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DESCRIPTION OF CURRENT AUSTRALIAN TROPICAL FRUIT MARKETS

FOR

RIDGE PARTNERS

PREPARED BY

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TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

1. Executive Summary covers:
- *Priorities for fruit selection.*
- *Key results for Project A fruits.*
- *Key results for Project B fruits.*
- *Demographic and purchase profile.*
- *Packaging.*
- *Tropical fruit category.*
- *Marketing priorities.*
- *Key Results from wholesalers, agents, retailers and food service firms.*

Introduction

This report presents the findings of a study which targeted gaps in existing market information for developed tropical fruit industries and small and emerging tropical fruit industry sectors.

For Project A, developed industries, the project covered a survey of 303 main grocery buyers. For Project B, small and emerging industry sectors, the project covered 256 face to face interviews.

Four focus groups were conducted covering both Project A and Project B tropical fruit.

The study also included a review of past market research on the tropical fruits covered in the study.

Priorities for Fruit Selection

Key priorities when selecting fruit and vegetables for the household are freshness (57.4%), price (32.7%), quality (31.0%), in season (9.9%), a mix or variety (7.6%), produce that looks good (6.9%), locally grown (5.6%).

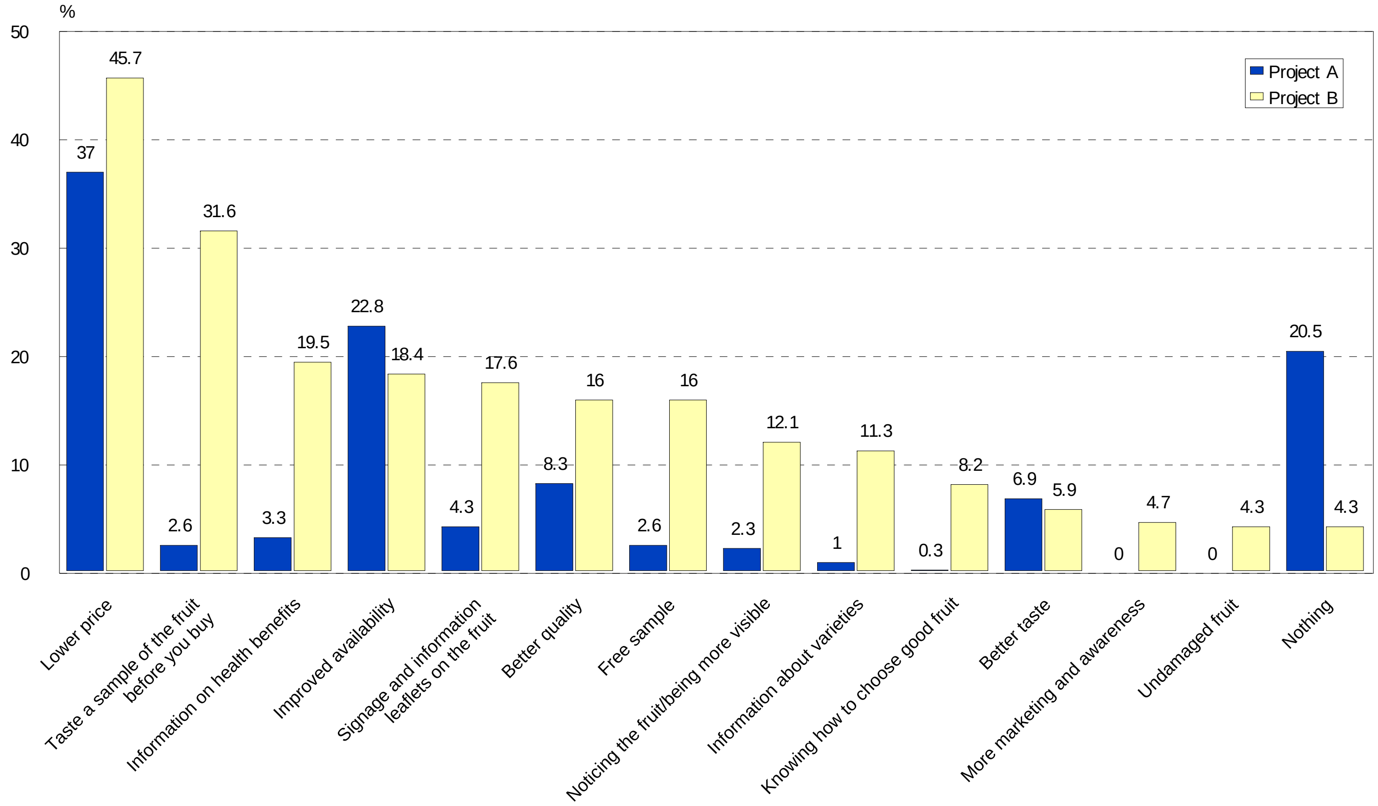
Consumers choose tropical fruit rather than other fruit because of the taste (55.4%), the variety – something different (35.3%), seasonal availability (33.7%), family member preference (12.2%), the look of the fruit (11.9%) and the smell of the fruit (10.9%).

Lower pricing is a driver for increased purchase of tropical fruit as well as improved availability. When considering Project B tropical fruit, consumers also identified tasting samples, health benefits and information on the fruit as important drivers.

Chart 1.1 gives a profile of these factors for both surveys. Results are very consistent with focus group feedback.

Chart 1.1

Factors Encouraging Purchase of Tropical Fruit

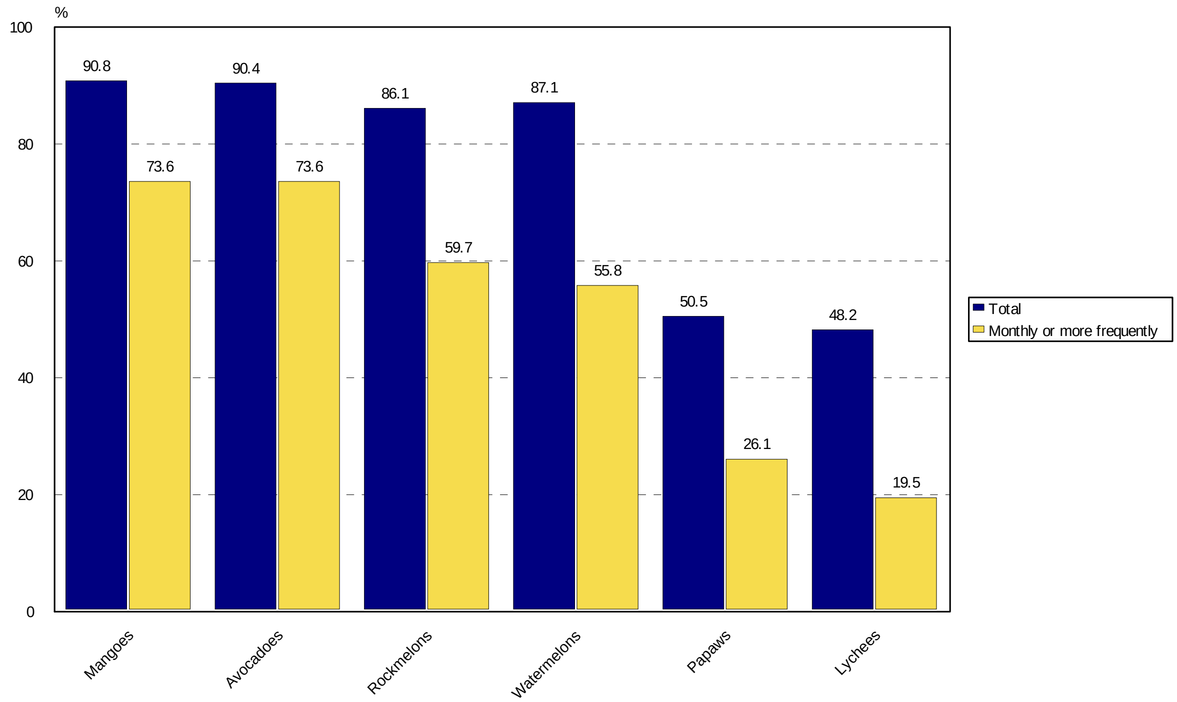


Key Results for Project A Fruits

Project A fruit purchased monthly or more frequently by main grocery buyers are summarised in Chart 1.2.

Chart 1.2

Purchase of Project A Fruits - Total and Monthly or More Frequently



Levels of satisfaction with the taste of fruit generally available included:

- Rockmelons (65.7%).
- Watermelons (72.9%).
- Avocadoes (76.9%).

For papaw or papaya, 29.7% had tried new varieties and of these people, 76.7% were satisfied with the taste.

For lychees, 29.7% of main grocery buyers would purchase the fruit in bags or punnets.

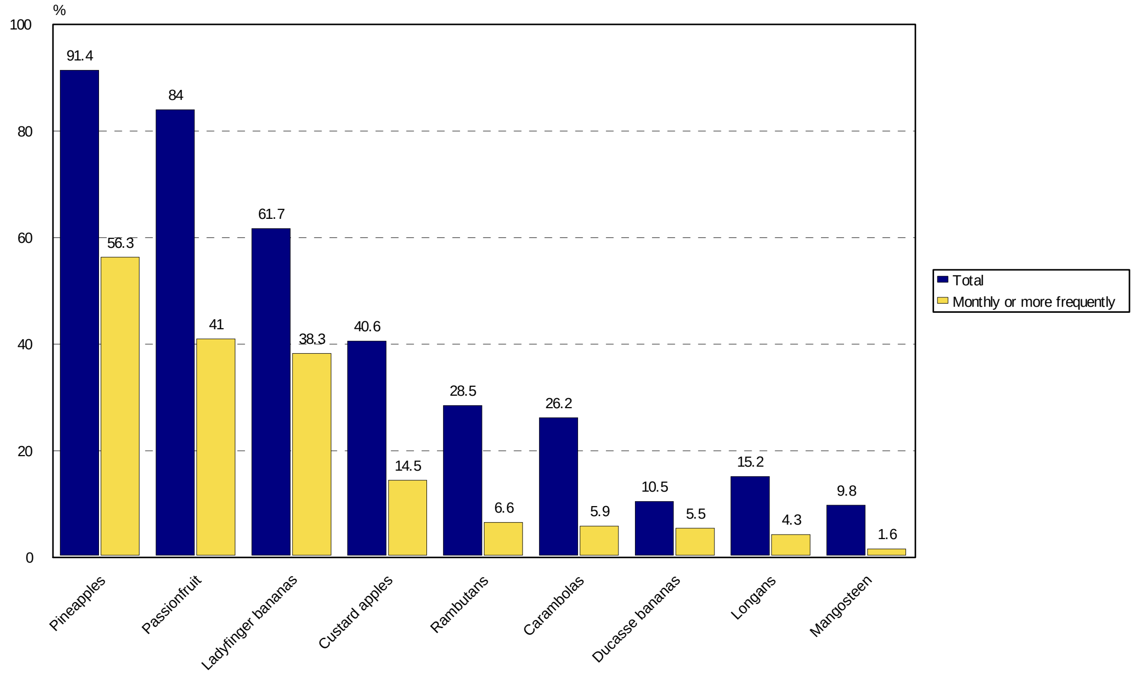
For avocadoes, 39.6% of main grocery buyers had no specific variety preference.

Key Results for Project B Fruits

Project B fruit purchased monthly or more frequently by the main grocer buyer are summarised in Chart 1.3.

Chart 1.3

Purchase of Project B Fruits - Total and Monthly or More Frequently



For ducasse bananas the longer lasting quality is important to 63.3% of consumers; firmer creamier flesh is important to 58.2% and sweeter taste is important to 55.9%. Nearly three quarters of main grocery buyers (72.3%) would buy ducasse bananas if they knew the bananas with markings on the outside but still had high quality flesh.

For longans, information on high vitamin C and an energy boost is important to 60.9% of main grocery buyers.

For pineapples, 35.5% have tried the new varieties and 40.2% prefer the new varieties (47.7% prefer traditional pineapples).

For passionfruit, more than half (59.8%) prefer medium sized and a quarter (27.0%) prefer large fruit. Nearly half (46.1%) were interested in buying punnets of passionfruit and the main preference was for 6 fruit, then 4 fruit.

Demographic and Purchase Profile

The research provides insights into key market segments for tropical fruit. These findings include the following:

- Brisbane was identified as the major current market for tropical fruit followed by Melbourne and Sydney.

- There are opportunities to extend the range of tropical fruit purchased – a third of consumers purchased only one or two or Project A fruit monthly or more frequently and only 17.5% purchased five or six monthly or more frequently.

  A fifth of Project B consumers surveyed (21.5%) purchased none of the Project B fruit and only 25.5% purchased three or more of these fruit.

- Families with school age children purchased a wider range of tropical fruit more frequently, while grocery buyers under 30 years of age were less likely to frequently buy a range of tropical fruit.

- Blue collar workers and families with school age children were more likely to have purchased a range of Project B tropical fruit.

- In terms of size of market segment, white collar workers, grocery buyers aged over 40, households with no school age children and households with an income of under $41,600 were the largest market segments (proportion of total buyers).

- Four in ten consumers (42.6%) mostly buy tropical fruit from a green grocer. A further 36.3% buy from the green grocer and the supermarket and 19.5% mostly buy tropical fruit from supermarkets.

Packaging

Two thirds of consumers surveyed (68.3%) preferred little or no packaging of fruit. Those who prefer some packaging (27.7%) suggested that packaging could be used for a range of fruit that included strawberries, berries, kiwi fruit, cherry tomatoes and avocadoes.

Tropical Fruit Category

Research results support the establishment of a ***tropical fruit category***. ***This category promotion will help to extend the range of tropical fruit purchased by consumers.***

Consumers prefer the term 'tropical' rather than 'exotic' (which is associated with overseas, expensive).

Three quarters of people (74.2%) considering Project B products (passionfruit, carambola, longans, rambutans, mangosteens, custard apples, ladyfinger bananas, ducasse bananas, pineapples) would be encouraged to buy more tropical fruit if it is promoted as a category (35.5% would definitely buy more).

There was also strong support from consumers considering Project A fruit (rockmelons, watermelons, papaya, avocadoes, lychees, mangoes) – 58.1% would be encouraged to buy more fruit (15.8% would definitely buy more).

Promotion of a tropical fruit category can consolidate promotion in stores (some see single fruit promotions as fragmented), would support demonstrations and tastings and allow add on promotions, e.g. 'fruit of the week'.

Marketing Priorities

All stakeholders in the supply chain believe that increased promotion will help to grow the tropical fruit category.

Major retailers support marketing of a tropical fruit category as well as targeted in store promotion. This strategy will help to extend the range of tropical fruits purchased – increasing sales for Project B fruit.

Smaller, independent supermarkets support the concept of a 'tropical fruits summer entertaining campaign' that could run after Christmas with retailers. This avoids the Christmas promotion competition and still takes advantage of strong availability of the fruit and increased entertaining by consumers.

A specific campaign targeting ***people under 35*** should also be considered. This could focus on the use of tropical fruits in cocktails and 'hip entertaining'.

The research confirms a strong need for consumers to try new tropical fruit before they buy the fruit.

In store promotion of tropical fruit supported by tastings, information on health benefits and suggested uses and recipes will boost sales.

Major retailers and specialist green grocers see value in working collaboratively with the tropical fruit industry to develop appropriate marketing material and develop the tropical fruit category and sales in the future.

Three quarters (72.3%) of Project A consumers and 87.1% of Project B consumers would buy a trial pack of tropical fruit. Most want to pay $6 or less for this pack.

Key Results from Wholesalers, Agents, Retailers and Food Service Firms

Tropical fruit is a premium product in the marketplace. Wholesalers, agents, retailers and food service firms identified the following priorities for ***supply chain improvement*** and development:

- Ensure that tropical fruit quality is consistently high. Tropical fruit will continue to be able to command a premium price if consistent, high quality fruit is available.

  A key focus should be the eating quality of fruit – the main driver for ongoing consumer sales. This includes supplying tree ripened fruit that is sweet and flavoursome.

  It also includes producing fruit that is clear and unblemished.

- Undertaking managed development of production. Significant over supplies and under supplies have a negative impact on the market.

  There are opportunities to further develop tropical fruit sales. However, this needs to be done in consultation with wholesalers, retailers and food service companies.

- Some believe that the current higher prices for tropical fruit are a barrier to large scale market development. It will be important for industry to develop a long range strategy for development of the industry. This includes developing recognised seasons for Project B tropical fruit and collaborating with retailers on strategies to promote the fruit.

Improved and consistent availability during a set season will generate increased sales and may stabilise pricing.

- Effectively managing transportation and cool chain arrangements to ensure that tropical fruit arrives in store with maximum shelf life. This ensures freshness of the produce and using valuable shelf life time where it will produce most benefits – in the store.

- Undertaking ongoing communication and dialogue with specialist wholesalers, agents and retailers, as well as chain buyers, on initiatives to promote tropical fruit.

Buyers indicate that there is generally good communication with growers and the industry. Developing this communication further and collaboratively discussing plans (promotions and supply chain management) will deliver benefits to growers, buyers and retailers.