CHERRIES

Comprehensive Review

18 weeks to 29/02/2020 vs Prior Years

What is Homescan?

Nielsen Homescan® is a continuous panel of 10,000 households who record all take-home packed and fresh grocery from all retail outlets. The sample is demographically and geographically representative of the Australian household population.

Each household is equipped with a small handheld terminal through which details of all purchasing are entered - product, quantity, price and outlet. This information, along with the date of purchase, is linked with demographic details of the household and the household purchasing history. Data are projected for the population as a whole.

Estimates produced from Nielsen Homescan® are subject to sampling variation which means that every number reported has a standard error associated with it. For example at a Total National level, a 40% share of trade number, will be subject to a 1% standard error at a 95% confidence interval. This implies there is a 95% chance that the true value of the estimate lies between 39 to 41%.

Use of this Report

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Funding Statement

Hort Innovation

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ANALYSIS PARAMETERS

Time Period

18 weeks to 29/02/2020 vs Prior Years

Data Source

Nielsen Homescan™

Markets

Total AUS, Major Supermarkets (Coles, Woolworths and Aldi), Other Supermarkets, Non Supermarkets (Greengrocers and Markets)

Measures

Value ($), Volume (KG)

SUMMARY

- Cherries have seen a strong dollar sales increase (+16.3% vs Year Ago), however a surge in average price (+24.5% vs Year Ago) was observed, while volume was in decline by -6.6%
  - Buying households decreased by -2.8% vs last season, sitting at 38.6%, with the majority of buying households purchasing during the Christmas season
  - Despite higher prices, cherry buyers are increasing the share of their spend on fruit allocated to cherries year on year
- Efforts of extending the cherry season beyond Christmas were without avail, with penetration in 4 weeks pre and post peak Christmas month declining year on year; especially January 2020 saw a significant volume sales decline of -31.2% vs January 2019
- Sales in SA+NT and VIC performed well, where both dollar and volume sales grew vs last season. WA has seen a strong drop in buying households (-10.1% vs 2 Years Ago) and is under-indexing in terms of dollar sales contribution
- Cherry sales, similar to other stone fruit, are significantly skewed towards non-family households and also exhibit a slight skew towards high affluent households, which is linked to high prices
- Greengrocers/markets are an important retailer for cherries, contributing relatively more to cherries' than Total Fruit sales. Major supermarkets* are under-indexing in dollar contribution
- Loose cherries and smaller prepacks have become more popular, while large gift boxes remain stable

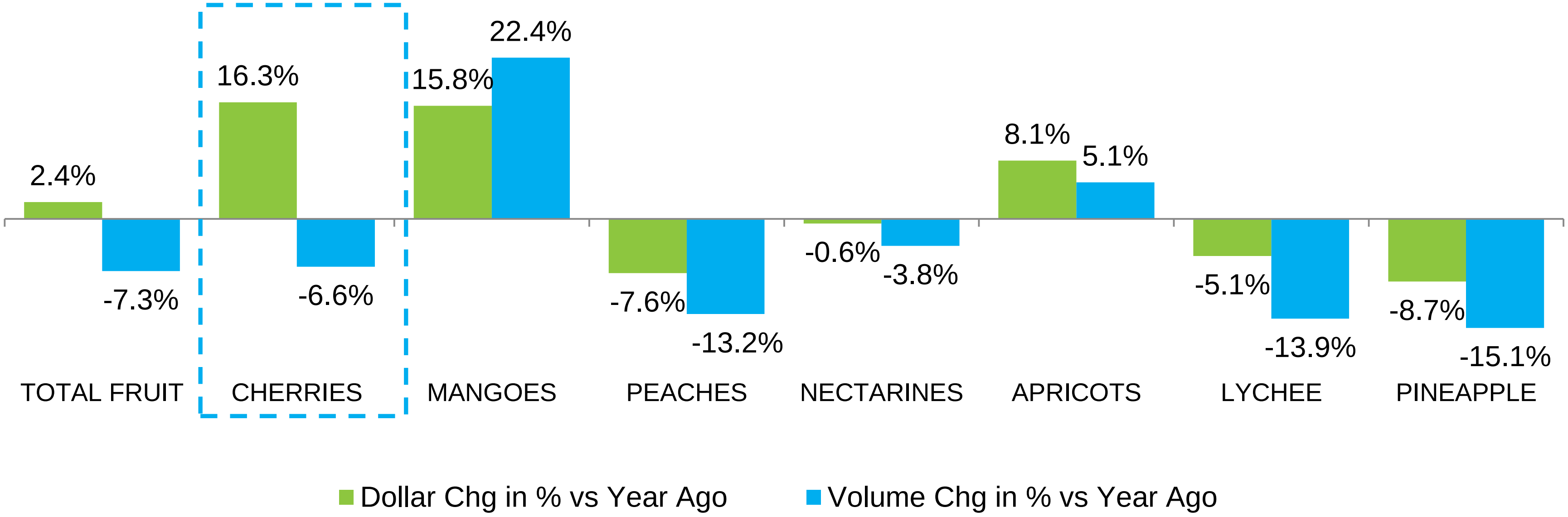
Source: Nielsen Homescan, *Note: Major Supermarkets include Woolworths, Coles and ALDI

HOW ARE CHERRIES PERFORMING?

CHERRIES SHOW THE STRONGEST DOLLAR SALES GROWTH AMONG THEIR COMPETITIVE SET, WHILE VOLUME IS IN DECLINE VS YEAR AGO

Nonetheless, cherries volume decline is lower than Total Fruit. Mangoes and apricots performed well, the only fruit within the competitive set growing in both, dollar and volume

Cherries Competitive Set | Sales Performance | 18 weeks to 29/02/2020 vs Prior Year



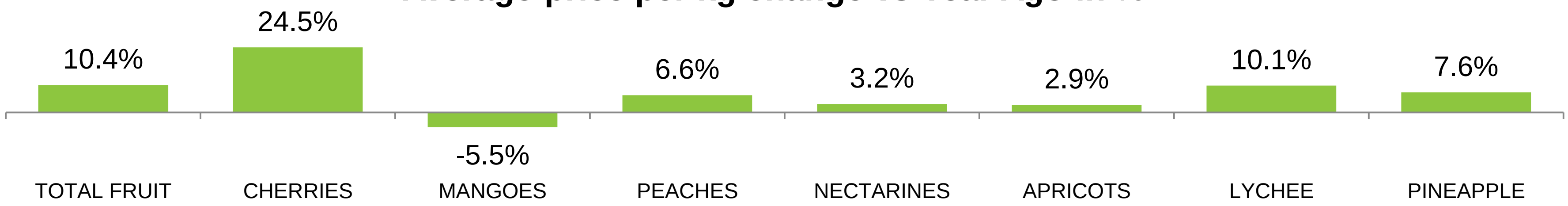
Source: Nielsen Homescan

STRONG DOLLAR SALES GROWTH CAN BE PREDOMINANTLY ATTRIBUTED TO HIGH AVERAGE PRICE INCREASE FOR CHERRIES

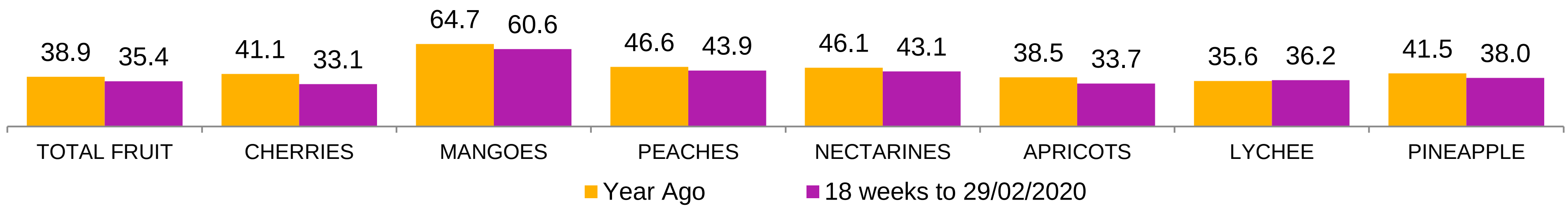
Decline in volume sold on promotion vs Year Ago contributed to average price increase. Price increase might be a result of lower crop yield this season

Cherries Competitive Set | Sales Performance | 18 weeks to 29/02/2020 vs Prior Year

Average price per kg change vs Year Ago in %



% volume sold on promotion

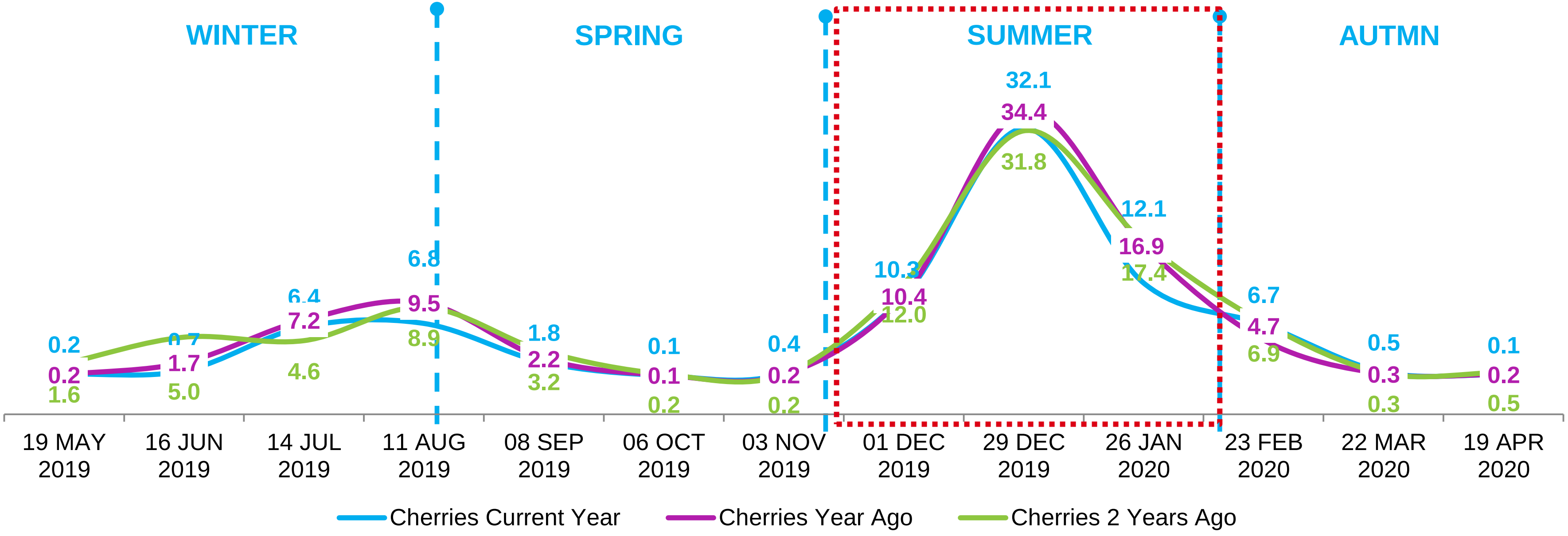


Source: Nielsen Homescan

CHERRY SEASON CONTINUES TO REVOLVE AROUND CHRISTMAS, WITH INTEREST IN CHERRIES DROPPING IN REMAINING SUMMER MONTHS

Household penetration declined in both, 4 weeks pre and post Christmas vs Year Ago (-2.3% and -4.8% respectively)

Cherries | Percentage of Buying Households | Total AUS | 4 weekly trended to 19/04/2020



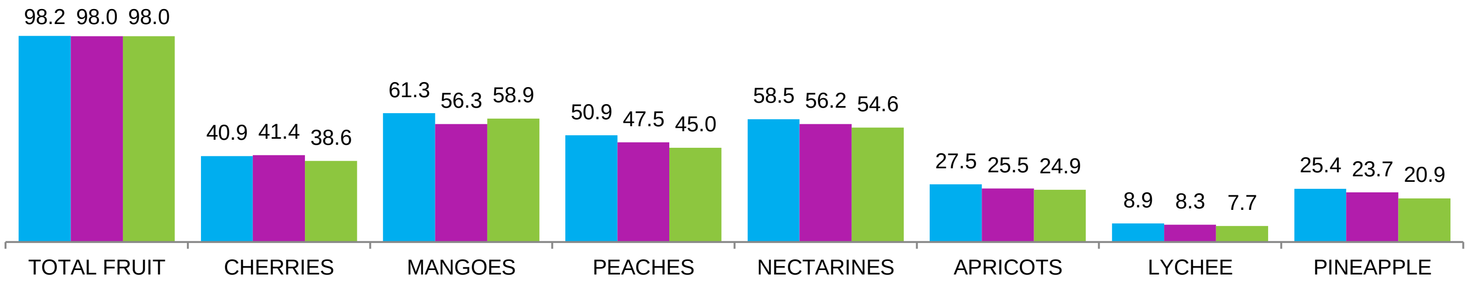
Source: Nielsen Homescan

BUYING HOUSEHOLDS DECLINED AFTER A STRONG SEASON YEAR AGO, WHILE FREQUENCY REMAINS STABLE

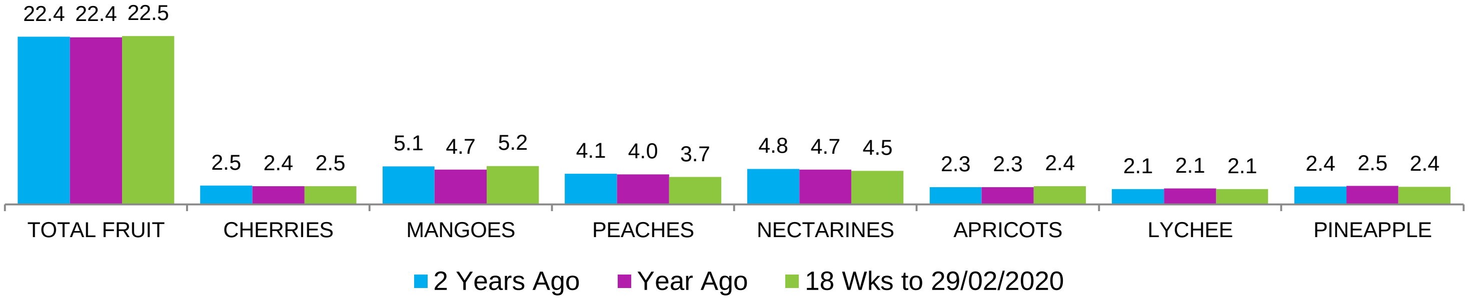
Mangoes showing a recovery this season, with an increase in buying households and frequency, while all other competitive fruit exhibit a decline in buying households during the cherry season

Cherries Competitive Set | Household Purchase Drivers | Total AUS | 18 weeks to 29/02/2020 vs Prior Years

How many Households buy?



How often do they buy?



Source: Nielsen Homescan

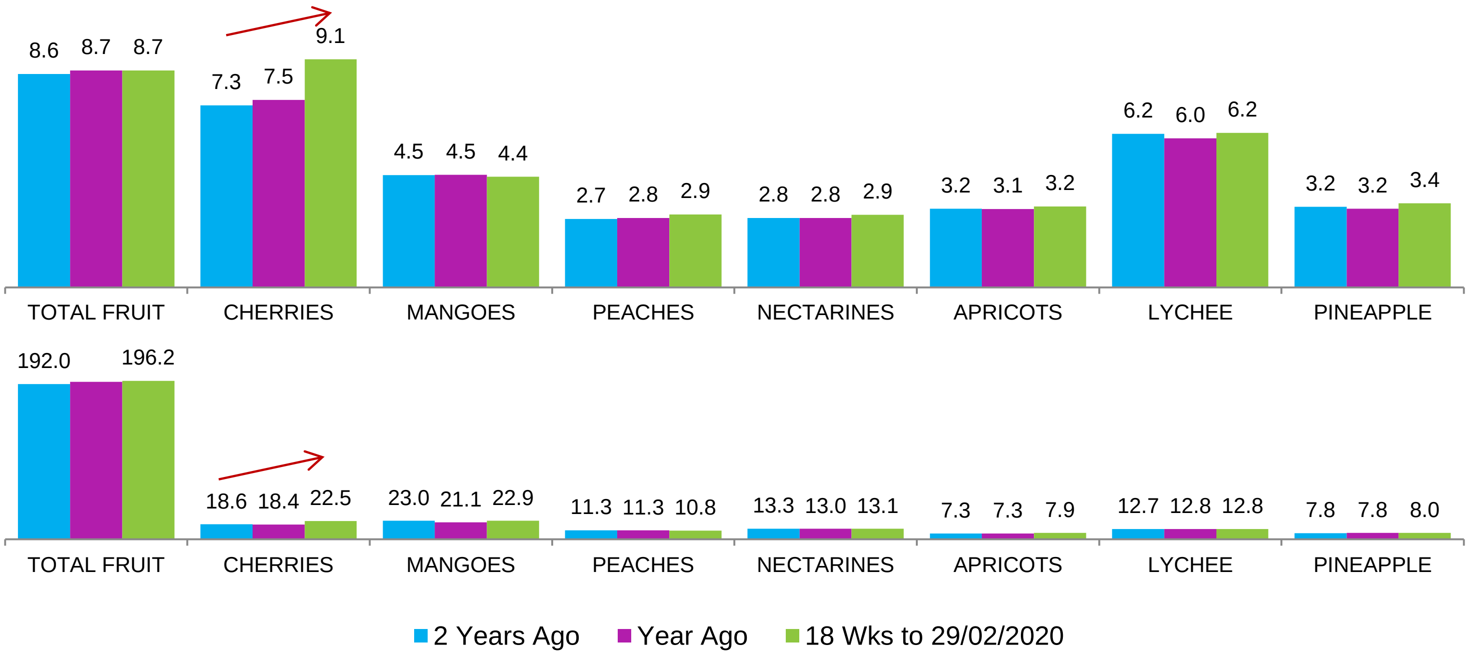
SURGE IN AVERAGE PRICE POSITIVELY IMPACTED SPEND PER OCCASION AND AVERAGE WEIGHT PURCHASED PER SEASON

Competitive fruit saw only little movement, due to more moderate price increases

Cherries Competitive Set | Household Purchase Drivers | Total AUS | 18 weeks to 29/02/2020 vs Prior Years

How much do they spend per occasion?

How much ($) do they spend per season?



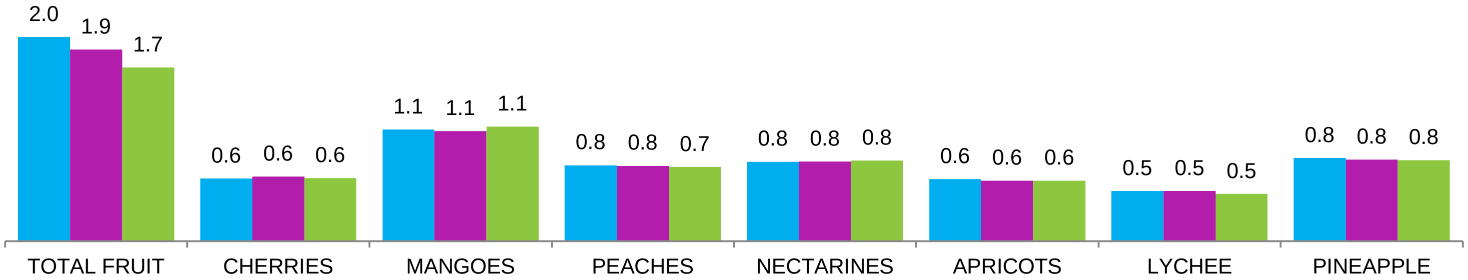
Source: Nielsen Homescan

DESPITE PRICE INCREASE, VOLUME PER OCCASION AND AVERAGE VOLUME PER SEASON ONLY SAW LITTLE CHANGE

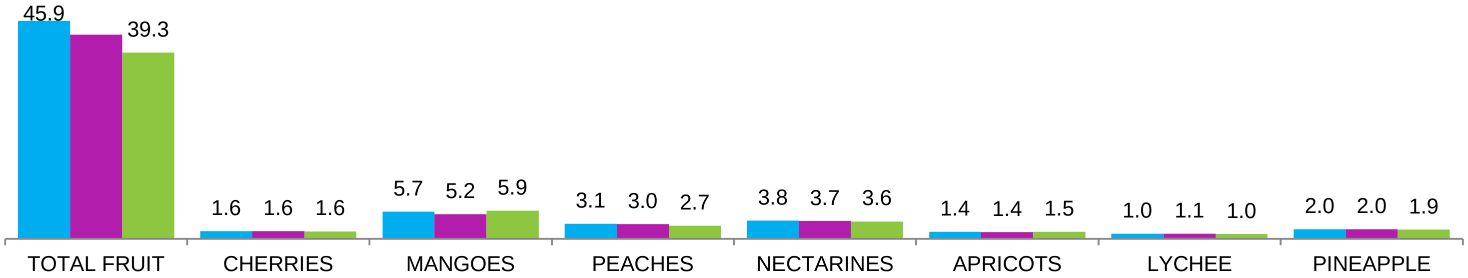
Only mangoes saw a strong increase in average weight purchased, driven by lower average prices vs Year Ago

Cherries Competitive Set | Household Purchase Drivers | Total AUS | 18 weeks to 29/02/2020 vs Prior Years

How much volume (kg) do they buy per occasion?



How much volume (kg) do they buy per season?



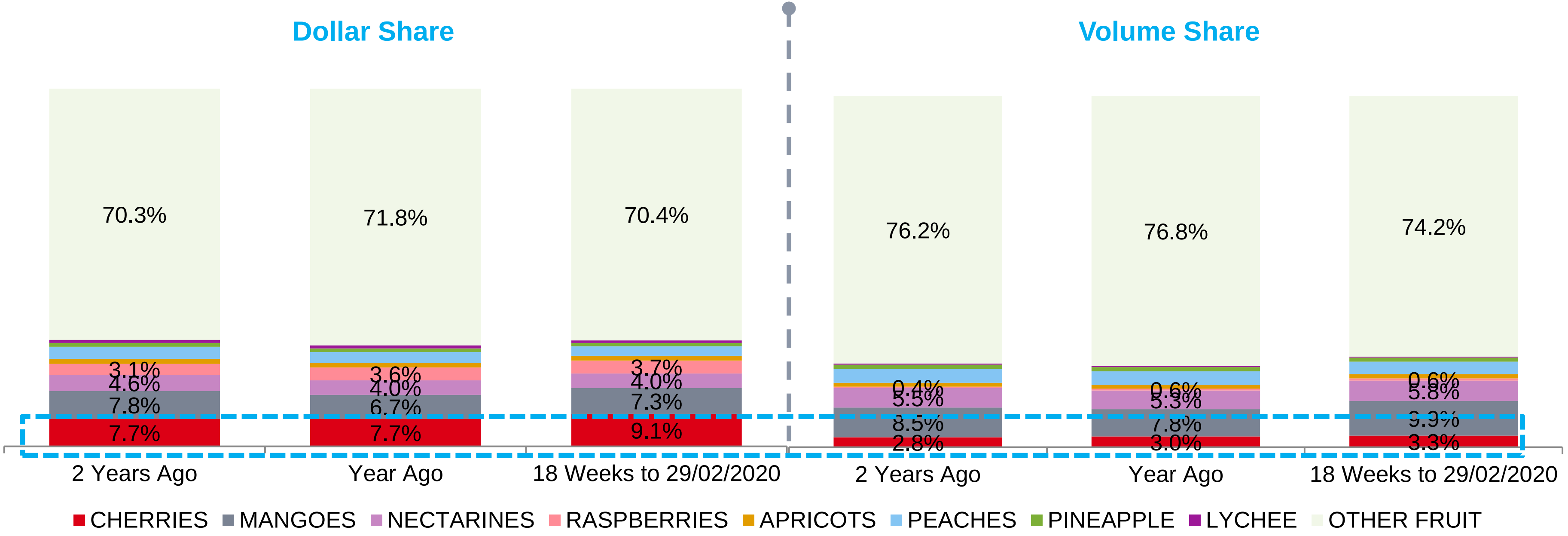
2 Years Ago | Year Ago | 18 Wks to 29/02/2020

Source: Nielsen Homescan

CHERRY BUYERS ARE ALLOCATING MORE OF THEIR FRUIT SPEND AND VOLUME TO CHERRIES YEAR ON YEAR

Due to the decline in overall fruit volume purchased, share of volume spend allocated to cherries is increasing year on year despite lower cherry volume sales

Cherries | Share of Cherry Buyers' Spend on Total Fruit | Total AUS | 18 weeks to 29/02/2020 vs Prior Years



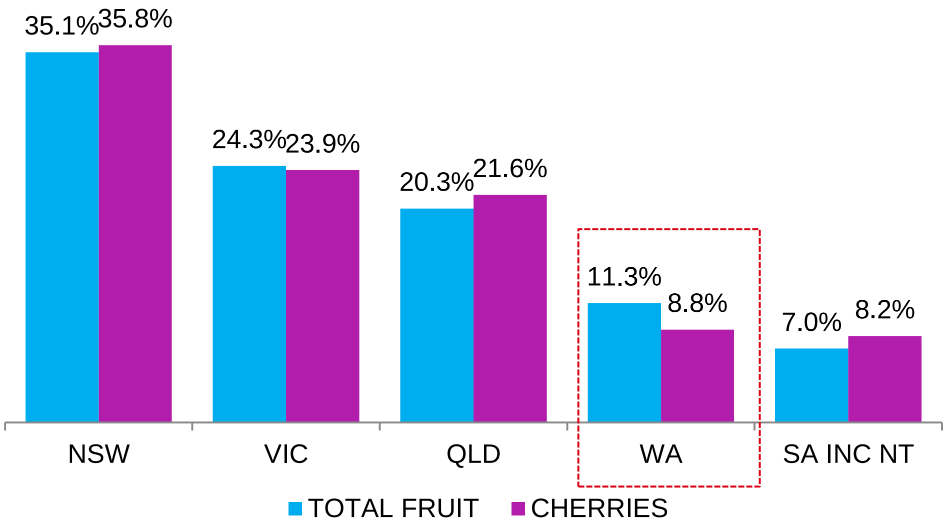
Source: Nielsen Homescan

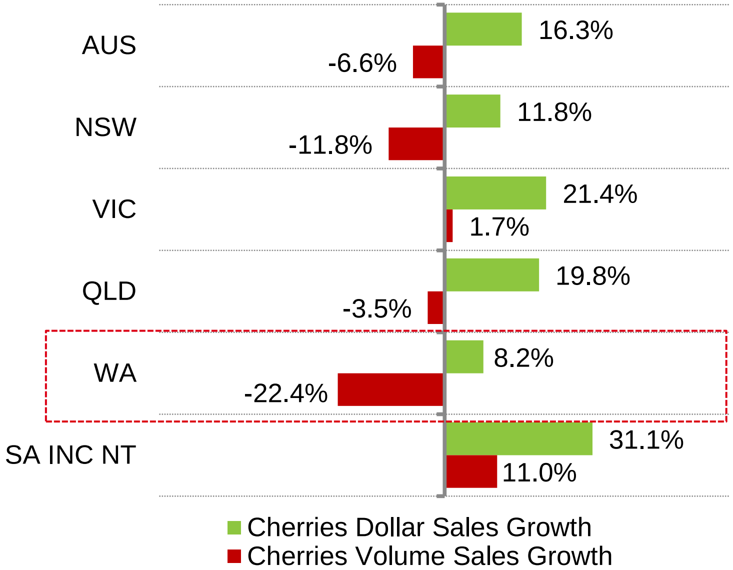
HOW DID CHERRY CONSUMPTION DEVELOP ACROSS STATES?

WHILE ALL STATES SHOW A HIGH CHERRY DOLLAR SALES GROWTH, ONLY SA+NT AND VIC ALSO SHOW VOLUME GROWTH

Marketing efforts in SA seem to have been very effective; opportunities lie in promoting consumption in WA, the state with the highest volume decline

Cherries | State Dollar Share of Trade & Growth | 18 weeks to 29/02/2020 vs Year Ago



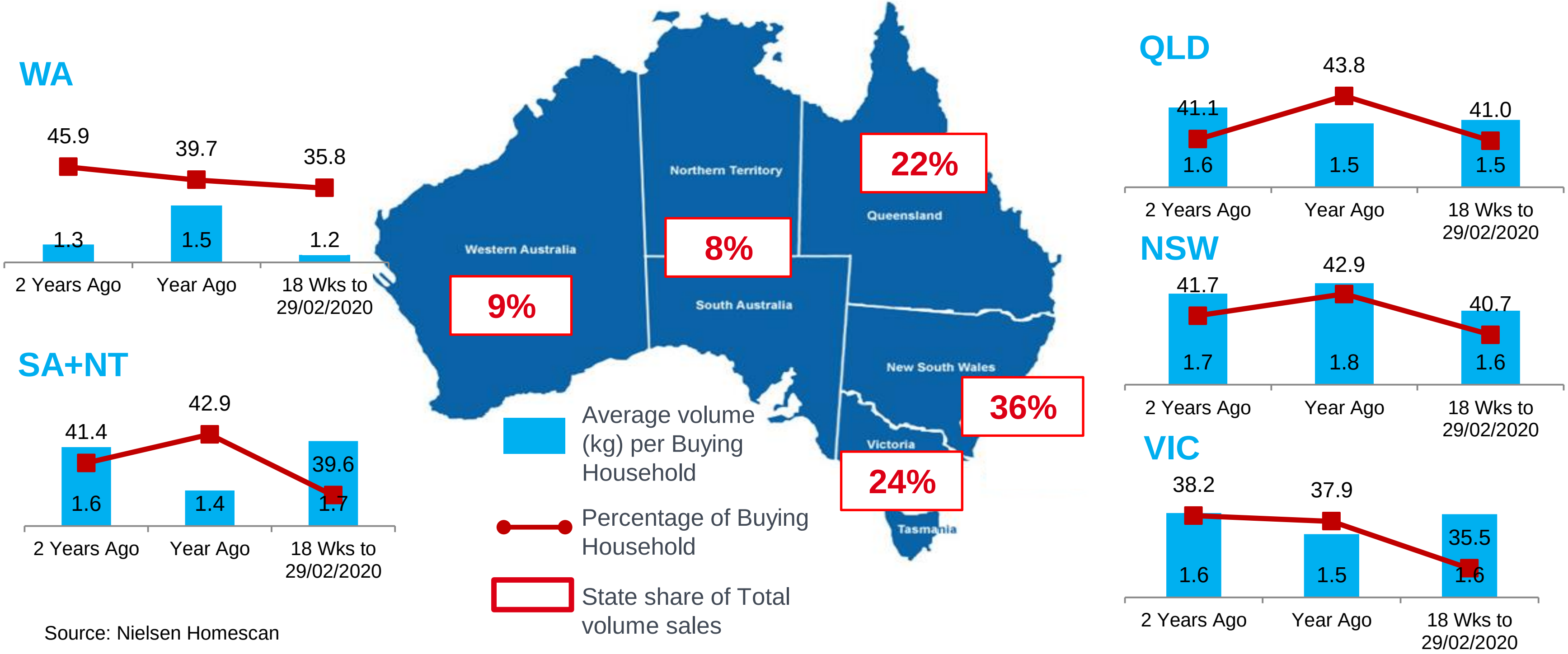


Source: Nielsen Homescan

WA IS SHOWING A STRONG DROP IN HOUSEHOLD PENETRATION, DROPPING 10 PERCENTAGE POINTS VS 2 YEARS AGO

While all other states also saw penetration declines vs Year Ago, SA+NT and VIC saw an increase in average volume purchased per season, compensating for the loss of buying households

Cherries | Penetration and Average Volume Purchased per Season by State | 18 weeks to 29/02/2020 vs Prior Years



Source: Nielsen Homescan

HOW DID THE DIFFERENT CONSUMER GROUPS BEHAVE?

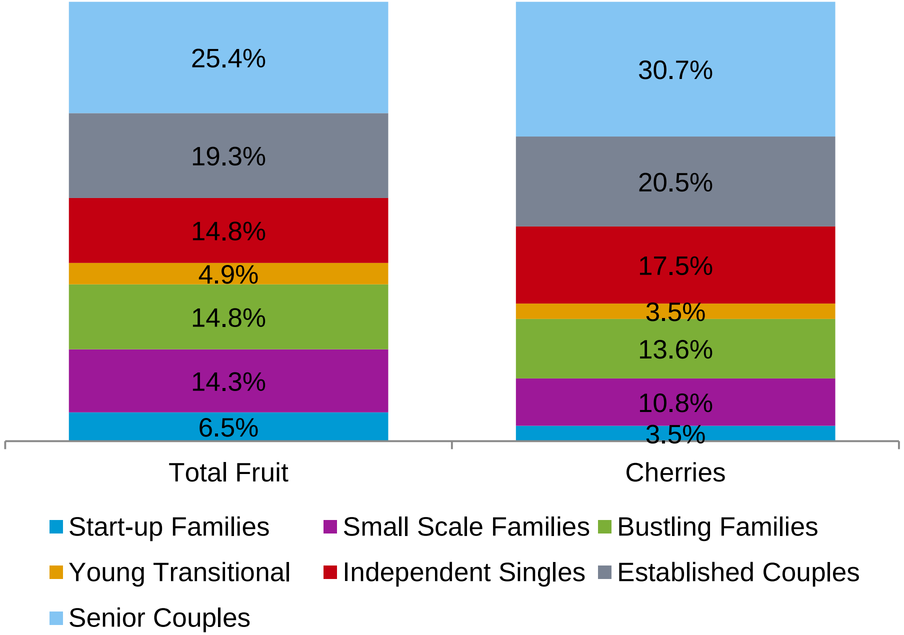
A look into demographics (lifestage, affluence levels)

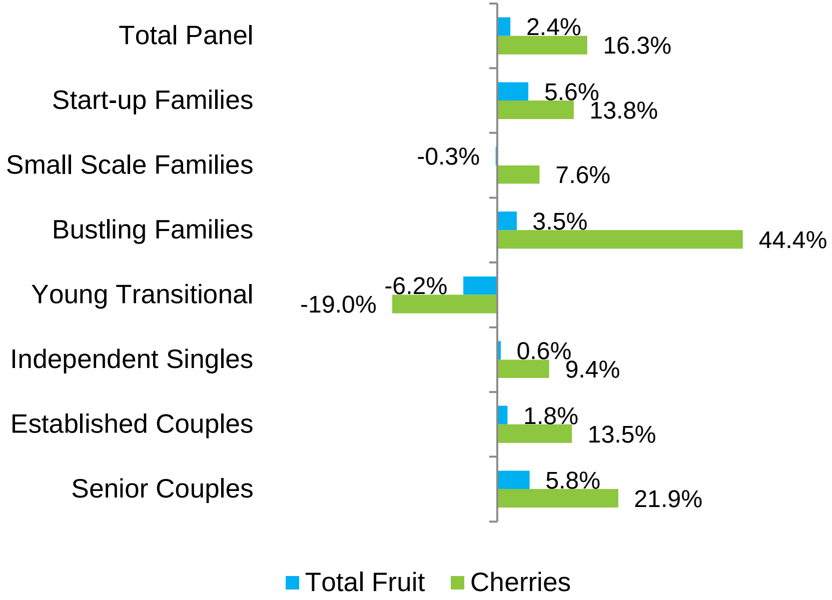
This artwork was created using Nielsen data.

CHERRIES ARE HEAVILY SKEWED TOWARDS NON-FAMILIES, WHICH CONTRIBUTE ALMOST THREE QUARTERS OF DOLLAR SALES

Opportunity to convert more families to consume cherries, potentially by introducing family- and/or children-focused SKUs and running targeted marketing campaigns

Cherries | Lifestages | Dollar Sales Distribution & Growth | Total Australia | 18 weeks to 29/02/2020



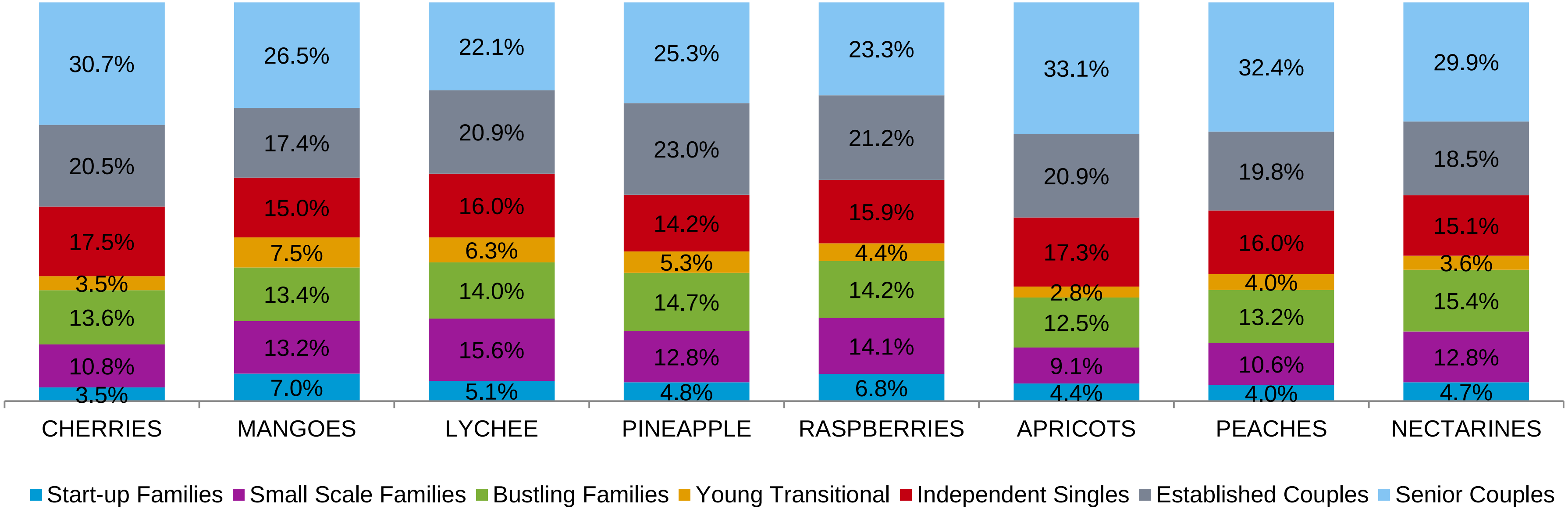


Source: Nielsen Homescan

BUYING HOUSEHOLD PROFILE FOR CHERRIES SIMILAR TO APRICOTS AND PEACHES, WHICH ARE ALSO HEAVILY SKEWED TOWARDS NON-FAMILIES

Surprisingly, mangoes' buying structure is quite different, despite cherry buyers allocating significant portion of fruit spend on mangoes

Cherries Competitive Set | Lifestage | Dollar Sales Distribution | Total Australia | 18 weeks to 29/02/2020

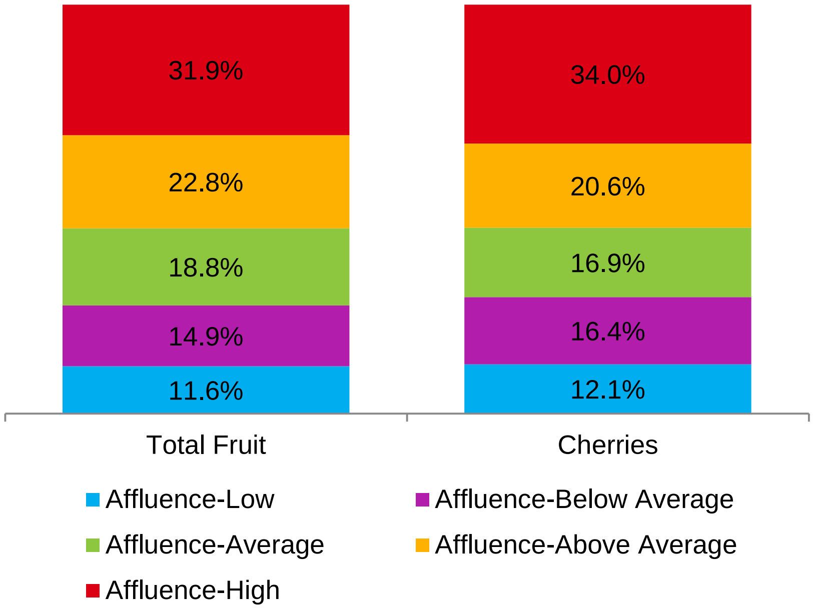


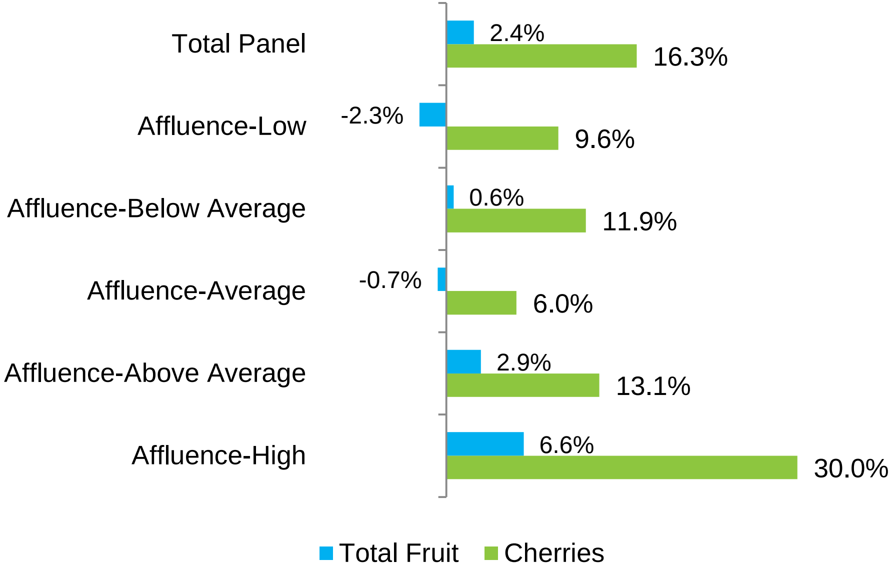
Source: Nielsen Homescan

CHERRIES SHOW A SLIGHT SKEW TOWARDS HIGH AFFLUENCE HOUSEHOLDS, WHICH IS CORRELATED WITH THEIR HIGH AVERAGE PRICE

Interestingly, lower affluence households have still spend more on cherries vs Year Ago, while their spend on total fruit has declined or remained relatively stable

Cherries | Affluence | Dollar Sales Distribution & Growth | Total Australia | 18 weeks to 29/02/2020





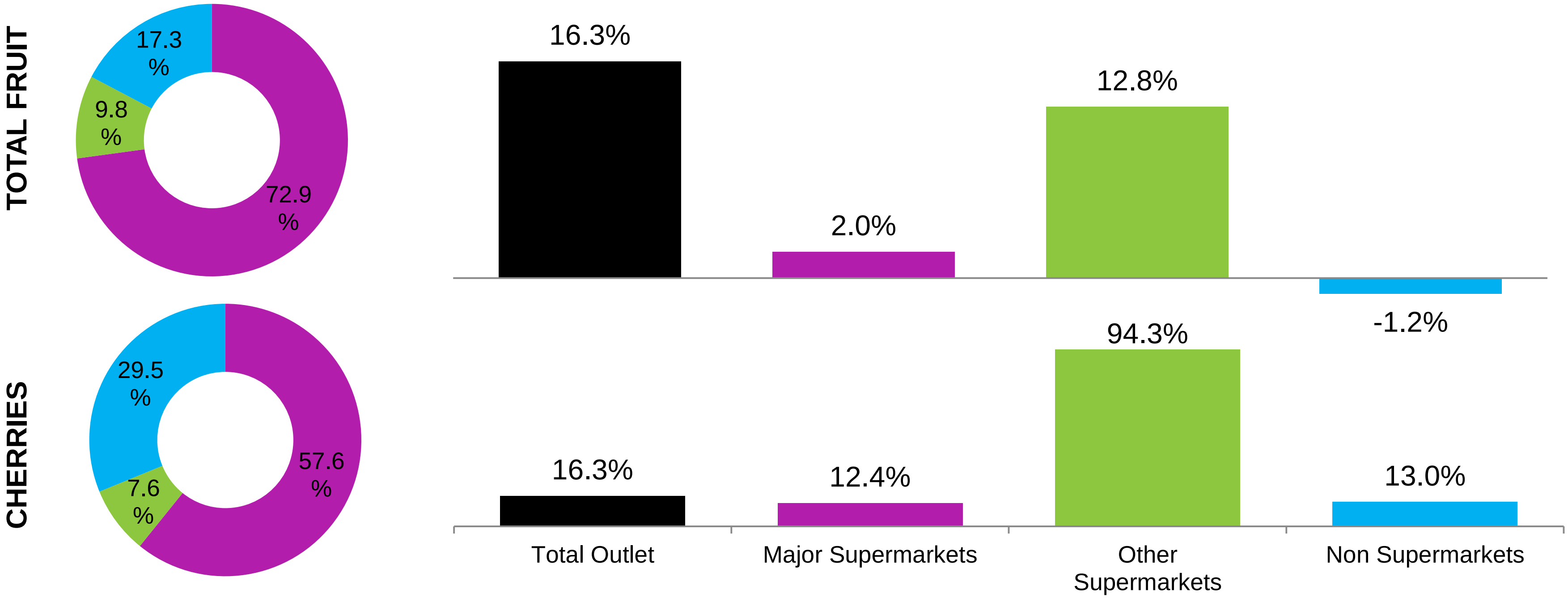
Source: Nielsen Homescan | Affluence is calculated based on income, number of children and household size to provide a measure of purchasing power. Five ‘quintile’ buckets are created based on the Homescan™ panel, each representing approximately 20% of households

WHICH RETAILER IS WINNING/LOSING?

ALL RETAILERS ARE GROWING IN CHERRY DOLLAR SALES, WITH OTHER SUPERMARKETS SHOWING THE HIGHEST INCREASE

Dollar share shows the importance of greengrocers/markets for cherries, exhibiting a higher share than for Total Fruit. Opportunity to promote cherries more in major supermarkets through an increase in household penetration

Cherries | Retailer Dollar Share of Trade and Growth | Total Australia | 18 weeks to 29/02/2020

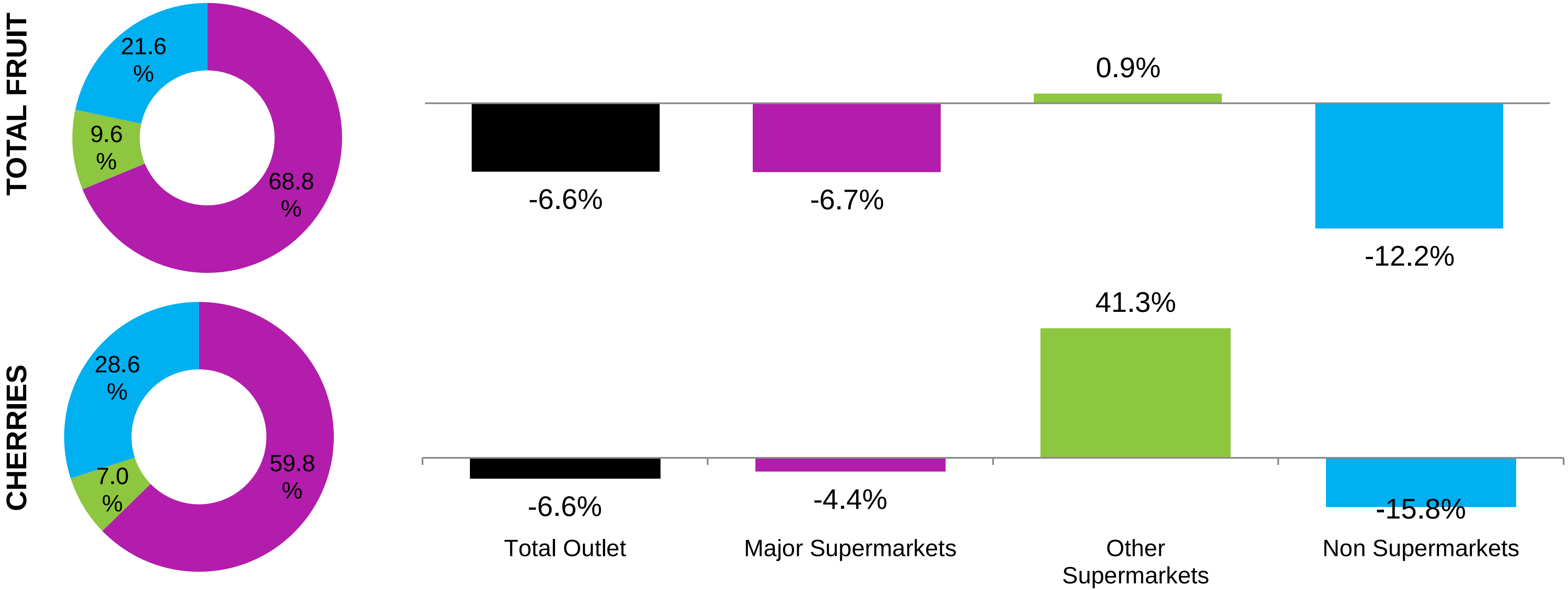


Source: Nielsen Homescan, Note: Major Supermarkets: Coles, Woolworths, and Aldi; Other Supermarkets: All other full service supermarkets not included in Major Supermarkets; Non-Supermarkets: All others such as Green Grocers, Markets and Specialty Stores that are not full service supermarkets.

IN LINE WITH TOTAL FRUIT, MAJOR SUPERMARKET AND GREENGROCERS/MARKETS DROVE CHERRY VOLUME DECLINE

Other Supermarkets exhibit the highest growth, increasing their cherry volume share. Despite major supermarkets increasing volume contribution, volume share of trade is still relatively low compared to Total Fruit

Cherries | Retailer Volume Share of Trade and Growth | Total Australia | 18 weeks to 29/02/2020



Source: Nielsen Homescan, Note: Major Supermarkets: Coles, Woolworths, and Aldi; Other Supermarkets: All other full service supermarkets not included in Major Supermarkets; Non-Supermarkets: All others such as Green Grocers, Markets and Specialty Stores that are not full service supermarkets.

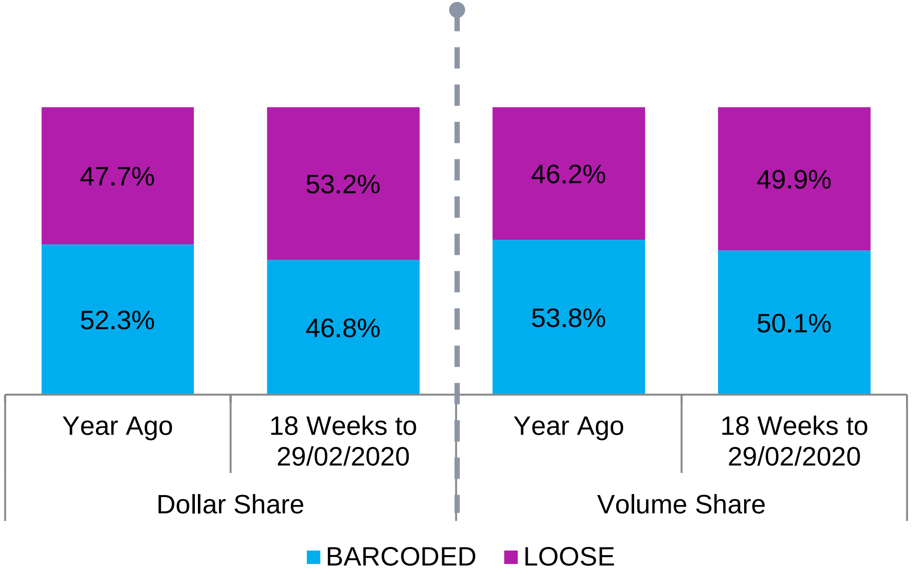
WHICH FORMAT ARE CONSUMERS PURCHASING?

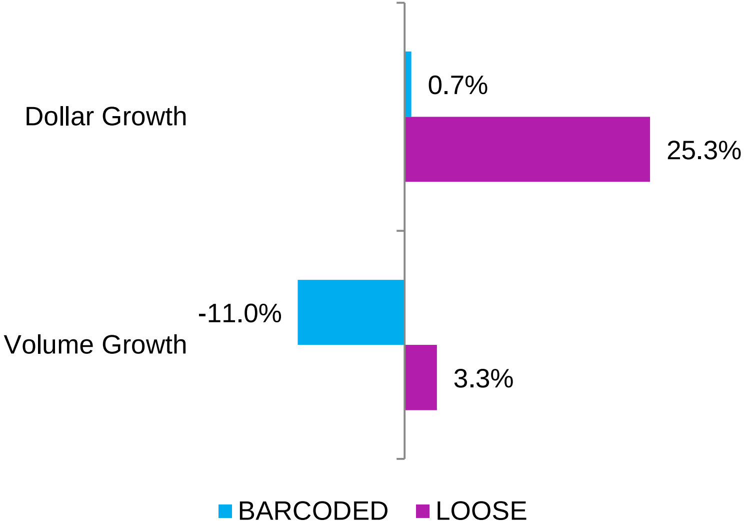
A look into loose and barcoded cherries in major supermarkets (Woolworths, Coles, ALDI)

LOOSE CHERRIES ARE MAKING UP SLIGHTLY MORE THAN HALF OF DOLLAR SALES IN MAJOR SUPERMARKETS*

This is a shift from last season, where barcoded made up more than half of sales: cherry dollar growth in major supermarkets was driven by loose, while barcoded caused the volume decline

Cherries | Barcoded vs Loose | Major Supermarkets | 18 weeks to 29/02/2020 vs Year Ago



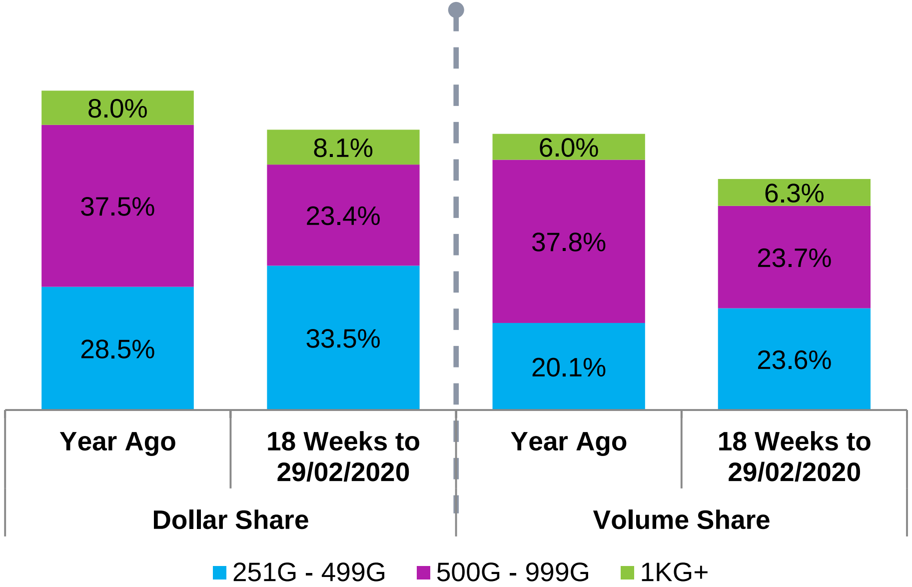


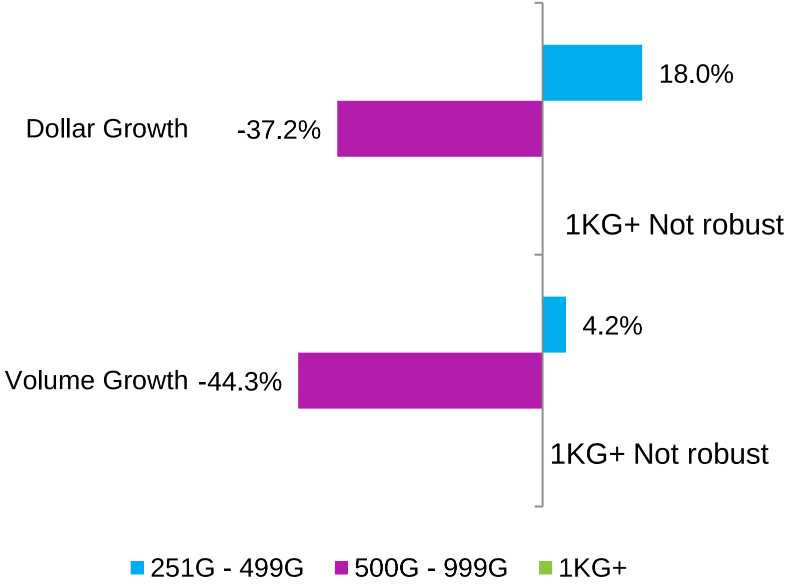
Source: Nielsen Homescan | *Major Supermarkets are comprised of Woolworths, Coles and ALDI

WHILE LARGE, OFTEN GIFT BOXES REMAIN RELATIVELY STABLE, MEDIUM/LARGE PREPACKS HAVE BECOME LESS POPULAR

Smaller prepacks have been seeing growth in dollar and volume sales, which might be linked to consumers down-trading due to surge in price. Smaller prepacks might attract more buying households

Cherries | Barcoded | Major Supermarkets | 18 weeks to 29/02/2020 vs Year Ago





Source: Nielsen Homescan | *Major Supermarkets are comprised of Woolworths, Coles and ALDI nielsen

This artwork was created using Nielsen data.