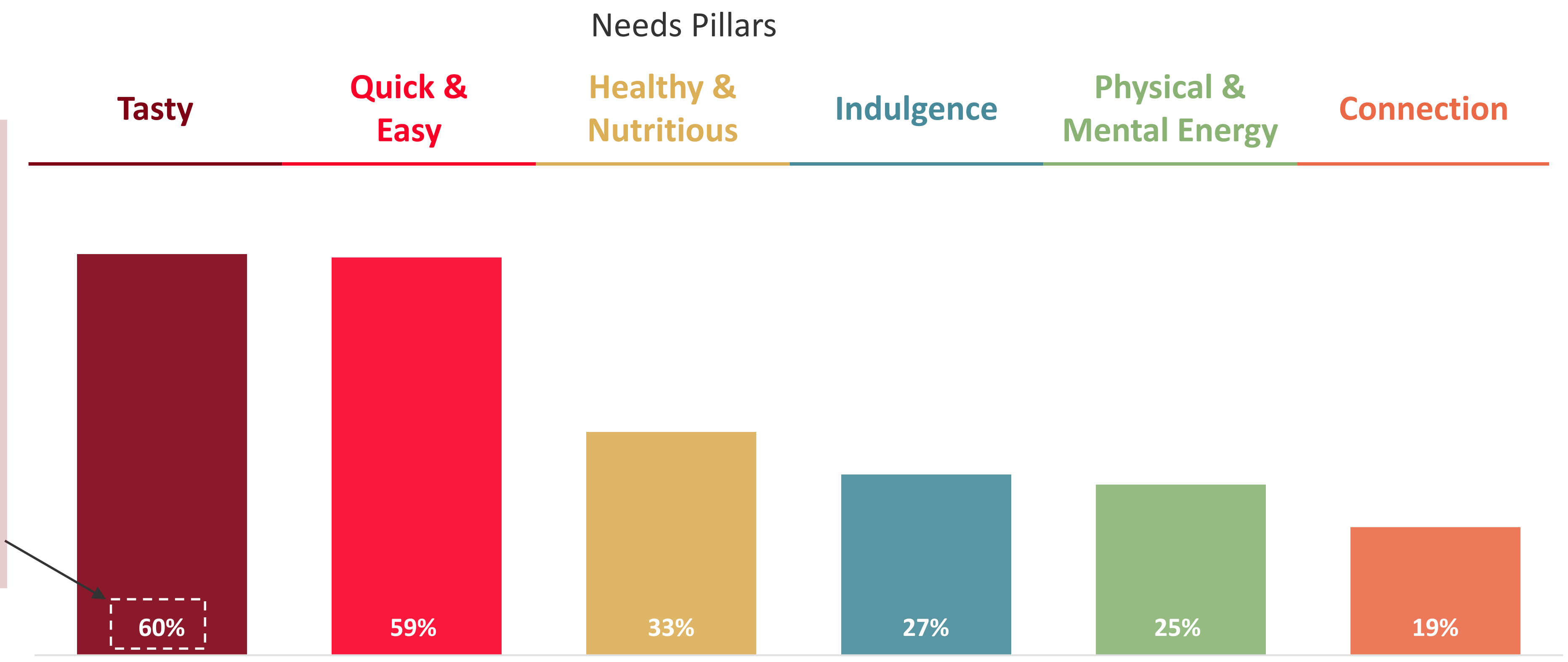
All about: Bonding, Celebration and Creating Memories

In over half of all fresh produce occasions consumers are in search of something ***Tasty*** and ***Quick & Easy***

% refers to the **share of consumption moments** where people are looking to **meet this need**

People can have **more than one need in a moment** (e.g. I chose a banana because it is ***Quick & Easy*** *and* ***Energising***)

% of meal occasions have this need



N=4,002
Question: How important were each of the following when you chose to consume *commodity name* at *occasion* time?
Additional detail in Appendix B
Source: Kantar HIA Domestic Growth Study 2022

The **6 needs pillars** form the first of two dimensions that make up our Demand Space framework

Tasty

All about: Taste, Refreshment, and Enjoyment

Quick & Easy

All about: Convenience Simplicity, and Ease

Healthy & Nutritious

All about: Guilt-free, Nourishing and Sensible

Indulgence

All about: Comfort, Relaxation and Self Care

Physical & Mental Energy

All about: Energy, Uplift, and Reinvigoration

Connection

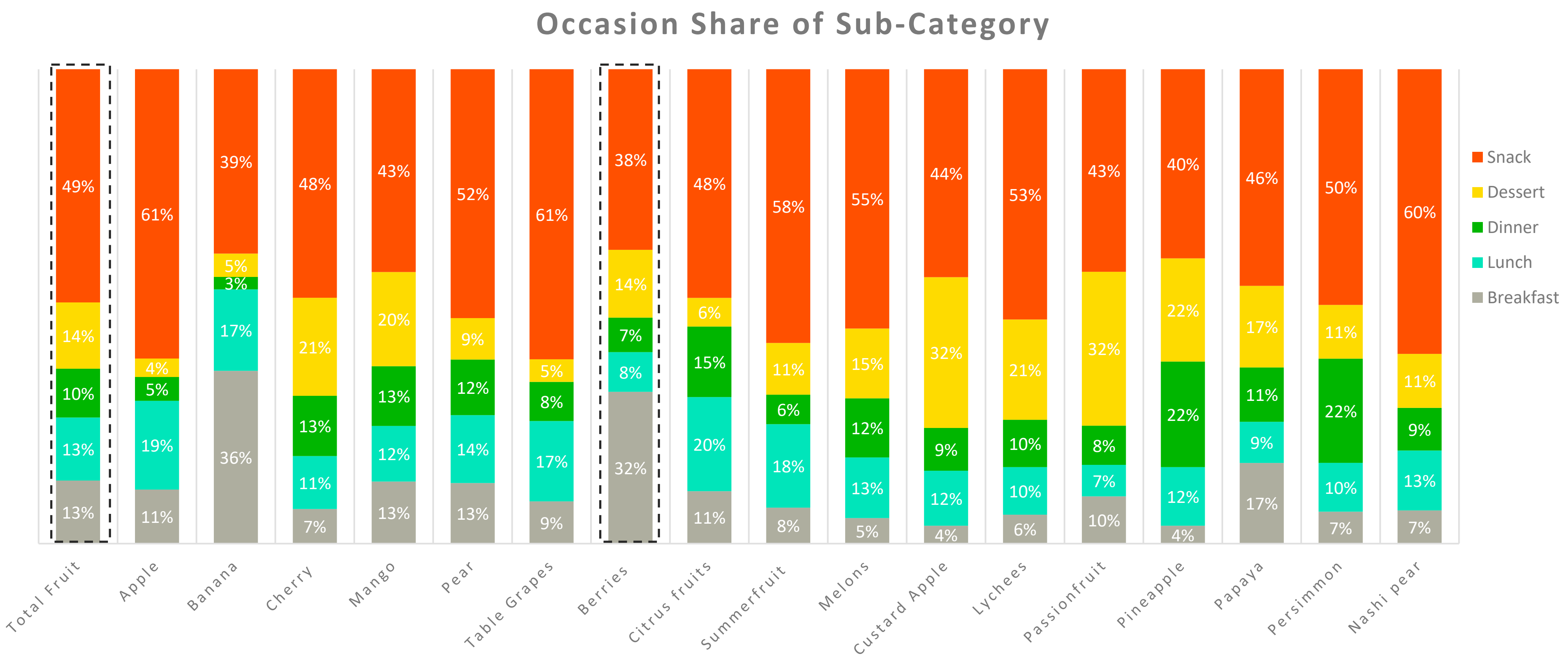
All about: Bonding, Celebration and Creating Memories

The meal occasion has the biggest influence on commodity choice, making it a natural second dimension of the Demand Space framework

Breakfast	*Morning meal*
Lunch	*Mid-day meal*
Dinner	*Evening meal*
Dessert	*Post-dinner*
Snacks	*Between meals*

Fruit by consumption occasion

Breakfast Occasions are 32% of Berries occasions, which is an over-representation vs 13% for All Fruit. Snacks are 38% of all Berry occasions, an under-representation vs 49% for All Fruit.



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N=4,940
Question: When did you consume *commodity name?*
Source: Kantar HIA Domestic Growth Study 2022

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Demand Space Framework

Needs Pillar

Meal Occasion

	Tasty	Quick & Easy	Healthy & Nutritious	Indulgence	Physical & Mental Energy	Connection
Breakfast						
Lunch						
Dinner						
Dessert						
Snacks						

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Question: When did you consume *commodity?;* How important were each of the following when you chose to consume *commodity name* at *occasion* time?
Source: Kantar HIA Domestic Growth Study 2022

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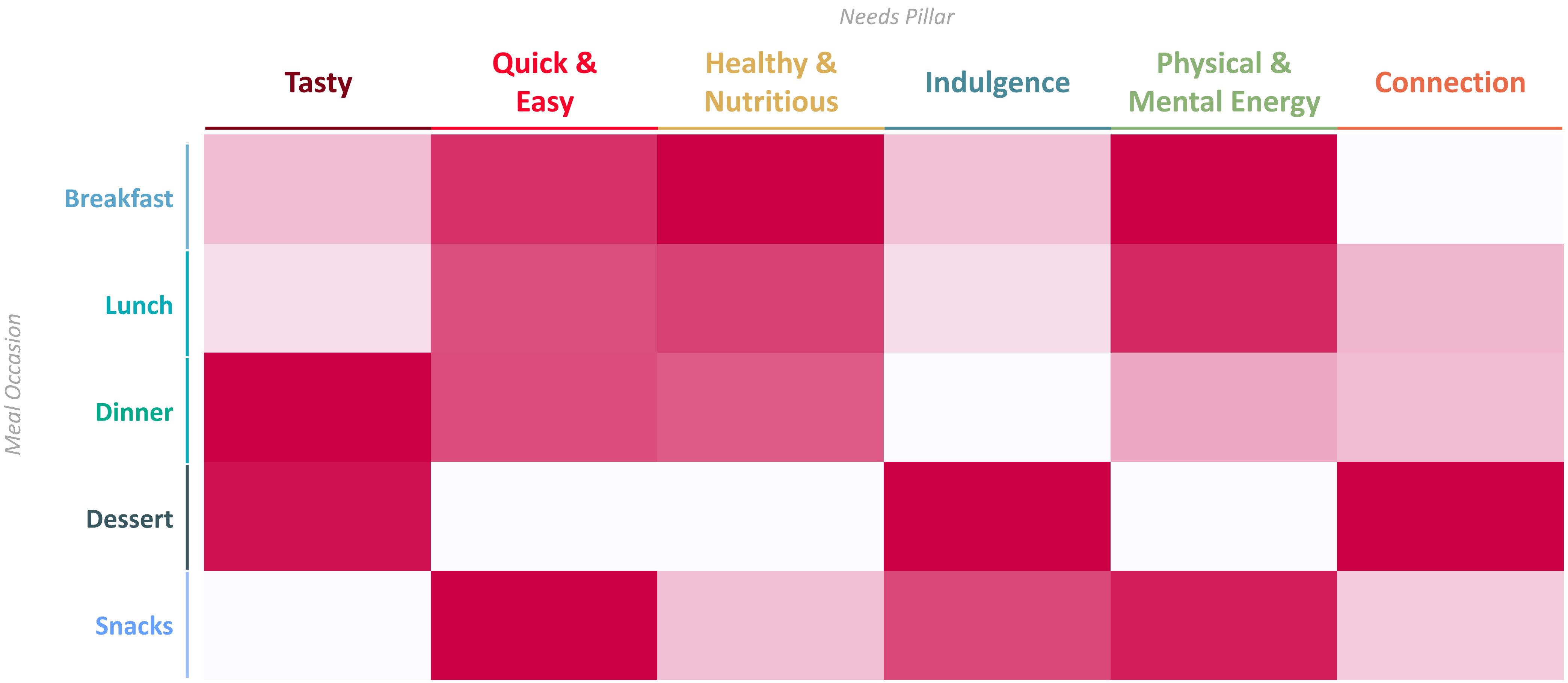
Demand Spaces

The Needs Pillars vary in importance across Meal Occasions



The Heat Map indicates at what Meal Occasion the need is most prevalent.

The darker the colour the more important the need in that Meal Occasion (e.g. Indulgence is more important for Desserts and Snacks)

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N= 8,004
Additional detail in Appendix B
Source: Kantar HIA Domestic Growth Study 2022

Lower Needs Share — Higher Needs Share

The darker the colour, the more the meal occasion over indexes in that needs pillar

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Demand Space Framework

The Demand Space framework provides a map of the landscape through which we can understand the role commodities plays now and into the future

All Fruit

	Tasty	Quick & Easy	Healthy & Nutritious	Indulgence	Physical & Mental Energy	Connection
Breakfast	8%	9%	6%	3%	4%	2%
Lunch	8%	7%	5%	3%	4%	3%
Dinner	6%	5%	3%	3%	2%	3%
Dessert	9%	7%	3%	5%	2%	4%
Snacks	30%	31%	14%	15%	14%	8%

Fruits today are showing up strongly in the Snacking space, particularly meeting the needs of Tasty and Quick & Easy

All Veg

	Tasty	Quick & Easy	Healthy & Nutritious	Indulgence	Physical & Mental Energy	Connection
Breakfast	5%	4%	4%	2%	2%	1%
Lunch	11%	12%	8%	3%	5%	3%
Dinner	44%	43%	26%	12%	14%	10%
Dessert	0%	0%	0%	0%	0%	0%
Snacks	3%	3%	2%	2%	1%	1%

Veg today plays primarily in the Dinner space meeting the primary needs of taste and convenience while being Healthy & Nutritious

All Nuts

	Tasty	Quick & Easy	Healthy & Nutritious	Indulgence	Physical & Mental Energy	Connection
Breakfast	2%	3%	2%	1%	2%	1%
Lunch	4%	3%	3%	3%	2%	3%
Dinner	5%	4%	4%	2%	2%	4%
Dessert	2%	3%	0%	2%	1%	3%
Snacks	28%	47%	21%	24%	23%	18%

Nuts play today firmly in the Snacking space and are Quick & Easy, Indulgent and Energising

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N= 4,940 (Fruit); N=2,481 (Veg); N= 583 (Nuts)
Source: Kantar HIA Domestic Growth Study 2022

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6. Berries Deep Dive

Commodities In Scope

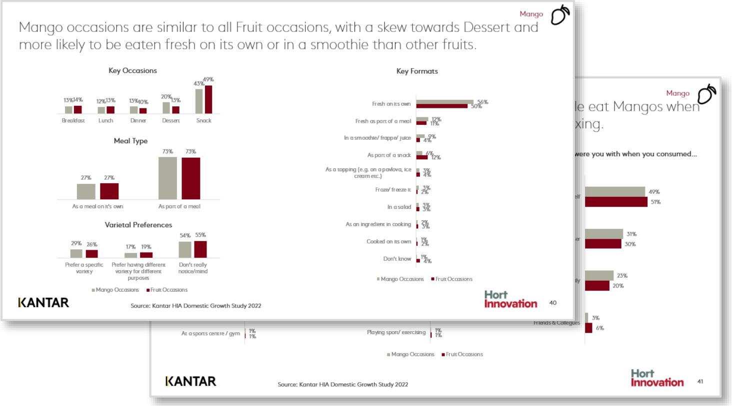
This study covers 31 commodities that can be mapped on the Demand Space framework to identify current and future opportunities

- Apple
- Almond
- Avocado
- Banana
- Berries
- Broccoli/ini
- Cherry
- Chestnut
- Citrus
- Custard Apple
- Dried Fruit
- Fruiting Vegetables
- Hard Vegetables
- Leafy Vegetables
- Lychees
- Macadamia
- Mango
- Melon
- Mushroom
- Nashi
- Olives
- Onions
- Papaya
- Passionfruit
- Pear
- Persimmon
- Pineapple
- Potatoes
- Summer Fruit
- Sweet Potatoes
- Table Grapes

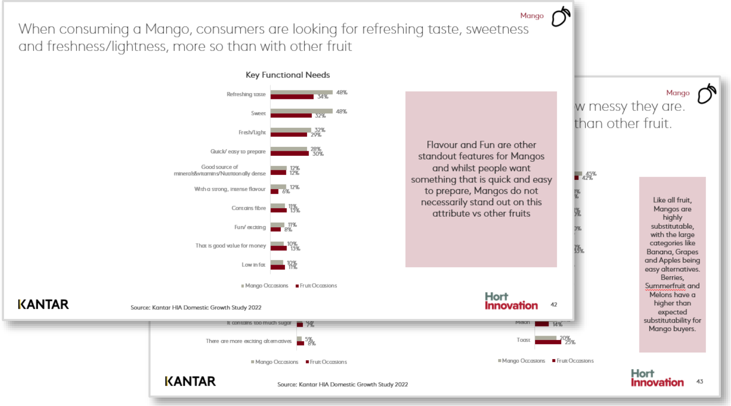
Content for Each Commodity

What’s included for each commodity?

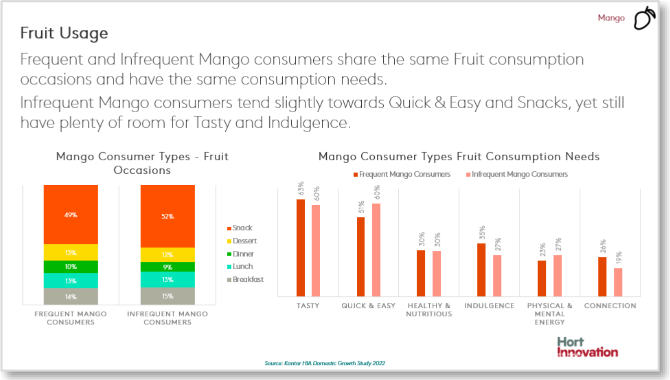
Commodity Occasions



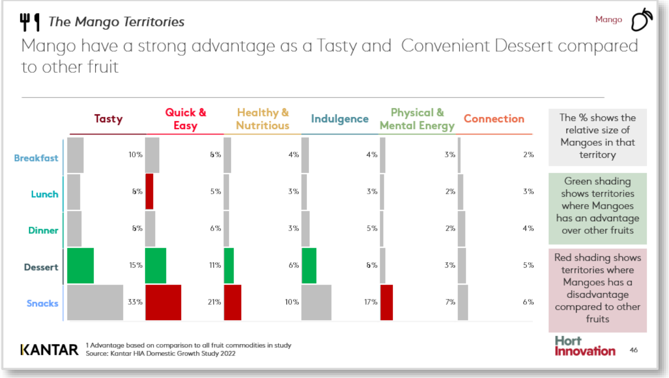
Drivers/Barriers/Substitutes



Light v Heavy Consumers

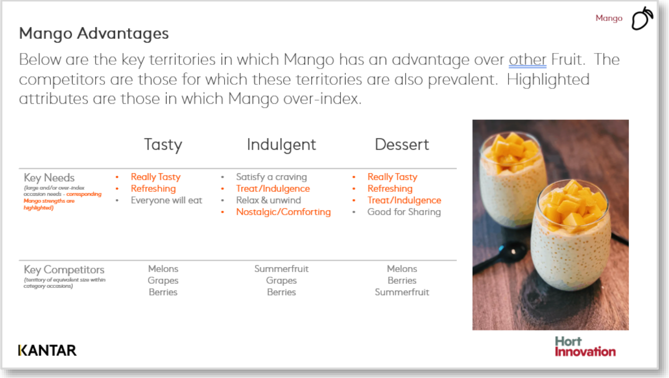


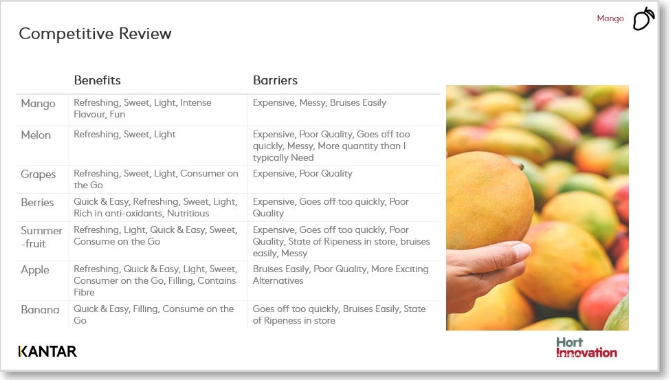
Where to Play



Territory Advantages/Disadvantages

How to Win





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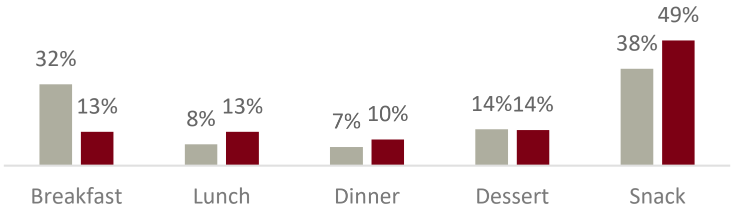
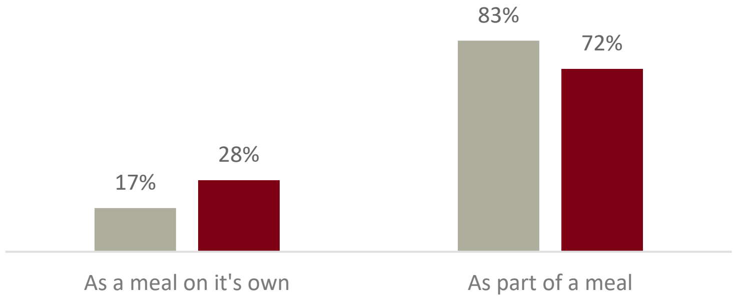
Berry occasions are similar to all Fruit occasions, with a skew towards Breakfast and more likely to be eaten fresh as part of a meal or in smoothie than other fruits.

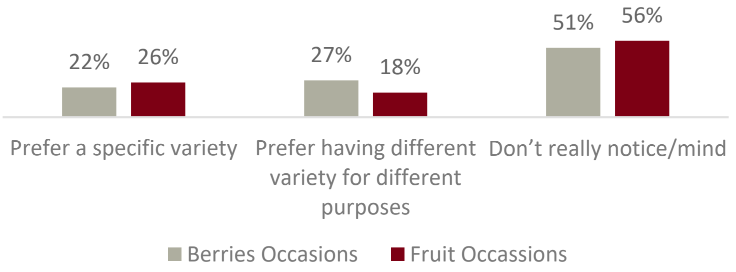
When did you consume…



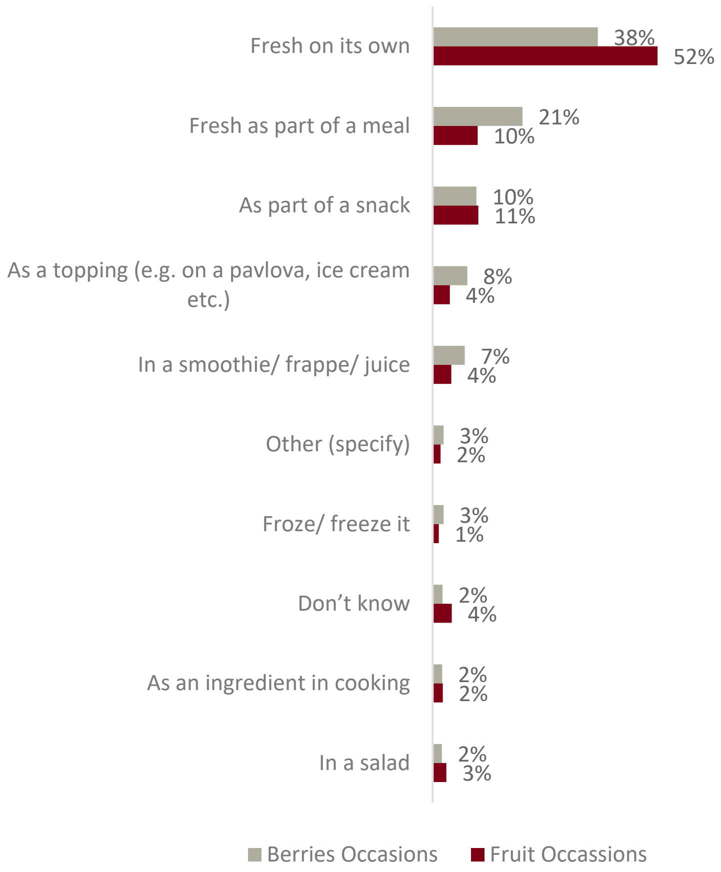
Did you consume it…



When you typically buy or eat berries do you prefer a specific variety?



How did you eat…



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N= 373 Berries Occasions
Source: Kantar HIA Domestic Growth Study 2022

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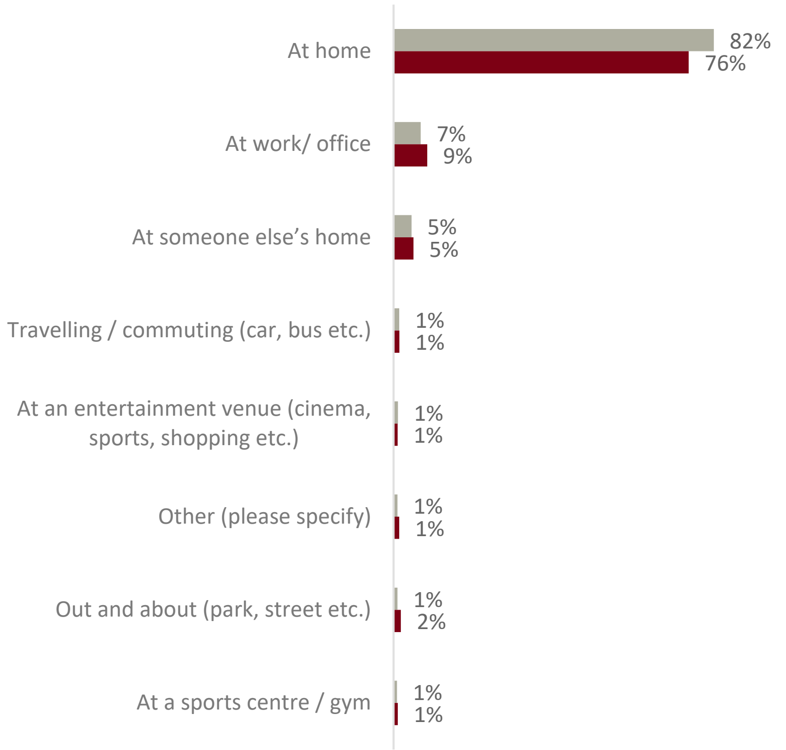
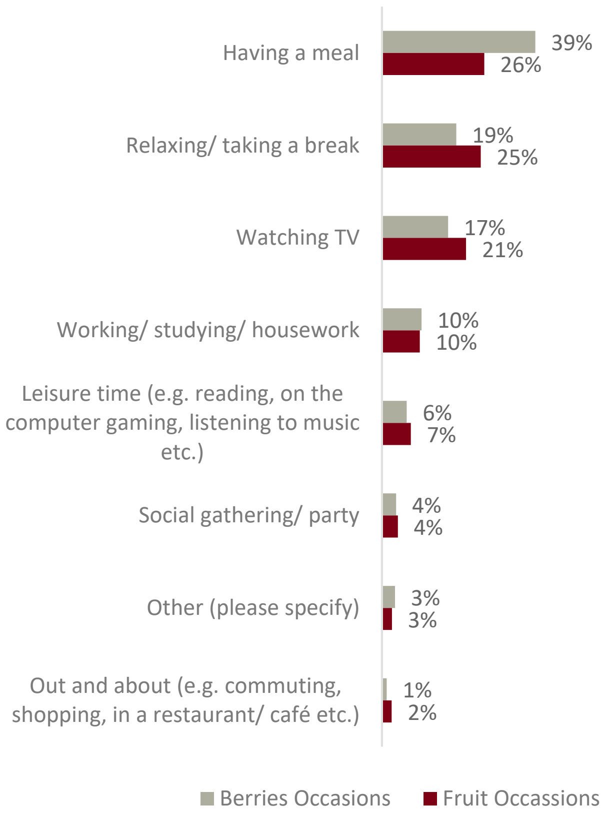
Similar to all fruit, berries are most often consumed at home. People eat Berries when they're having a meal or during downtime like watching TV or relaxing.

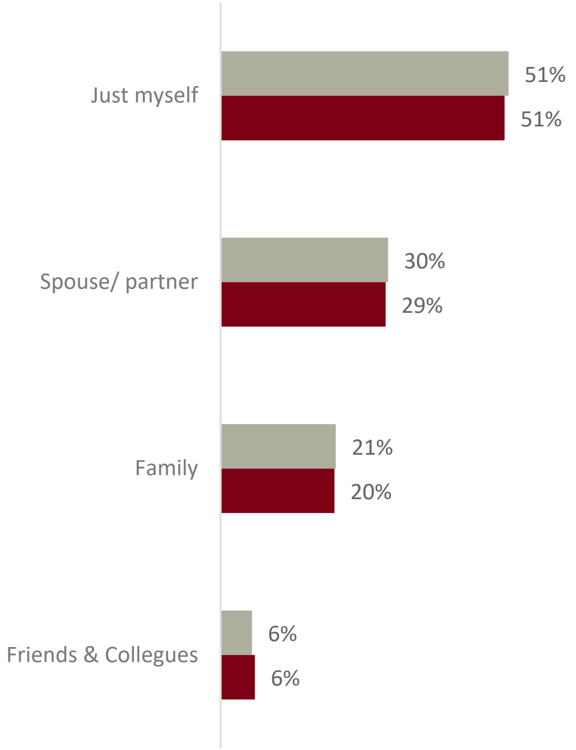
Where did you consume…



What were you doing when you consumed…

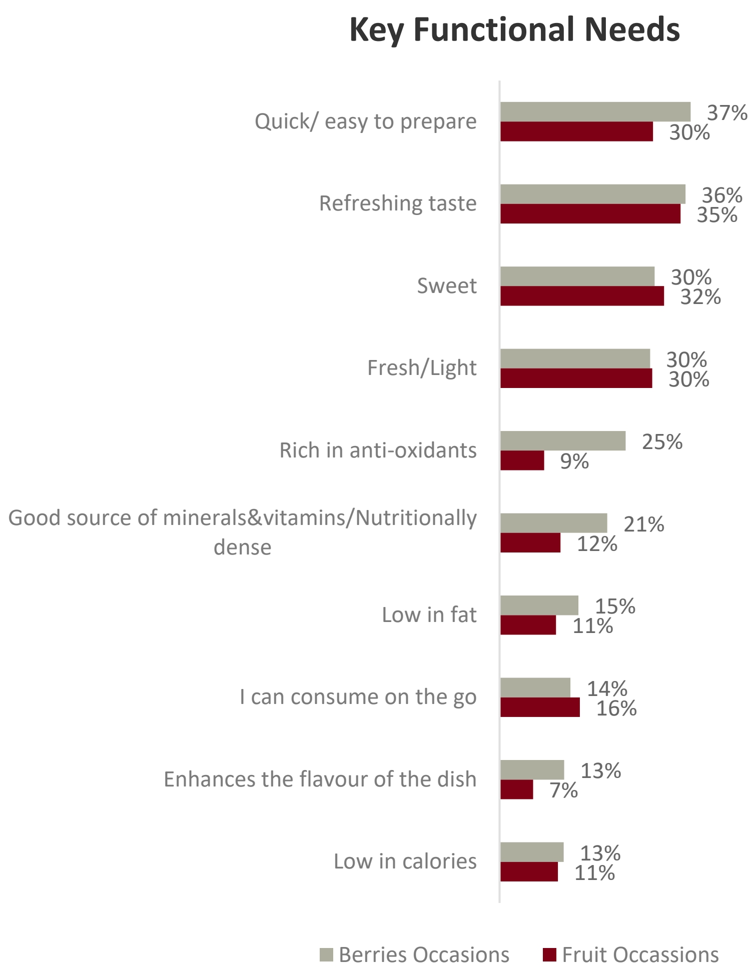


Who were you with when you consumed…



N= 373 Berries Occasions
Source: Kantar HIA Domestic Growth Study 2022

When consuming Berries, people are looking for something quick & easy with a sweet and refreshing taste.

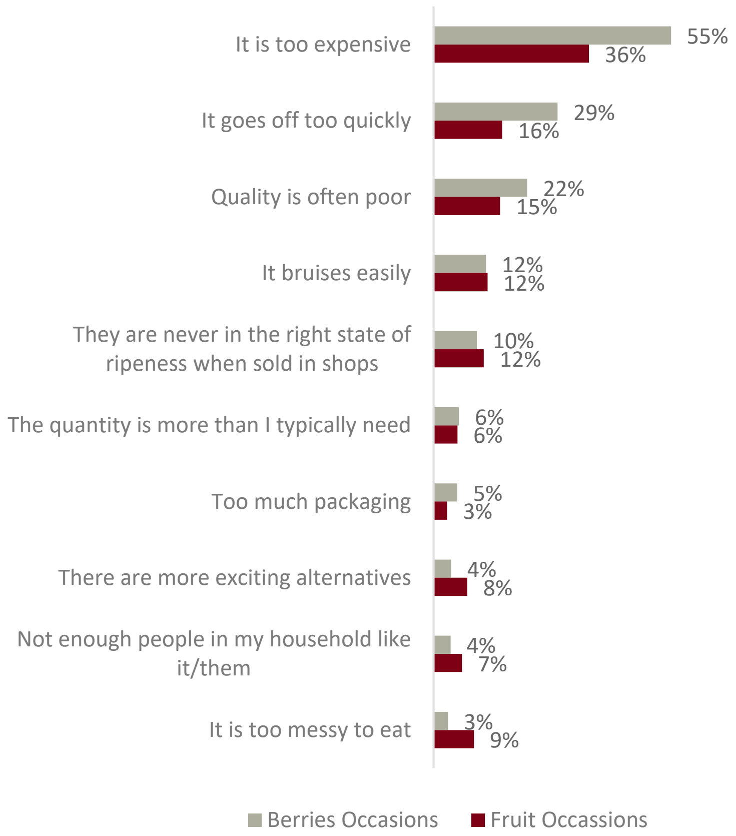


Antioxidant richness and nutritional density are other standout features for Berries and whilst people want something that is sweet and refreshing, Berries do not necessarily stand out on these attributes vs other fruits

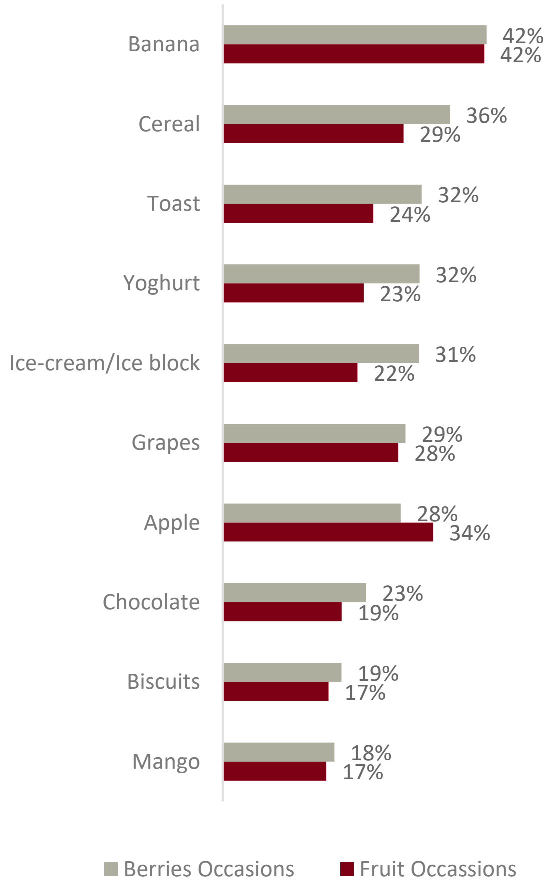
N= 373 Berries Occasions
Question: What were you looking for when you consumed *commodity name*?
Source: Kantar HIA Domestic Growth Study 2022

The most significant barriers for Berry purchase are cost, quality and how fast they expire. They are also challenged by bruising, but no more so than other fruit.

Key Barriers



Key Substitutes



Like all fruit, Berries are highly substitutable, with the large categories like Banana, Grapes and Apples being easy alternatives. Other snack and breakfast foods have an expected substitutability for Berries buyers.

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N= 373 Berries Occasions
Questions: What are the reasons you may not choose *commodity name?;* What else would you typically consider having if *commodity* wasn't available
Source: Kantar HIA Domestic Growth Study 2022

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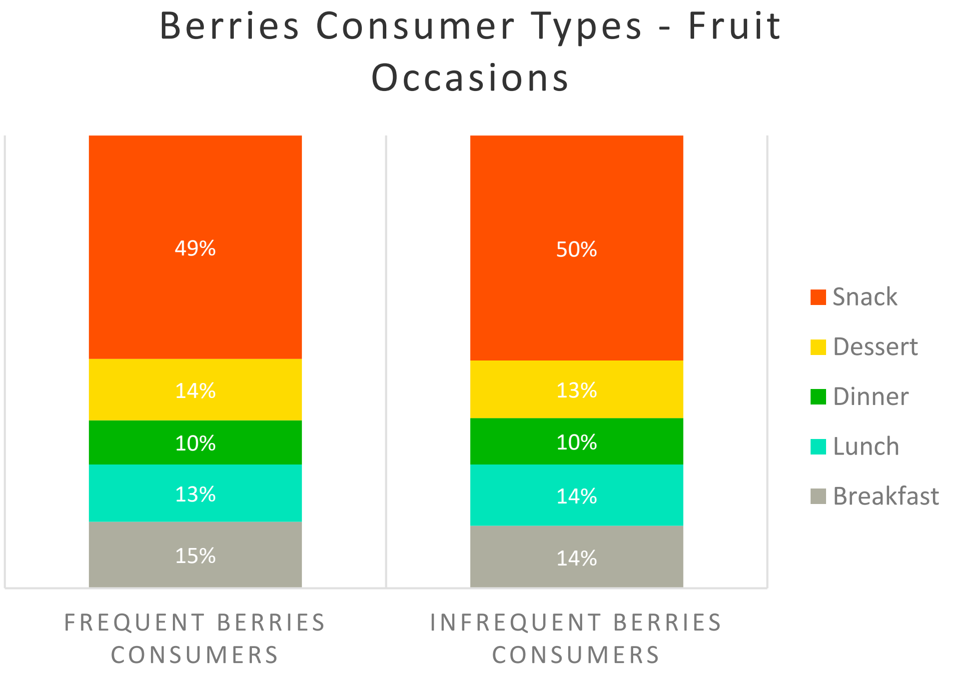
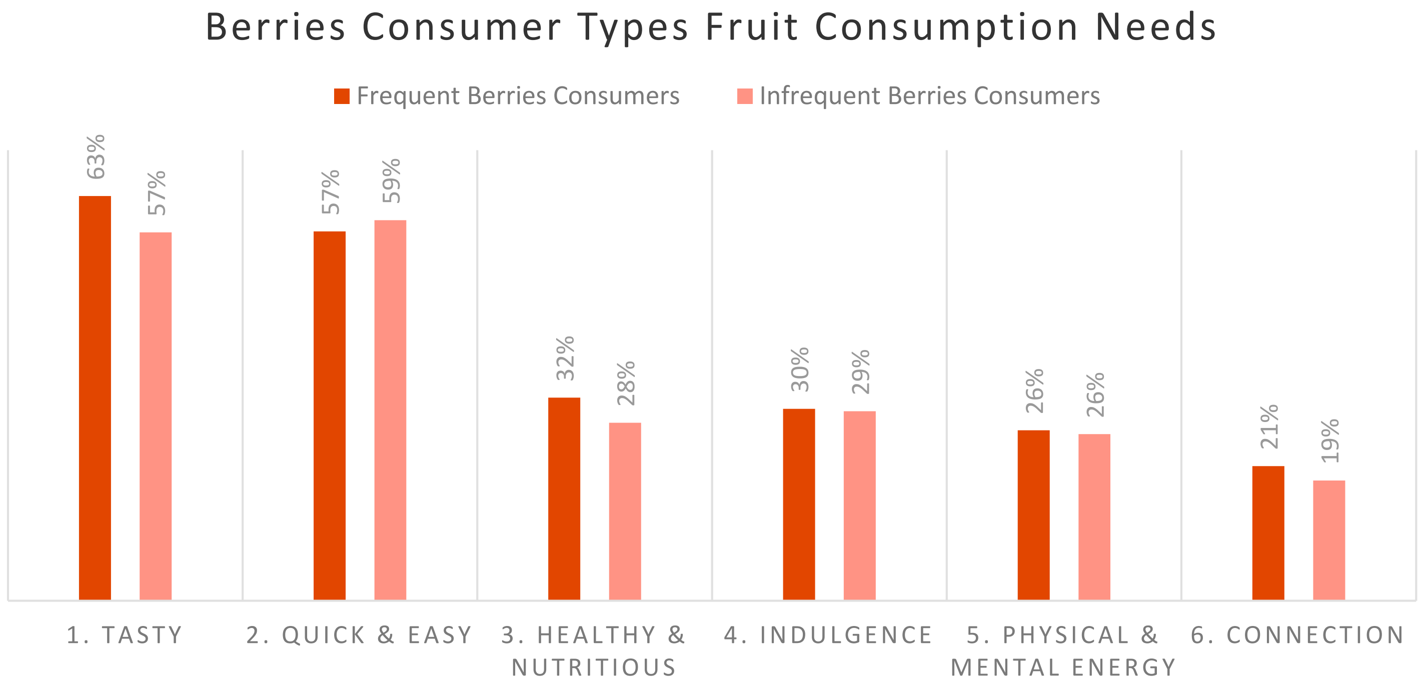
Berry Usage

Frequent and Infrequent Berry consumers share the same Fruit consumption occasions and have the same consumption needs.

Frequent Berry consumers tend slightly towards Tasty & Nutrition needs, yet Infrequent consumer tend toward Quick & Easy





N= 2990 Frequent Berries Consumers; N= 1819 Infrequent Berries Consumers
Question: When did you consume *commodity?; How important were each of the following when you chose to consume commodity name* at *occasion* time?
Source: Kantar HIA Domestic Growth Study 2022

Berries have a strong advantage over other fruit in Breakfast, being seen as better suiting the need for Convenience and Nutrition

	Tasty	Quick & Easy	Healthy & Nutritious	Indulgence	Physical & Mental Energy	Connection
Breakfast	24%	21%	18%	7%	10%	2%
Lunch	5%	5%	4%	2%	4%	2%
Dinner	5%	4%	3%	2%	1%	3%
Dessert	11%	8%	5%	6%	1%	4%
Snacks	27%	25%	12%	9%	10%	5%

The % shows the relative size of Berries in that territory

Green shading shows territories where Berries have an advantage over other fruits

Red shading shows territories where Berries have a disadvantage compared to other fruits

N= 373 Berries Occasions

1 Advantage based on comparison to all fruit commodities in study

Source: Kantar HIA Domestic Growth Study 2022

Berry Advantages

Below are the key territories in which Berries have an advantage over other Fruit. The competitors are those for which these territories are also prevalent. Highlighted attributes are those in which Berries over-index.

	Tasty	Quick & Easy	Healthy & Nutritious	Breakfast
Key Needs *(large and/or over-index occasion needs corresponding Berry strengths are highlighted)*	• Really tasty • Refreshing • Everyone will eat	• Quick & easy • Requires little thought • Already available • Consume on the go	• Nutrition for my mind & body • No guilt • To manage my weight • Certain nutritional goals	• Really tasty • Quick & easy • Nutrition for my mind & body • Quick energy boost • Manage my weight • Certain nutritional goals • Long lasting energy
Key Competitors *(territory of equivalent size within category occasions)*	Mango Table Grapes Cherries Melons Pineapple	Banana Apple Table Grapes Pear Summer Fruit	Apple	Banana

Competitive Review

	Benefits	Barriers
Berries	Quick & Easy. Refreshing. Sweet. Light. Rich in antioxidants. Nutrient dense.	Expensive. Goes off too quickly. Poor quality.
Banana	Quick & Easy. Filling. Consume on the go.	Goes off too quickly. Bruises easily. State of ripeness in store.
Apple	Refreshing. Quick & easy. Light. Sweet. Consume on the go. Filling. Contains fibre.	Bruises easily. Poor quality. More exciting alternatives.
Table Grapes	Refreshing. Sweet. Light. Consume on the go.	Expensive. Poor quality.
Summer Fruit	Refreshing. Light. Quick & easy. Sweet. Consume on the go.	Expensive. Goes off too quickly. Poor quality. State of ripeness in store. Bruises easily. Too messy.
Pear	Refreshing. Sweet. Quick & easy. Fresh/Light. Contains fibre. Consume on the go. Aids digestion.	Bruises easily. Goes off too quickly. Too messy. State of ripeness in store. More exciting alternatives.
Cherries	Sweet. Refreshing. Light. Consume on the go. Rich in antioxidants.	Expensive.
Melons	Refreshing. Light. Sweet. Quick & easy.	Too messy. Quantity more than I need. Not liked by the whole household.

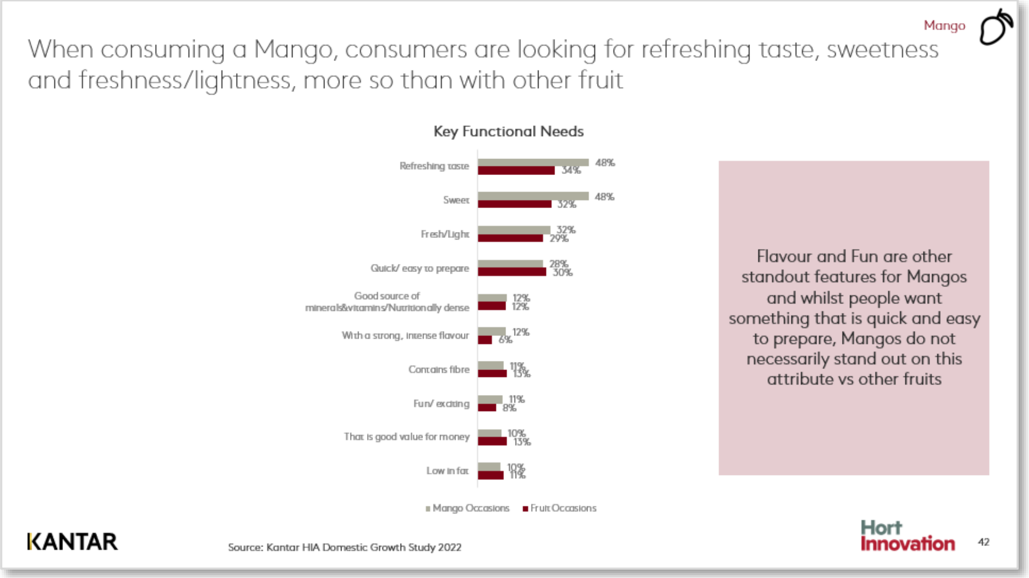
Question: What were you looking for when you consumed *commodity name*?; What are the reasons you may not choose *commodity name?*
Source: Kantar HIA Domestic Growth Study 2022

6. Appendix A: How to use this report

Report Guidelines

How to use this report

Slide 43: Category Drivers



How we ask the question

Respondents who have consumed the commodity in the last 4 weeks are asked to describe the last occasion on which they consumed the commodity. They selected the top 3-5 reasons that they chose to consume the commodity.

How to read the data

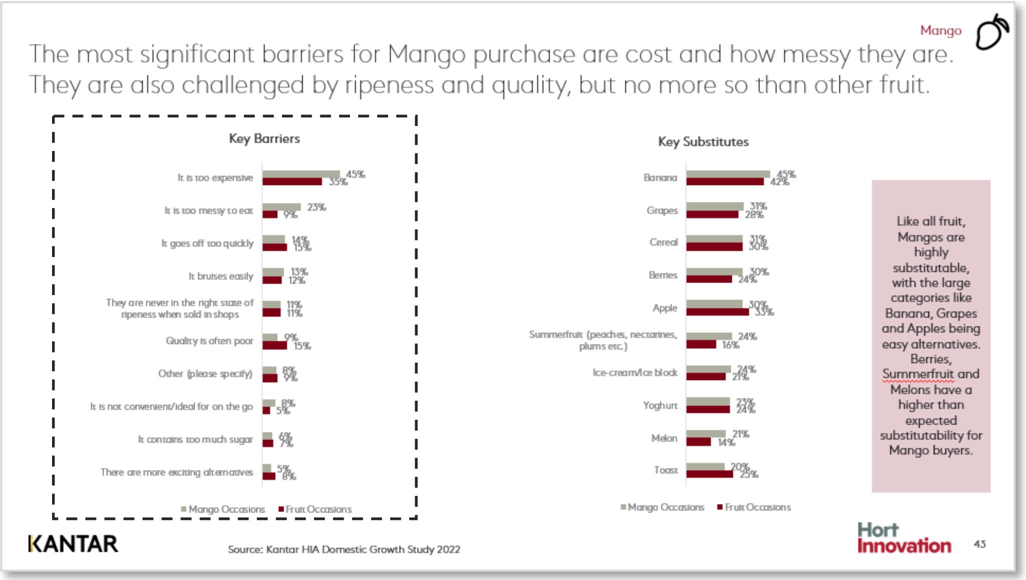
The charts provide the % who selected each reason for choosing the commodity. The higher and lower than average bars indicate higher and lower % scores for the commodity vs. the average of all fruit.

How to use the data

Attributes that have high scores are the most important reasons that people choose the commodity. Attributes that are higher than average are strengths for the commodity vs other fruit sub categories.

How to use this report

Slide 44: Category Barriers



How we ask the question

Respondents who have consumed the commodity in the last 4 weeks are asked to describe the last occasion on which they consumed the commodity. They were asked to select all the reasons they may not choose the commodity in that same occasion.

How to read the data

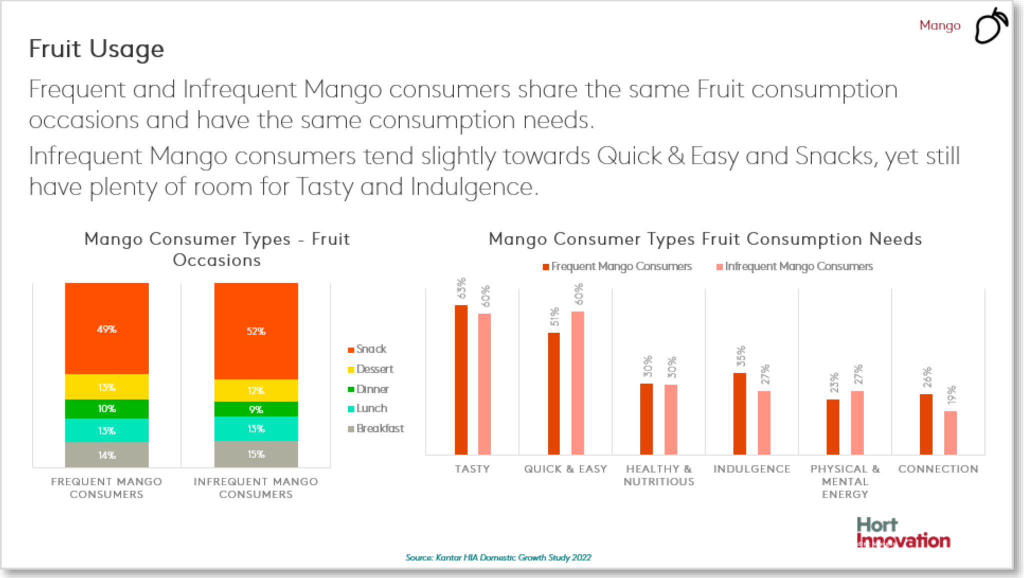
The charts provide the % who selected each reason they may not choose The commodity. The higher and lower than average bars indicate higher and lower % scores for the commodity vs. the average of all fruit.

How to use the data

Attributes that have high scores are the most important reasons that people don't choose the commodity. Attributes that are higher than average are bigger barriers for the commodity than for other fruit. Attributes that are lower than average are smaller barriers for the commodity than other fruit.

How to use this report

Slide 45: Light v Heavy Users



How we ask the question

Respondents who have consumed the commodity in the last 4 weeks are asked to describe the last occasion on which they consumed the commodity. They were asked to select all the reasons they may not choose the commodity in that same occasion.

How to read the data

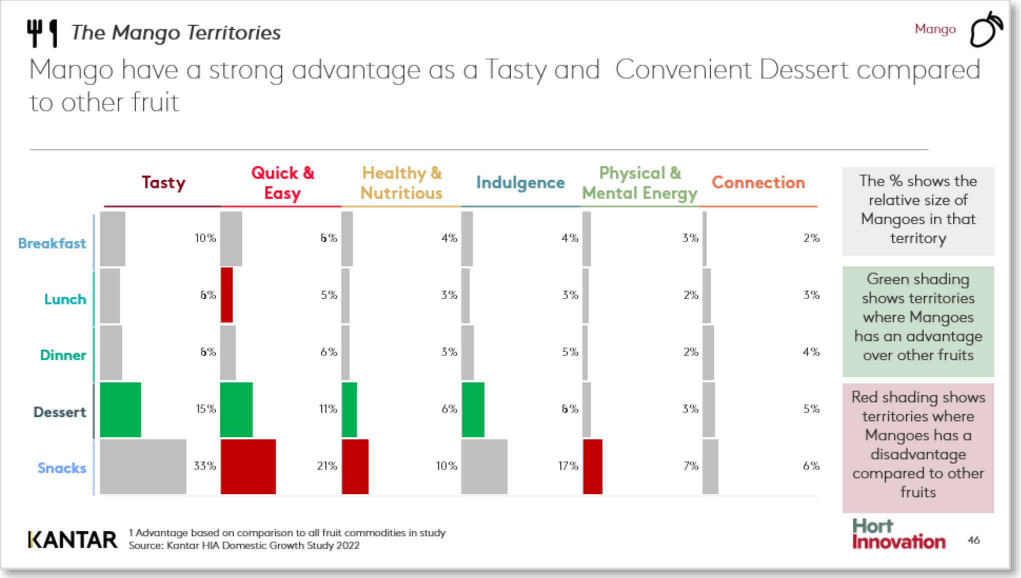
The charts provide when consumers last ate the commodity and the % who selected each reason for choosing the commodity.
The charts show light users vs heavy user. Heavy users eat the commodity at least once a fortnight. Light users eat the commodity once a month or less.

How to use the data

Attributes that have high scores are the most important reasons that people choose the commodity.

How to use this report

Slide 46: Category Territories



How we ask the question

Respondents who have consumed the commodity in the last 4 weeks are asked to describe the last occasion on which they consumed the commodity. They selected the top 3-5 reasons that they chose to consume the commodity. Using an understanding of their occasion and their needs, we map the commodities 'territories' against the Horticulture Demand Framework.

How to read the data

This provides the % of all the commodity's needs and occasions. As respondents had an average 2.2 needs for every occasion, the numbers add up to more than 100%. The green and red bars indicate respectively higher and lower %'s for the commodity compared to the average of all fruit.

How to use the data

High %'s are the largest demand territories for the commodity. Territories that are higher than average are strengths for the commodity vs other fruit sub categories. Territories that are lower than average are weaknesses for the commodity vs other fruit sub categories.