B: Key results and insights

Potatoes NEW ZEALAND
Growing together

Introduction & Methodology

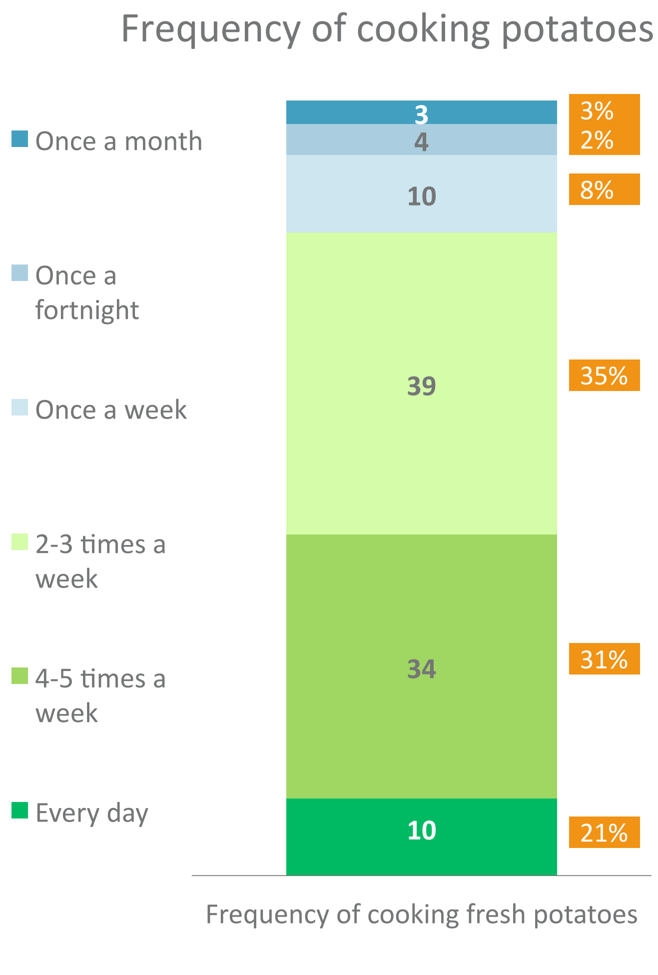
- This research study was commissioned by Potatoes New Zealand to provide an update and extension of a 2006 study. The focus of this research study is to identify different segments of potato eaters, and understand their:
  - purchases (value and volume) of fresh and frozen potato products;
  - purchases (value and volume) of competitive items (kumara, rice and pasta);
  - purchase channels; and
  - their media usage.

- This research was conducted using several different research tools in June and July 2010:
  - The Nielsen HomeScan purchase panel (of almost 2,500 New Zealand households) was used to analyse purchase data. We also conducted an online survey with the panel, allowing us to overlay attitudinal and psychographic data with their purchasing habits.
  - The Nielsen Panorama readership survey (of 12,000 New Zealanders annually) was used to analyse media usage
  - The Nielsen Omnibus online surveying service (of 700 New Zealanders every fortnight) was used to ask some questions specific to oven-baked and deep-fried chips.

B: Key results and insights

i: The Macro Picture

Potatoes very popular meal ingredient, almost all respondents (93%) are cooking potatoes at least once a week.



On average…

NZ households purchase potato products (fresh or frozen) **17 times** a year, spending **$4.90** per trip. This equates to a yearly spend of **$85.50**.

On average… NZ households purchase fresh potatoes (bagged and loose) **12 times** a year, spending **$4.60** each time. This equates to a yearly spend of **$55.40** (on bagged and loose potatoes), **more than twice the spend** of any other product in the competitive set (pasta, rice, or kumara)

New Zealand – Yearly Averages All Respondents - 05/25/09 - 05/23/10			
	Frequency of Purchase	Value per Occasion	Spend per buyer
Fresh potatoes	12	$4.60	$55.40
Frozen potato products	9	$4.60	$39.20
Fresh and frozen potatoes	**17**	**$4.90**	**$85.50**
Pasta	9	$3.10	$26.80
Rice	6	$4.40	$25.10
Kumara	8	$2.90	$22.60

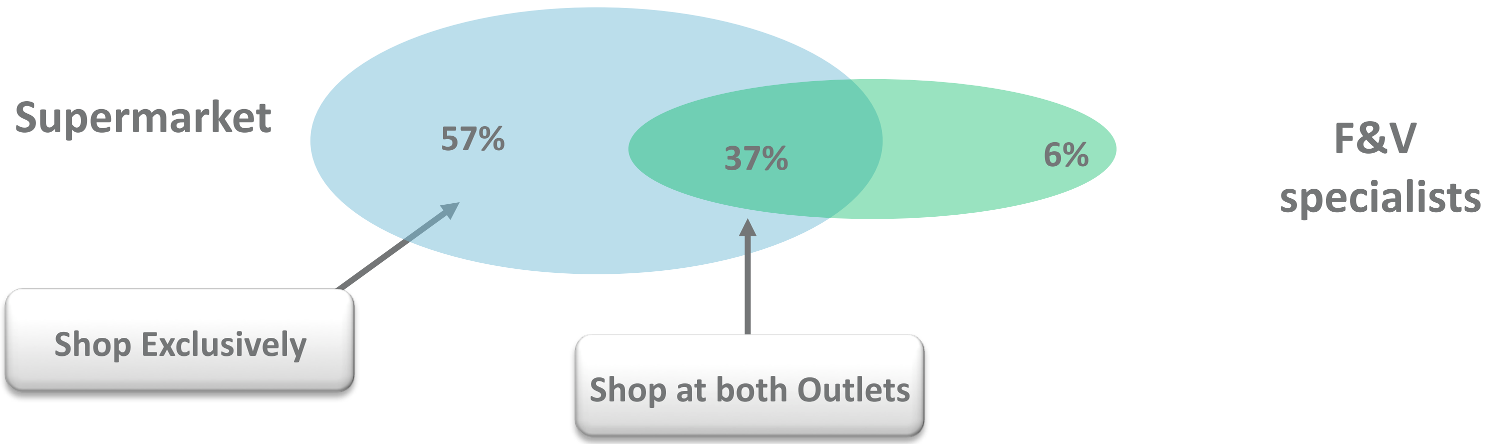
Base: Online survey, all respondents (n=1087)

xx% = Colmar Brunton research 2006

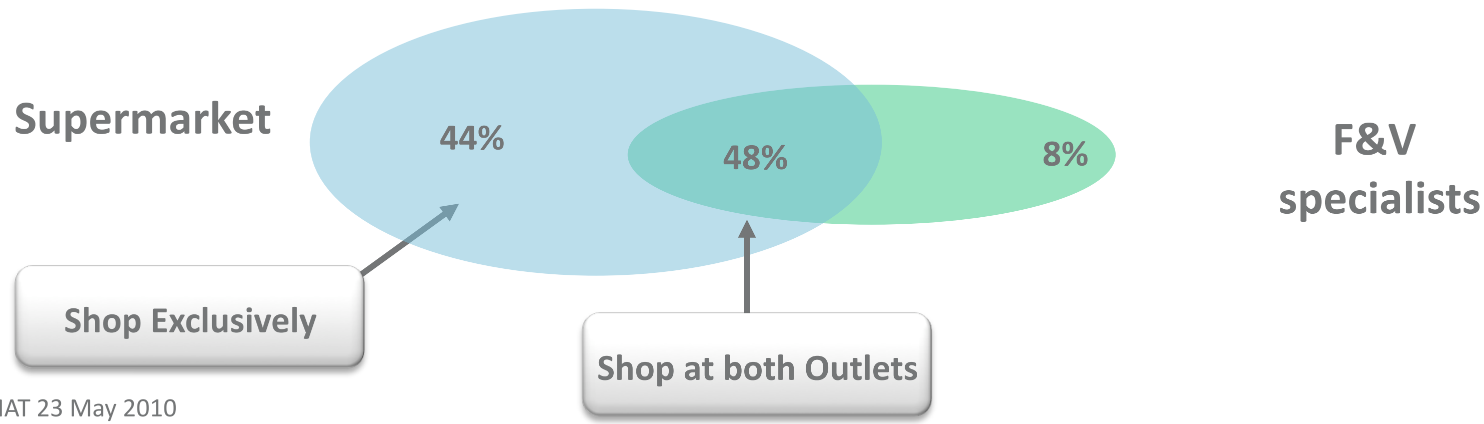
Homescan Data to MAT 23 May 2010

Very few household shop exclusively at fruit & vege specialists for potatoes.

Nationwide Fresh Potatoes : Supermarket vs. Fruit and Vege Specialists



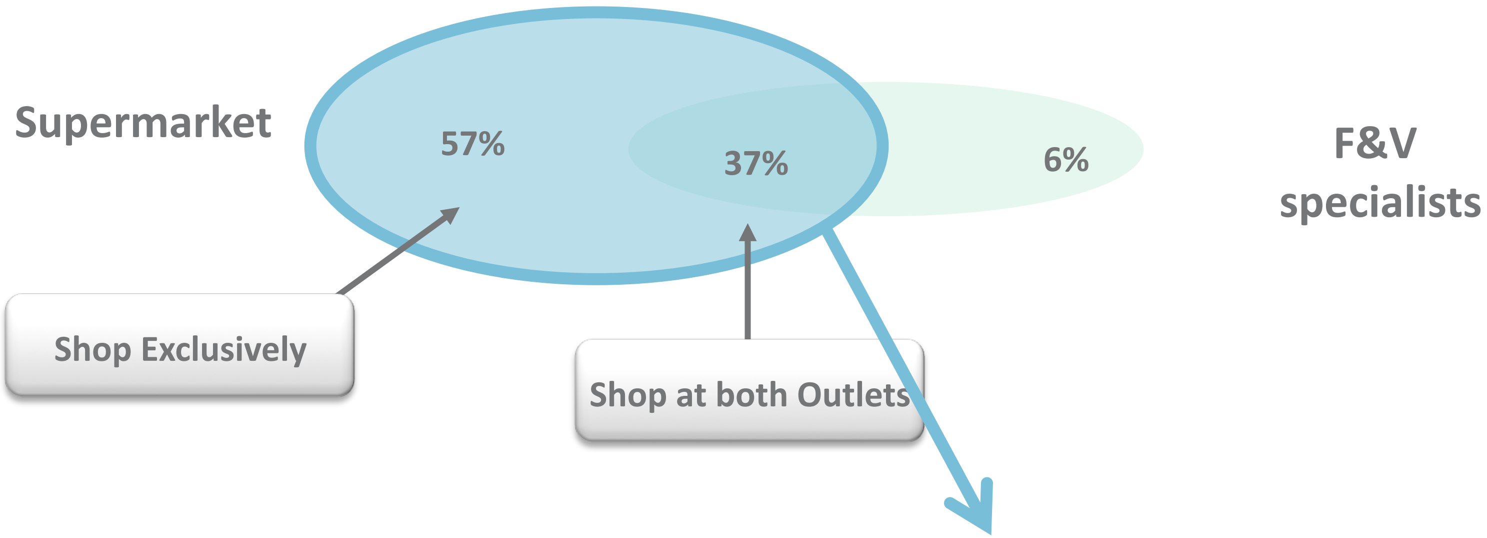
Upper North Island (Including Auckland) Fresh Potatoes : Supermarket vs. Fruit and Vege Specialists



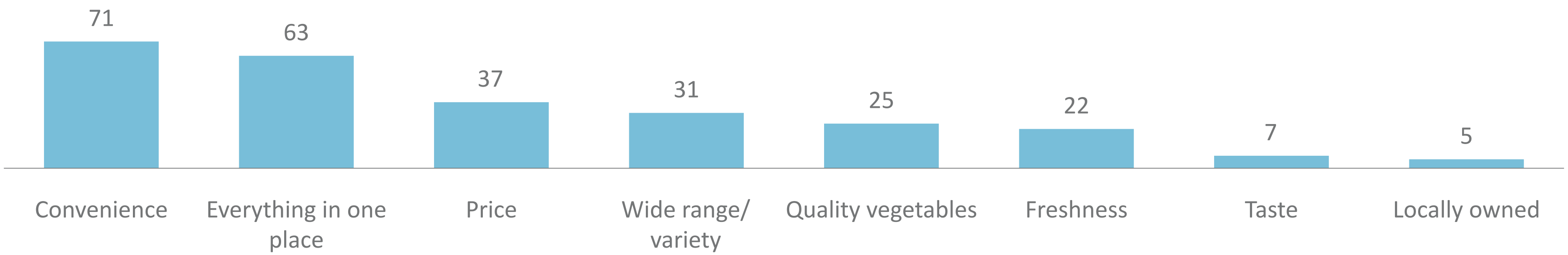
Homescan Data to MAT 23 May 2010

The key drivers of purchasing from the supermarket are convenience and having everything in one place.

Nationwide Fresh Potatoes : Supermarket vs. Fruit and Vege Specialists



Why do you purchase potatoes from the **Supermarket**?

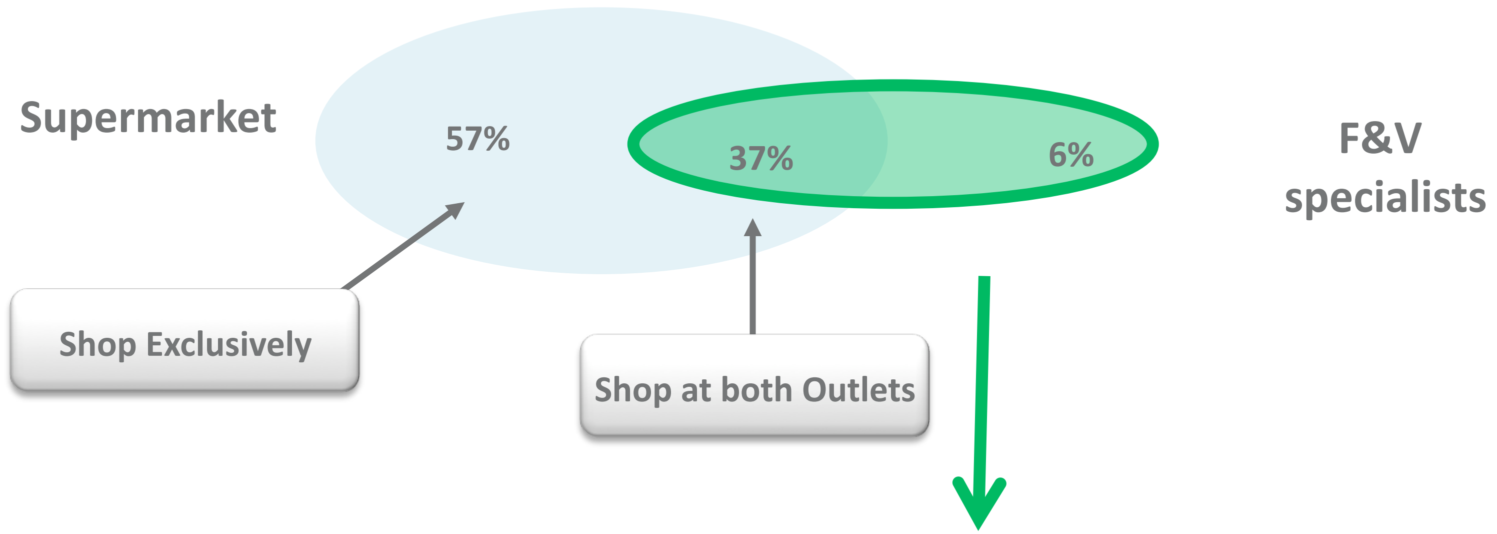


%

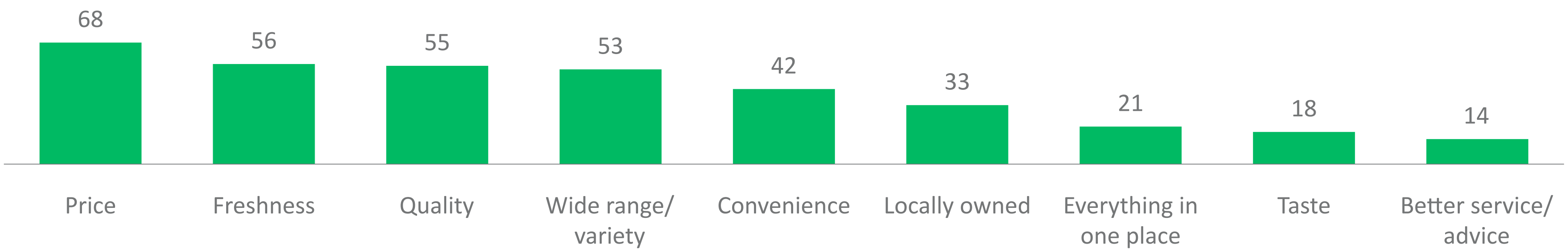
Base: Online survey, those who purchase fresh potatoes from the supermarket (n= 852)

The key reasons to purchase at the Fruit & Vege specialists are price, freshness, quality and variety.

Nationwide Fresh Potatoes : Supermarket vs. Fruit and Vege Specialists



Why do you purchase potatoes from **Fruit & Vege specialists**?

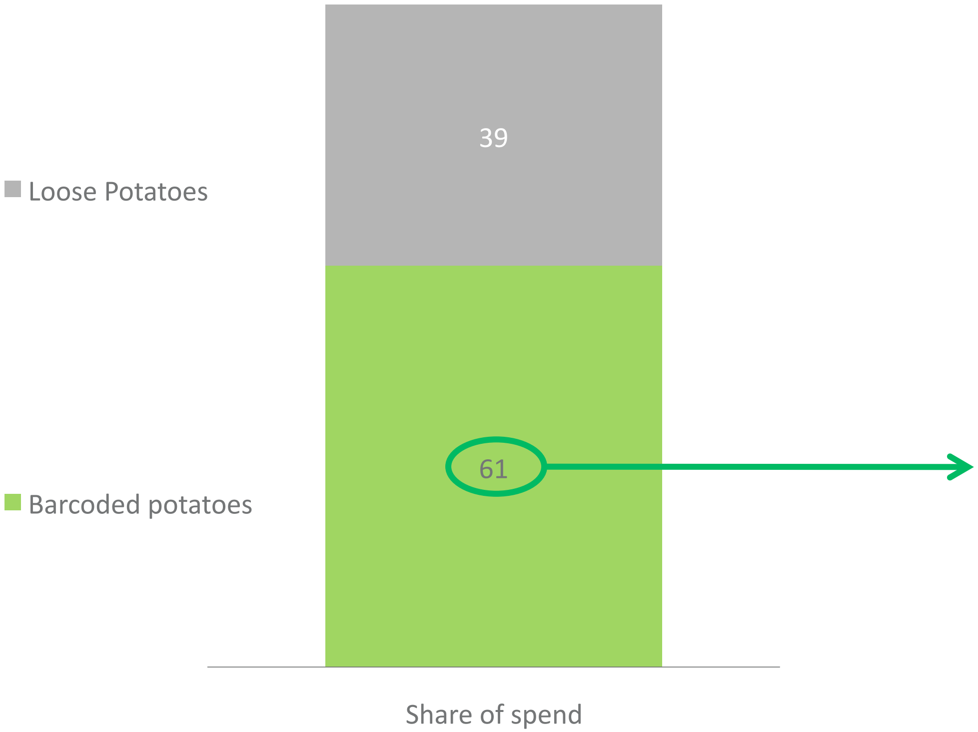


%

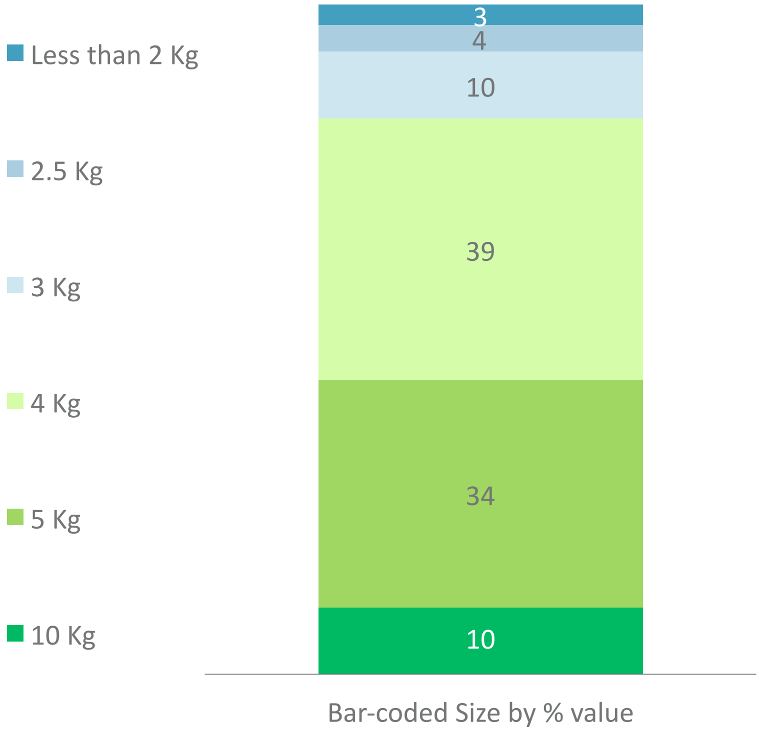
Base: Online survey, those who purchase fresh potatoes from fruit and vege specialists (n= 394

The majority of fresh potatoes purchased are bagged (61%), of these, 4 and 5 Kg bags are most commonly purchased.

Fresh Potato: % Value Share Loose vs. Bar-coded



Fresh Potato: Bar-coded Size by % value

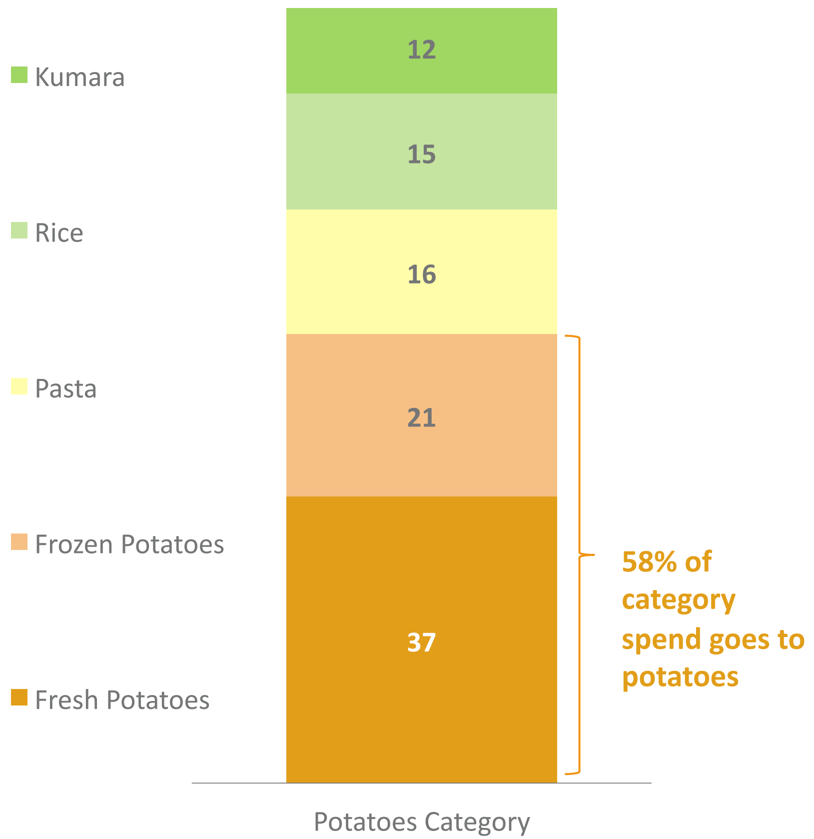


%

Homescan Data to MAT 23 May 2010

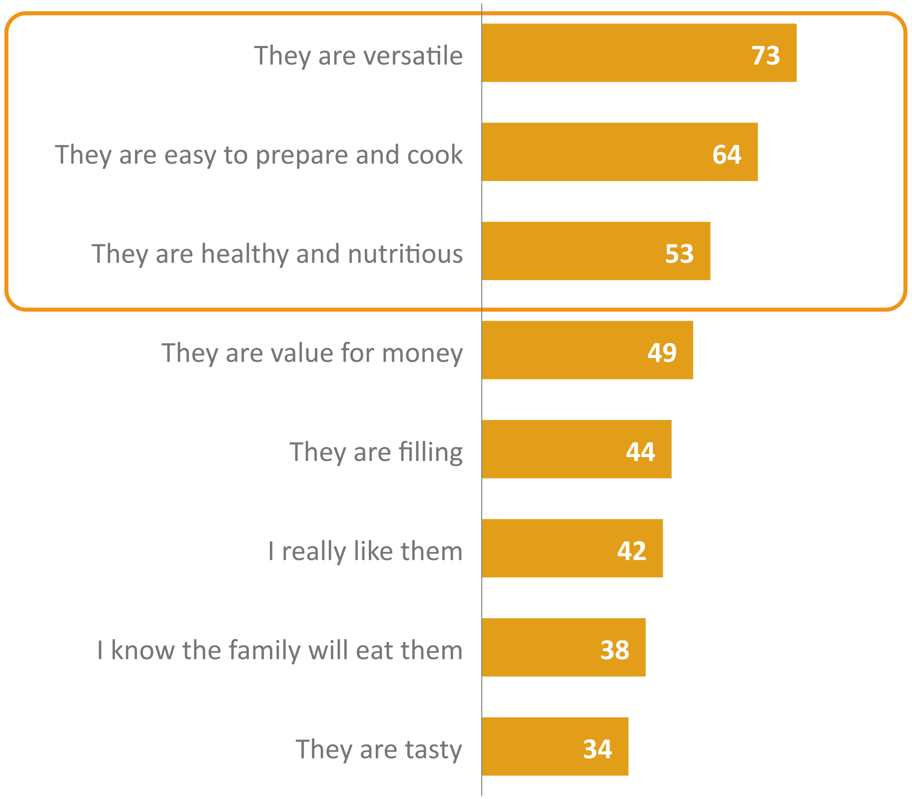
Potatoes hold the majority of spend within their category. People choose them over substitutes as they are versatile, easy and healthy.

% of Category Spend



%
Homescan Data to MAT 23 May 2010

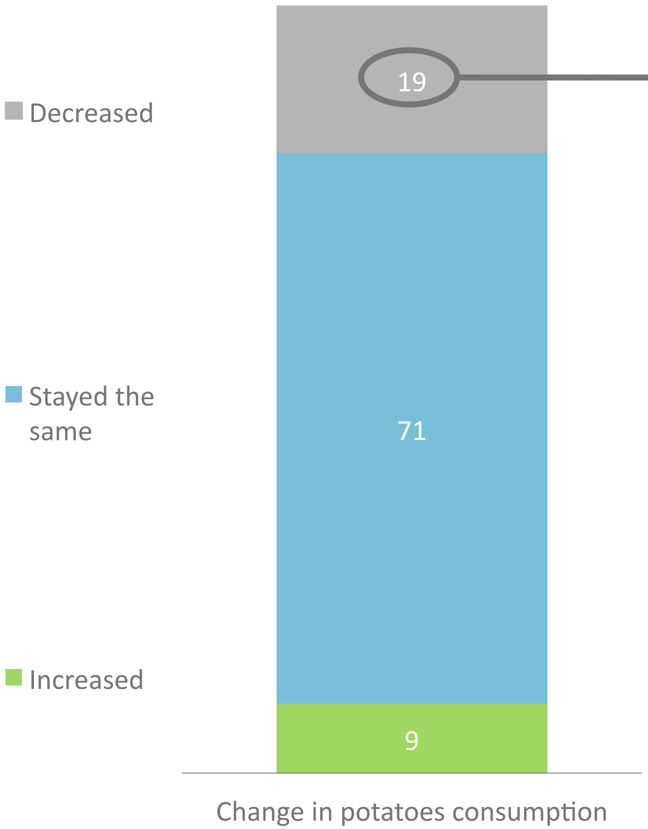
Why Purchase potatoes instead of other substitutes



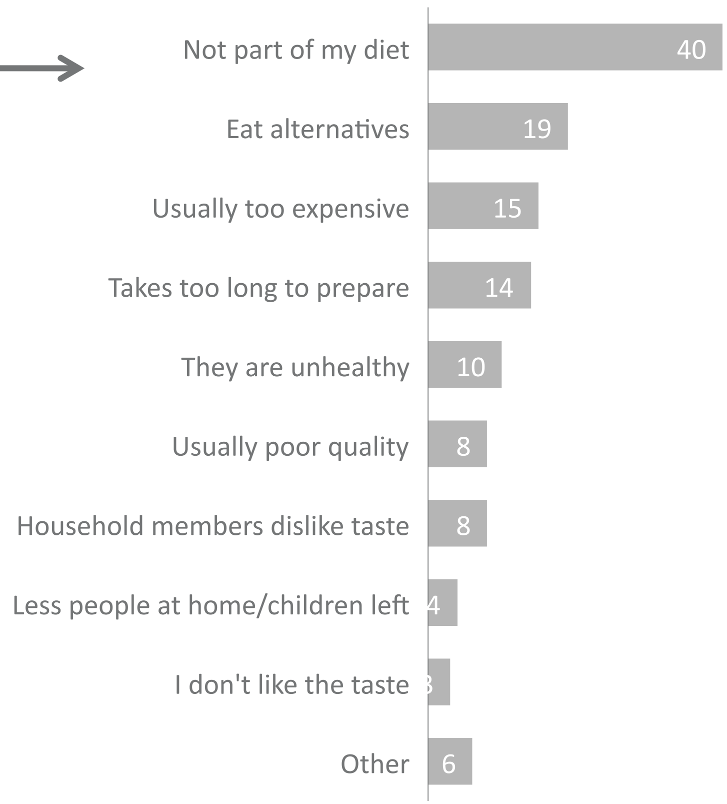
%
Base: Online survey, all respondents (n=1087)

The majority of Households are eating the same amount of potatoes as they did a year ago. 1 in 5 claim to have decreased their consumption, mainly due to dietary reasons. Even with this claimed decrease, potatoes are extremely strong within their category, outperforming all substitutes in key measures (e.g. $ spend).

How has your consumption of potatoes changed %



Why has consumption decreased?



%

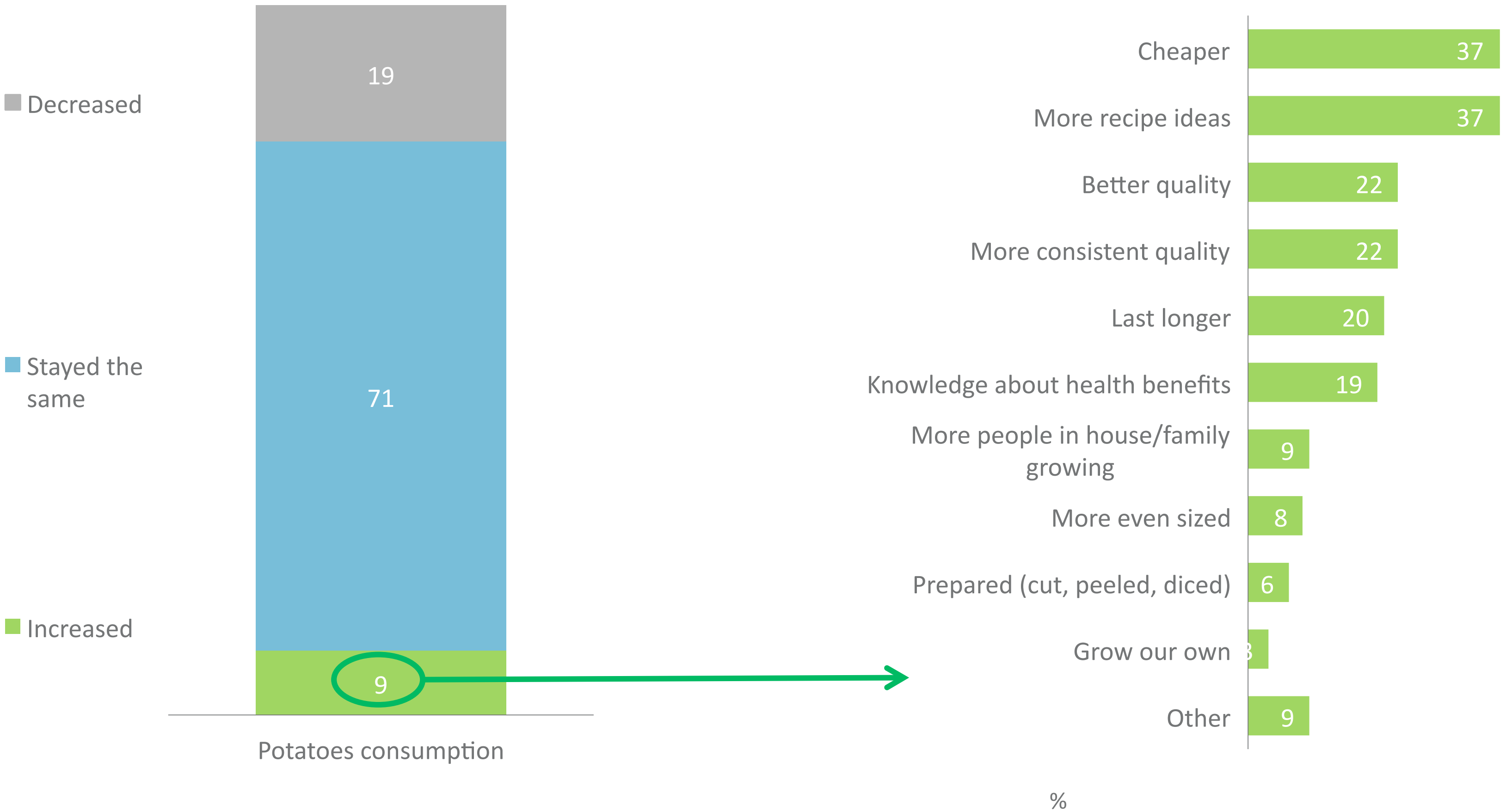
Base: Online survey, all respondents (n=1087)

Base: Those who decreased their consumption of potatoes (n=204)

1 in 10 households have increased consumption, mainly motivated by price and more recipe ideas.

How has your consumption of potatoes changed %

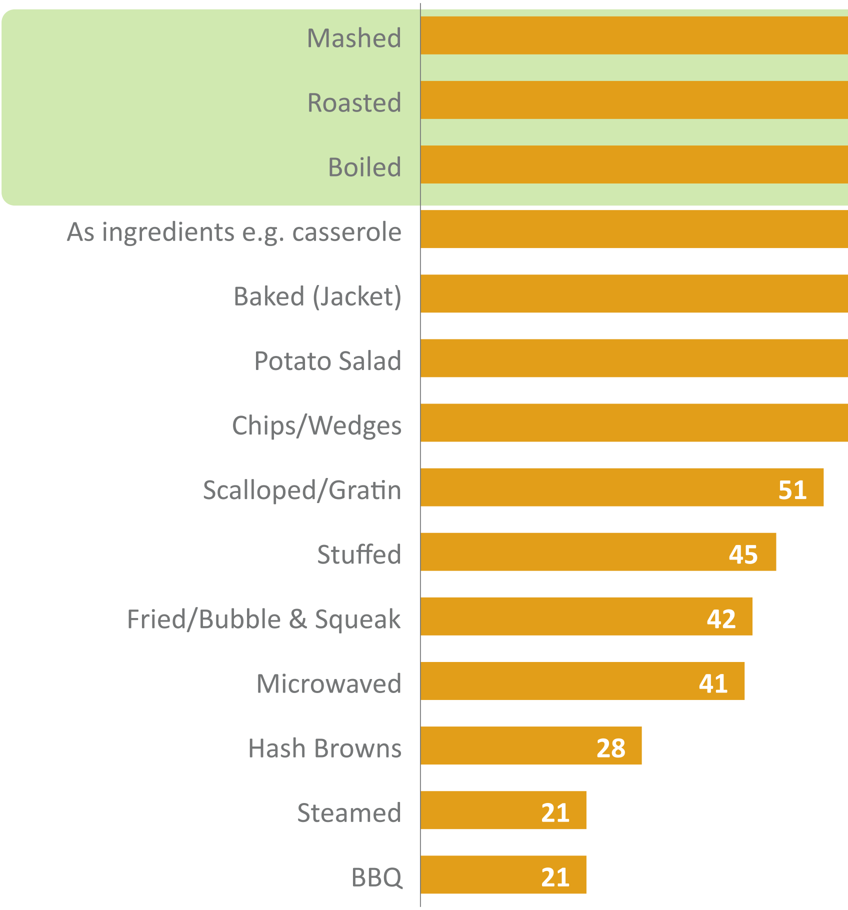
Why has consumption increased?



Base: Online survey, all respondents (n=1087)

Base: Those who increased their consumption of potatoes (n= 102)

Most New Zealanders use very traditional cooking methods (mashing, roasting, boiling).

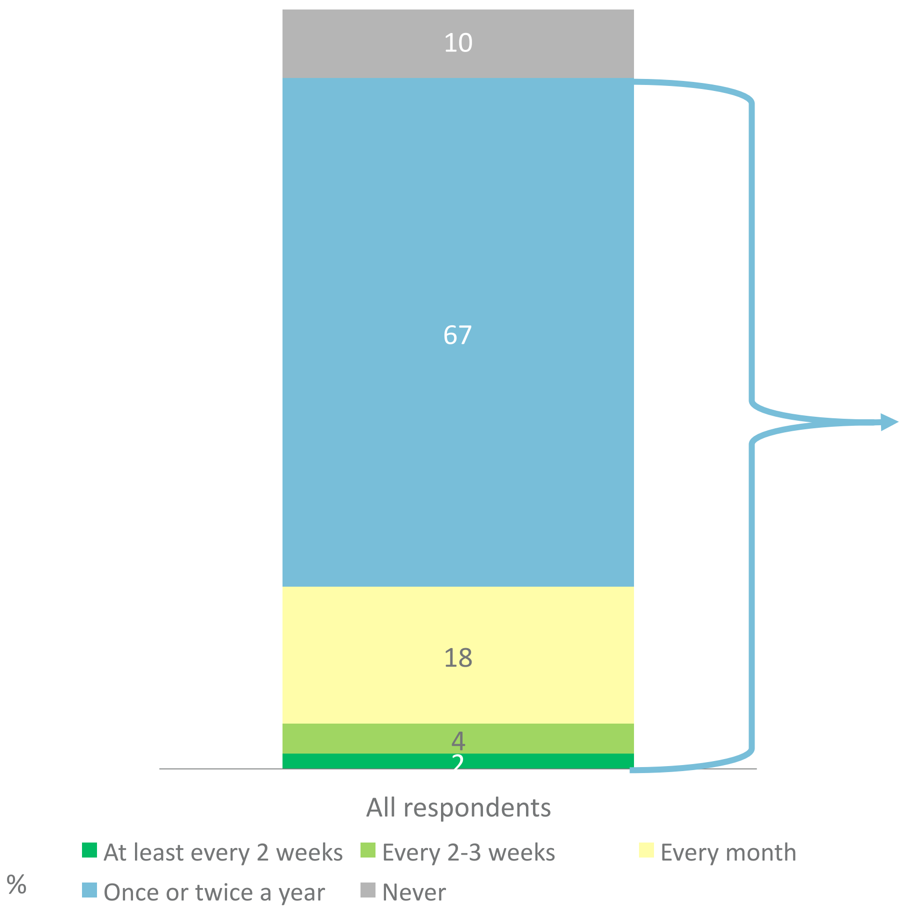


%

Base: Online survey, all respondents (n=1087)

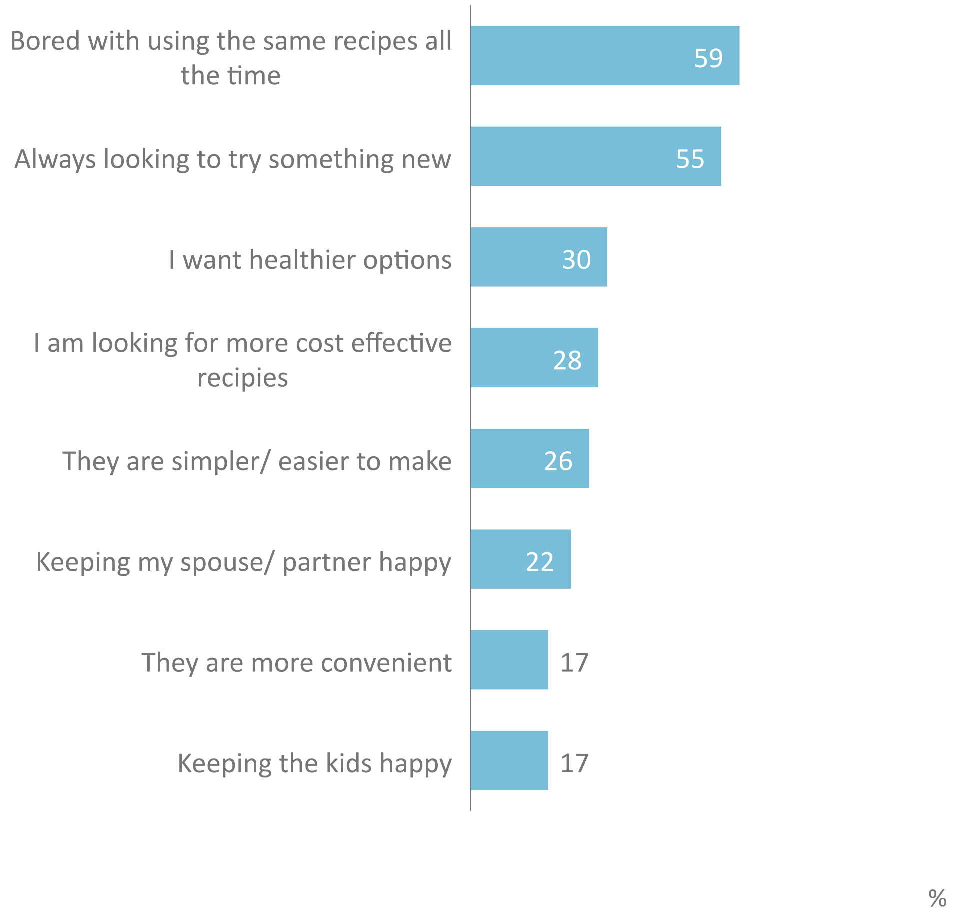
The majority of respondents try new potato recipes one or twice a year. Key drivers for new recipes are being ‘bored with usual recipes’ and ‘always looking for something new’.

Frequency of trying new potato recipes



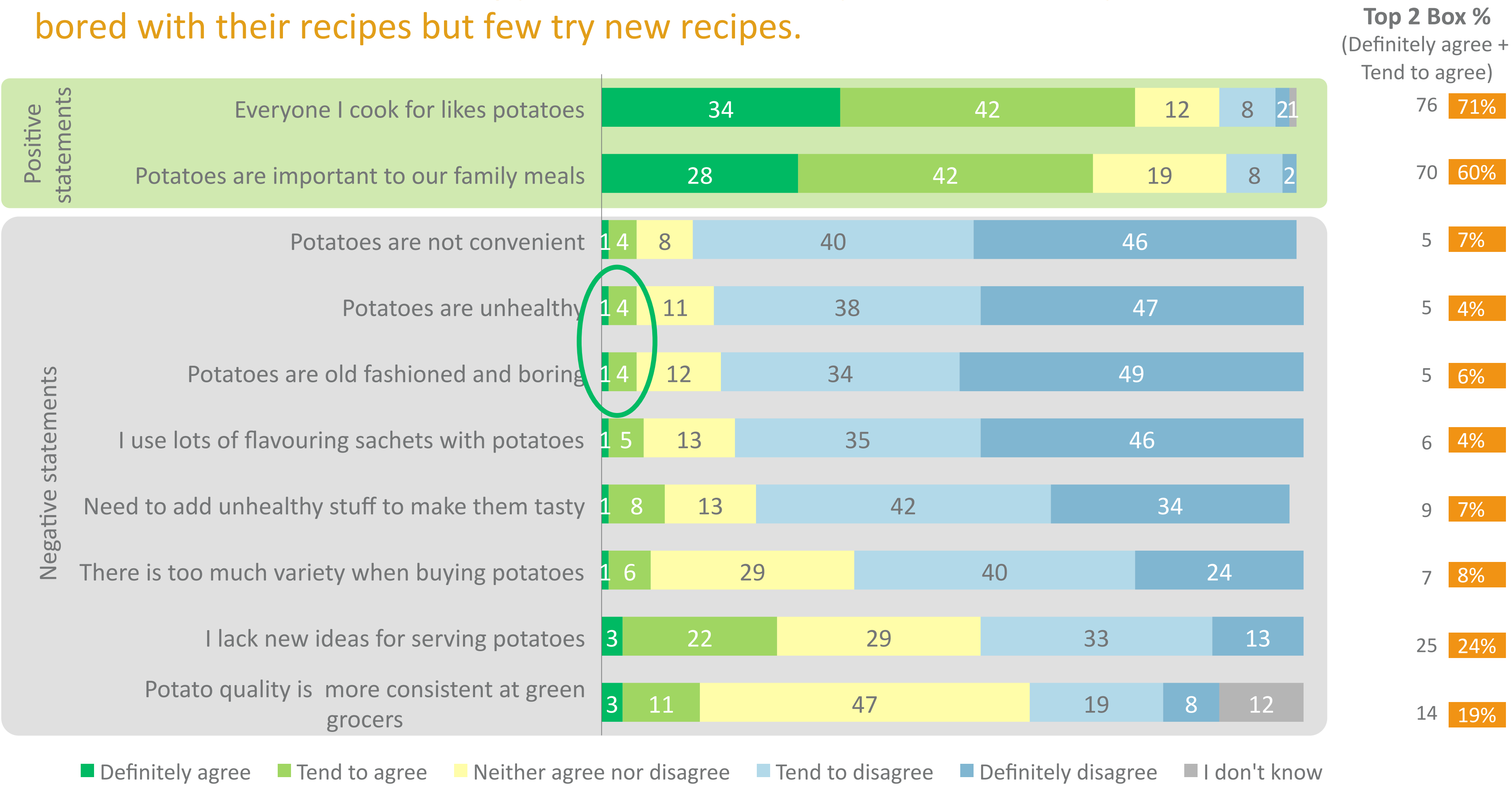
Base: Online survey, all respondents (n=1087)

Why try new potato recipes?



Base: Those try new recipes (n= 988)

There are very positive perceptions of potatoes, only 5% of people think they are unhealthy or old fashioned; however respondents do agree that they have a lack of new ideas for serving potatoes. We already know that many are bored with their recipes but few try new recipes.



%

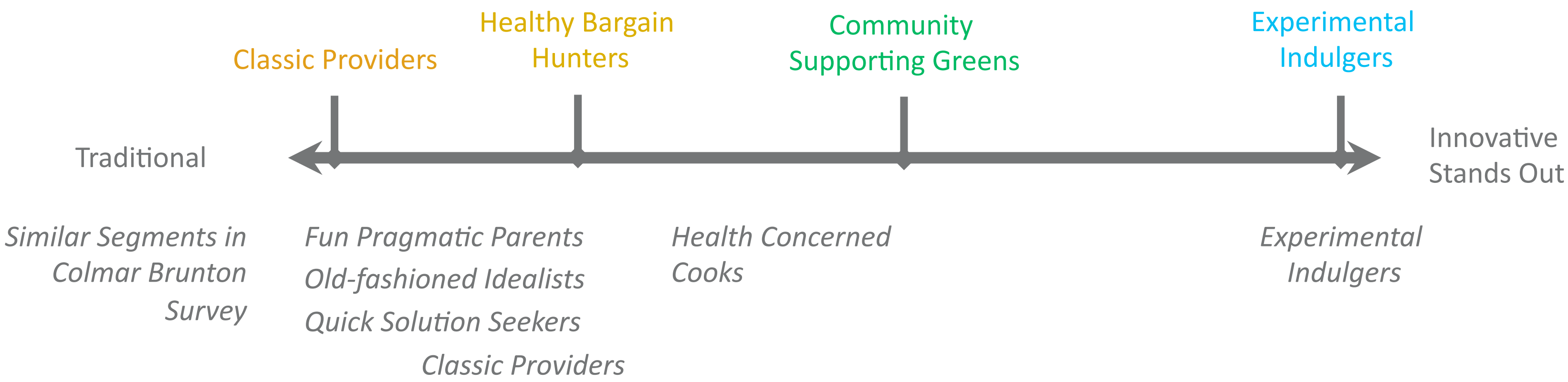
Base: Online survey, all respondents (n=1087)

xx% = Colmar Brunton research 2006, Top 3 box (8+9+10)

B: Key results and insights

ii: Segments of Potato Consumers

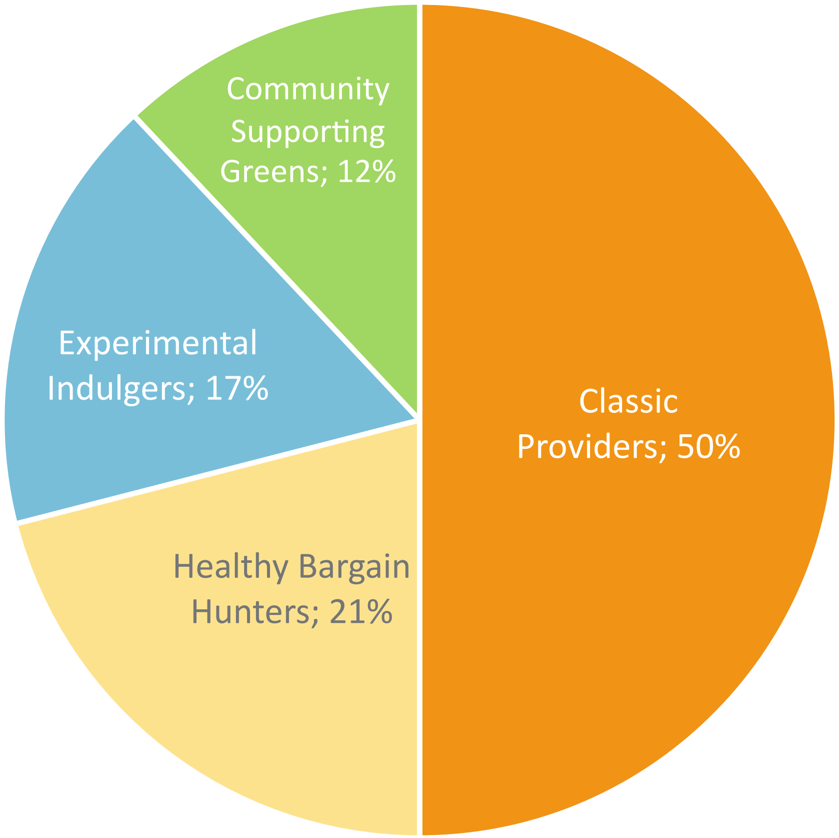
Segment Overview



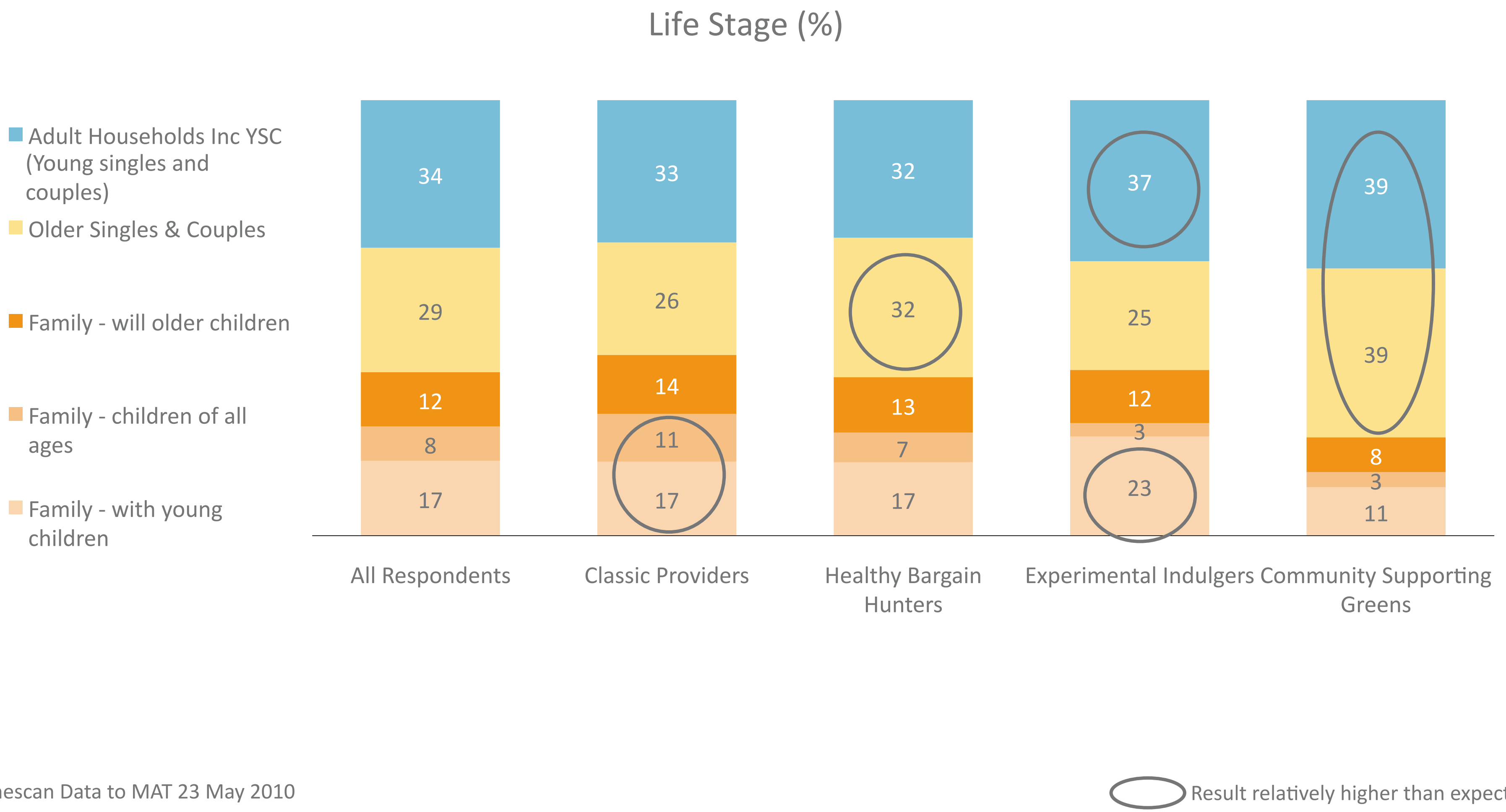
- Compared to the 2006 study, the consumer segments morphed from six to four groups. One fundamental change was the de-polarisation of health and nutrition – it went from being a key driver of a niche segment in 2006 to strongly reflected across two segments, making up 33% of sales (by value). These two segments are Healthy Bargain Hunters and Community Supporting Greens, and each has a slightly different focus: the former are primarily concerned about eating healthily while the later focus on eating wholesome foods.
- Another fundamental change was the collapsing of four segments into the mega-segment of Classic Providers representing just over half of sales and households. This segment tends to be time-poor families who are place a lot of importance on convenience when cooking, and often cook traditional meals.
- Experimental indulgers, who enjoy being creative in the kitchen, was the sole segment to have remained relatively constant (it represented 17% of sales).

Segment Sizes

- The percentages reflect the percentage of households in each segment.



Classic Providers tend to be households with families, Experimental Indulgers tend to have young families or are adult households, the Community Supporting Greens have no kids.



%

Homescan Data to MAT 23 May 2010

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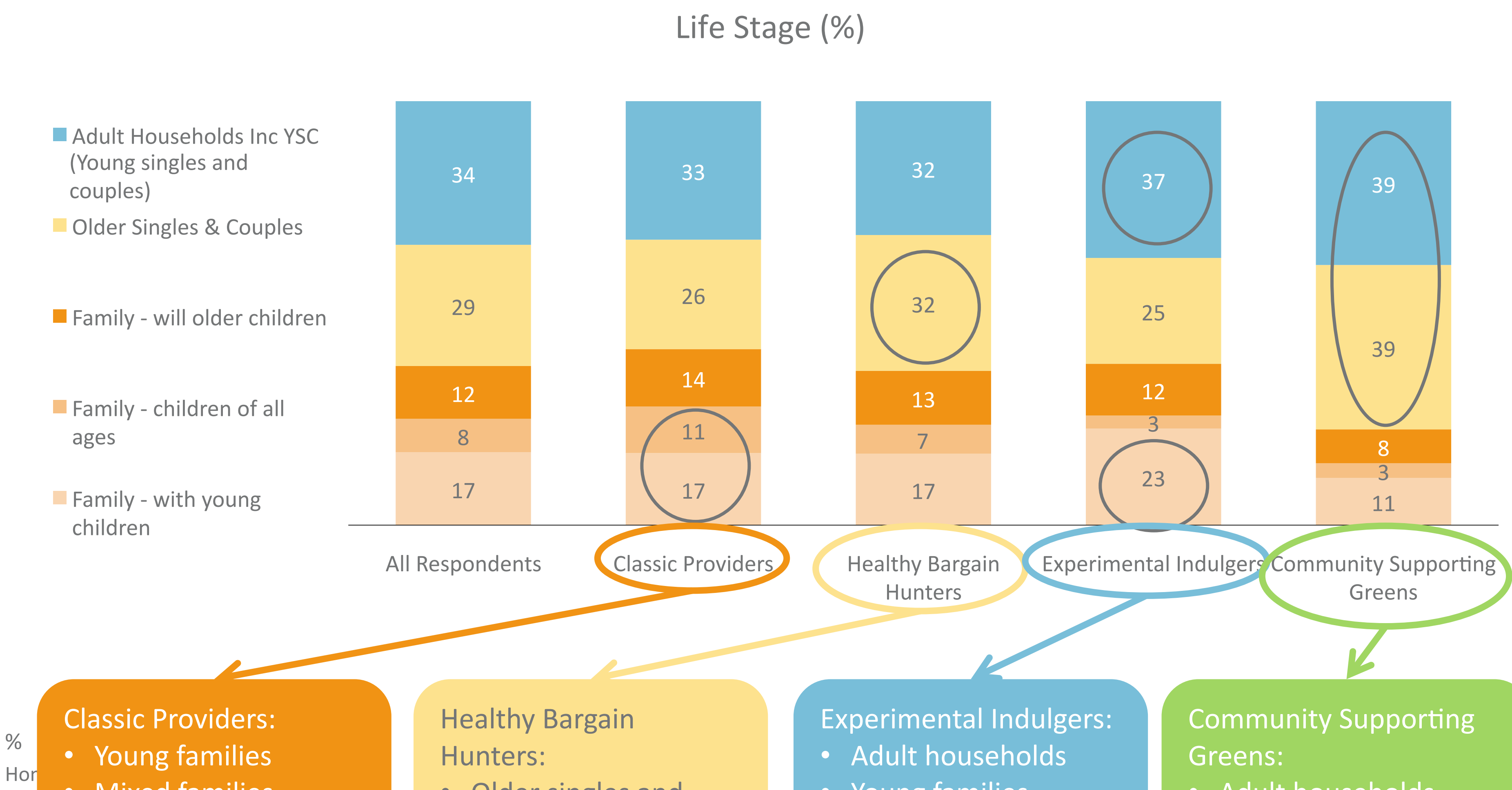


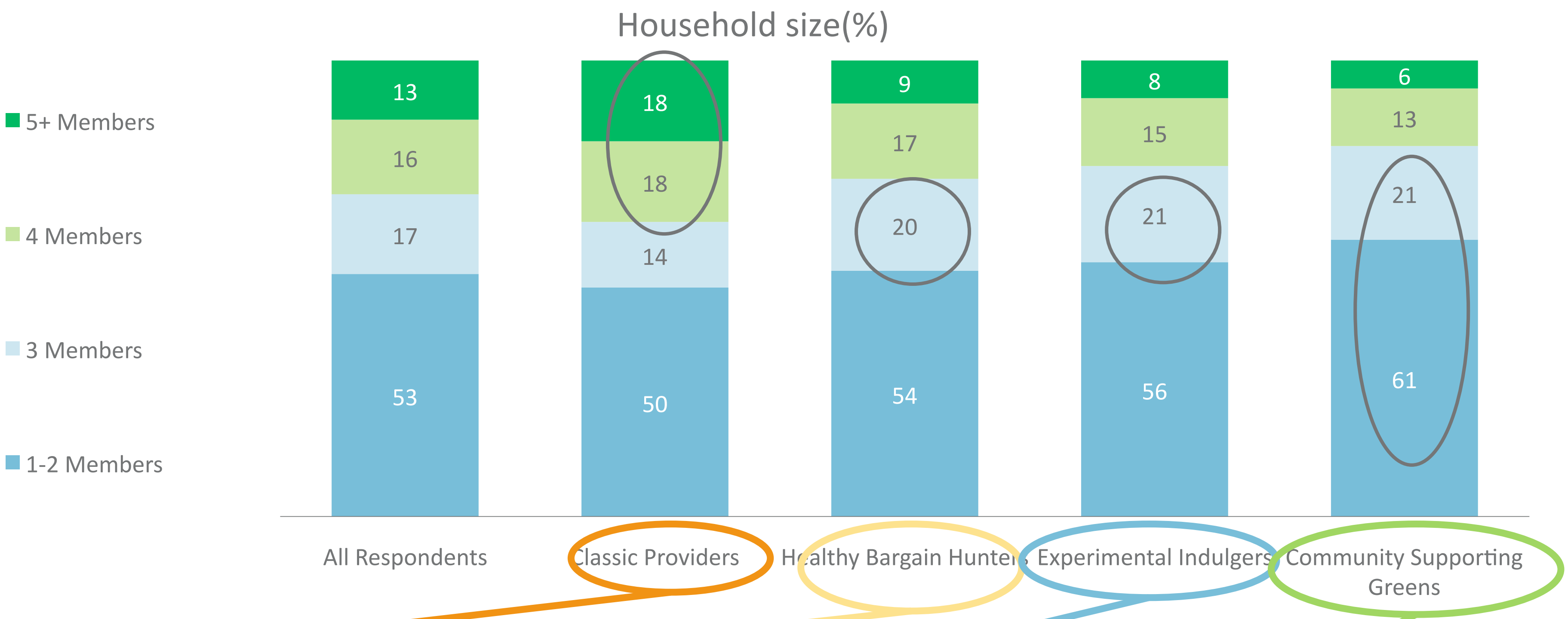
Classic Providers:
- Young families
- Mixed families

Healthy Bargain Hunters:
- Older singles and couples

Experimental Indulgers:
- Adult households
- Young families

Community Supporting Greens:
- Adult households
- Older singles and couples

"Classic Providers" tend to come from larger households; while the Community Supporting Greens have the smallest households.



Classic Providers:
- Household 4+ people

Healthy Bargain Hunters:
- Household 3 people

Experimental Indulgers:
- Household 3 people

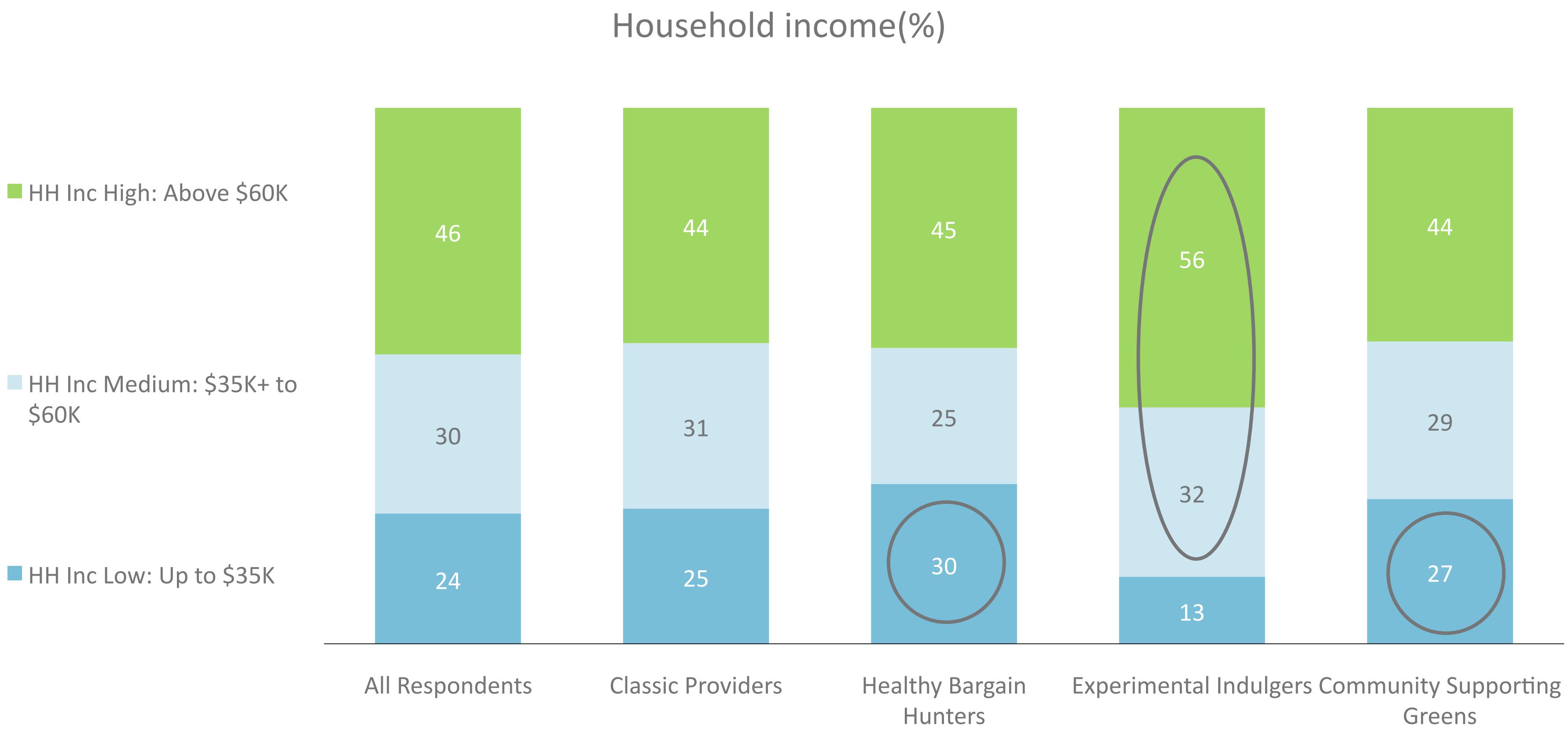
Community Supporting Greens:
- Household 3 people or less

%

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

"Experimental Indulgers" are households with highest income. Their willingness to pay higher than average price per kg will present opportunity for innovative/ premium products for this group.



%

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Strong differences across segment in terms of their ideal meal…

	Classic Providers (547)	Healthy Bargain Hunters (228)	Experimental Indulgers (185)	Community Supporting Greens (127)
Family Favourite	44	33	3	18
Filling	37	33	31	19
Comforting	35	23	18	17
Healthy	32	81	45	79
For Everyone	31	27	17	12
Convenient	19	17	7	5
Traditional	19	12	3	11
A treat	15	13	32	4
Energising	7	11	11	10
Innovative and unique	6	11	25	11
Makes an impression	4	5	73	1
Natural	-	-	5	100

%

Base: Online survey, all respondents (n=1087)

= indicatively high result

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%

Bas 7)

Classic Providers:
- Family Favourite
- Filling
- Comforting
- For everyone
- Convenient
- Traditional

Healthy Bargain Hunters:
- Healthy
- Convenient

Experimental Indulgers:
- A treat
- Innovative and unique
- Makes an impression

Classic Supporting Greens:
- Healthy
- Natural

Differences are also marked when the segments describe someone who also really likes their ideal meal.

	Classic Providers (547)	Healthy Bargain Hunters (228)	Experimental Indulgers (185)	Community Supporting Greens (127)
Family Person	66	48	35	47
Warm	48	29	31	29
Dependable	35	27	22	26
Tries new things	24	27	51	37
Welcoming	23	11	18	16
Knowledgeable	10	13	26	23
Bubbly	10	3	7	7
Carefree	9	3	7	2
Adventurous	7	3	36	11
Energetic	7	5	12	11
Stylish	3	3	10	6
Concerned about health and nutrition	-	100	18	58

%

Base: Online survey, all respondents (n=1087)

= indicatively high result

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Stylish	3	3	10	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

%

Bas [illegible] 7)

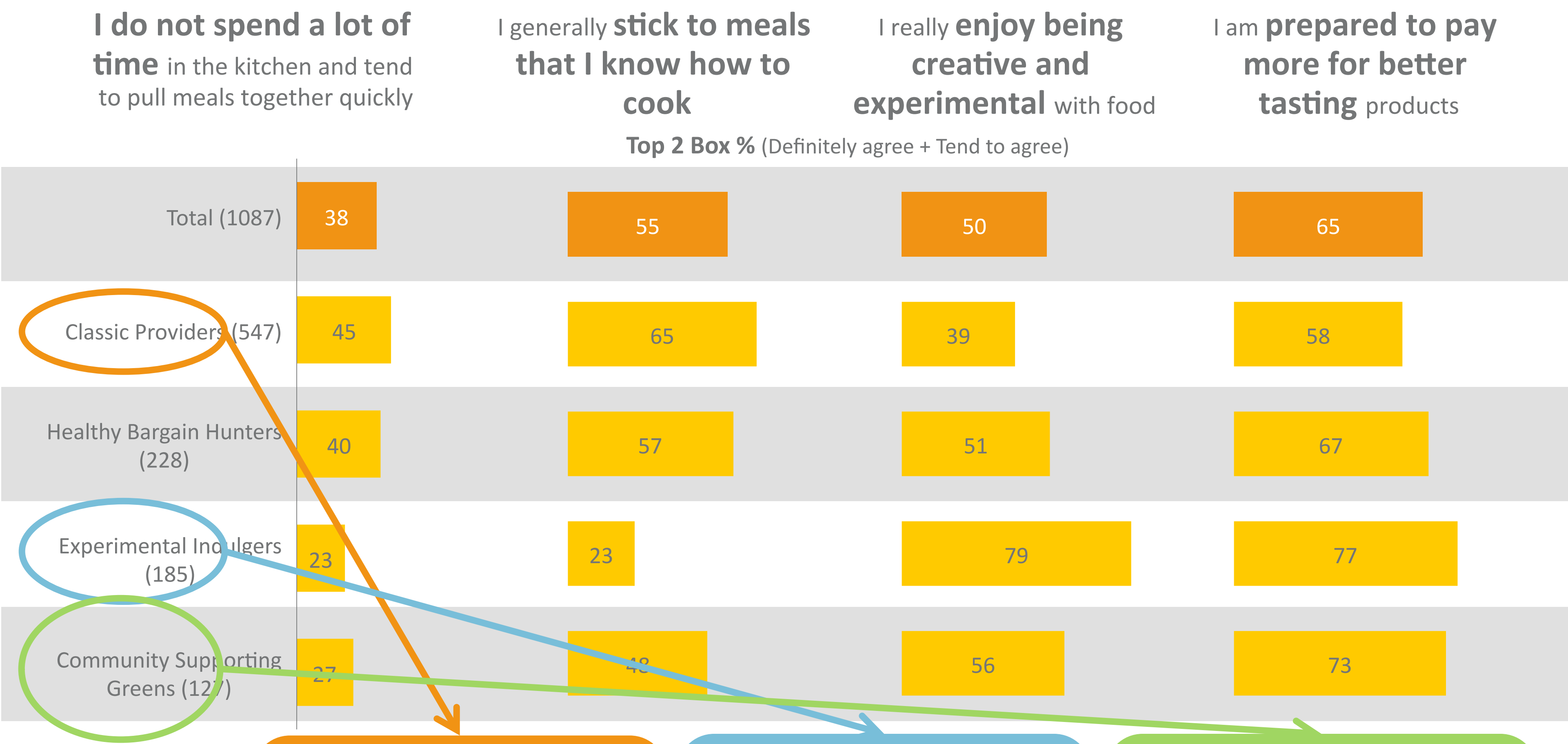
Classic Providers:
- Family people
- Warm
- Dependable
- Welcoming

Healthy Bargain Hunters:
- Concerned about health and nutrition

Experimental Indulgers:
- Tries new things
- Knowledgeable
- Adventurous
- Energetic

Community Supporting Greens:
- Tries new things
- Knowledgeable
- Energetic
- Health/ nutrition

Cooking style



Classic Providers:

- Spend less time in kitchen
- Stick to the same meals
- Are not creative/ experimental
- Spend less on better taste

Experimental indulgers:

- Spend lots of time in kitchen
- Cook different meals
- Experimental and creative
- Will pay for better taste

Community Supporting Greens:

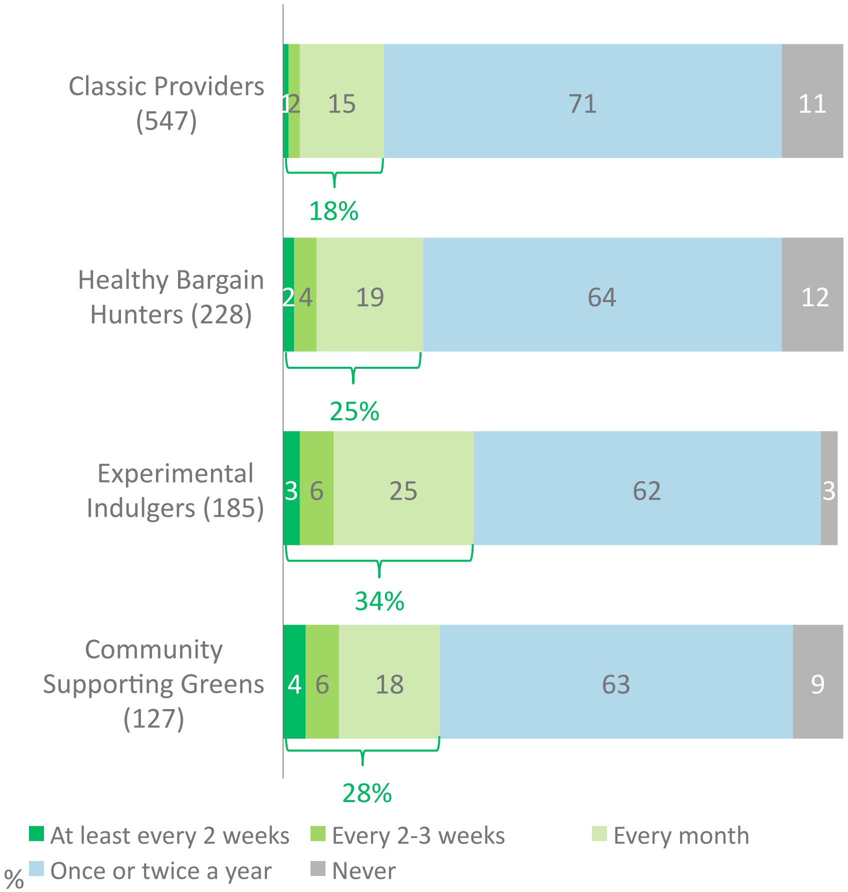
- Spend lots of time in kitchen
- Will pay for better taste

%

Base: Online survey, all res

Experimental Indulgers often try new potato recipes, Classic Providers are the least experimental segment and tend to be more motivated by ease and convenience.

Frequency of trying new potato recipes → Why try new potato recipes?



Base: Online survey, all respondents (n=1087)

	Classic Providers (491)	Healthy Bargain Hunters (201)	Experimental Indulgers (180)	Community Supporting Greens (116)
Bored with using the same recipes	62	57	59	51
Always looking to try something new	50	50	77	52
I want healthier options	22	40	29	50
Looking for more cost effective recipes	30	30	16 ↓	35
They are simpler/ easier to make	30	29	13 ↓	26
Keeping my spouse/ partner happy	23	25	20	19
They are more convenient	20	18	14	11
Keeping the kids happy	19	17	13	14

= indicatively high result ↓ Result relatively lower than expected

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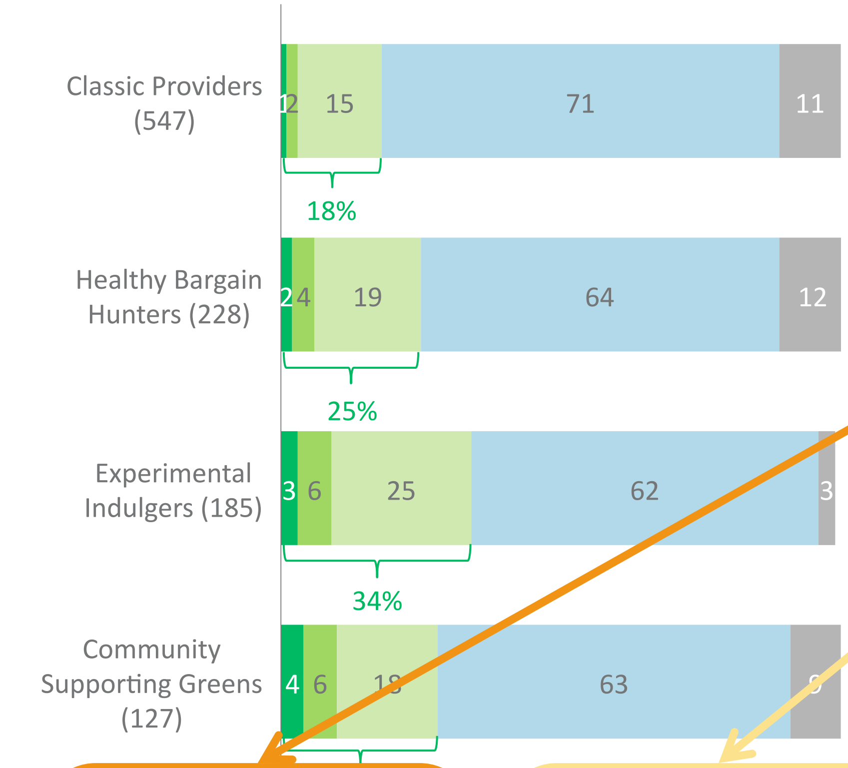

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Keeping my spouse/ partner happy	23	25	20	19
They are more convenient	20	18	14	11

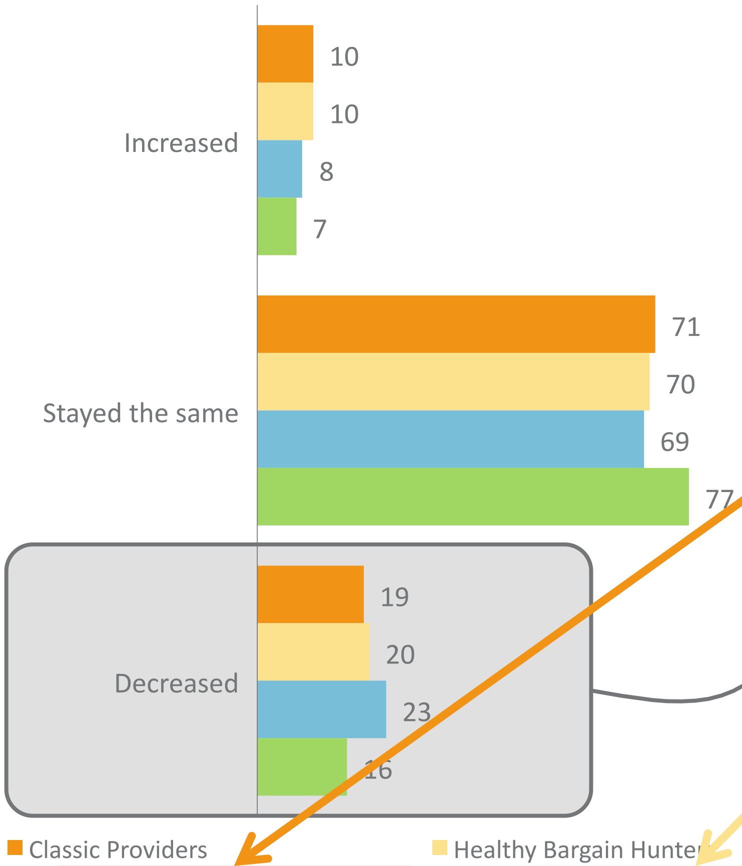
Classic Providers:
- Bored with using same recipes
- Easier
- Convenient
- Keep the kids happy

Healthy Bargain Hunters:
- Healthier
- Easier to make

Experimental Indulgers:
- **ALWAYS** looking to try something new
- **LESS LIKELY** to look for cost effective options

Community Supporting Greens:
- Healthier

The majority of Households are eating the same amount of potatoes as they did a year ago, however Experimental Indulgers are slightly more likely to have decreased their consumption.



	Classic Providers (95)	Healthy Bargain Hunters (44)	Experimental Indulgers (44)	Community Supporting Greens (20)
Not part of my diet	39	39	39	51
Eat alternatives (pasta, rice, couscous)	23	15	12	21
Usually too expensive	17	21	10	3
Takes too long to prepare	15	14	15	4
Members of the household don't like the taste	10	6	10	-
Usually poor quality	9	5	8	10
They are unhealthy	7	9	15	16
Less people in house now/children left home	5	5	1	7

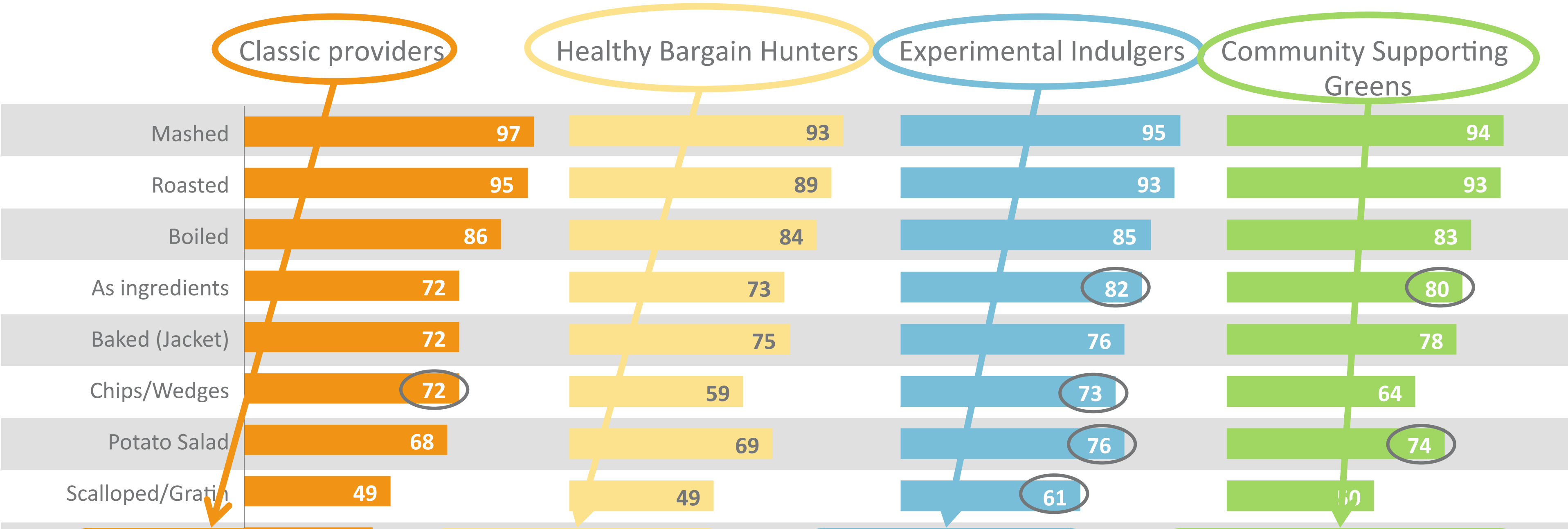
Classic Providers:
- Eating alternatives

Healthy Bargain Hunters:
- Cost reasons

Experimental Indulgers:
- Health reasons

Community Supporting Greens:
- Not part of diet
- Eating alternatives
- Health reasons

As expected Experimental Indulgers are more likely to use potatoes in a variety of different ways.



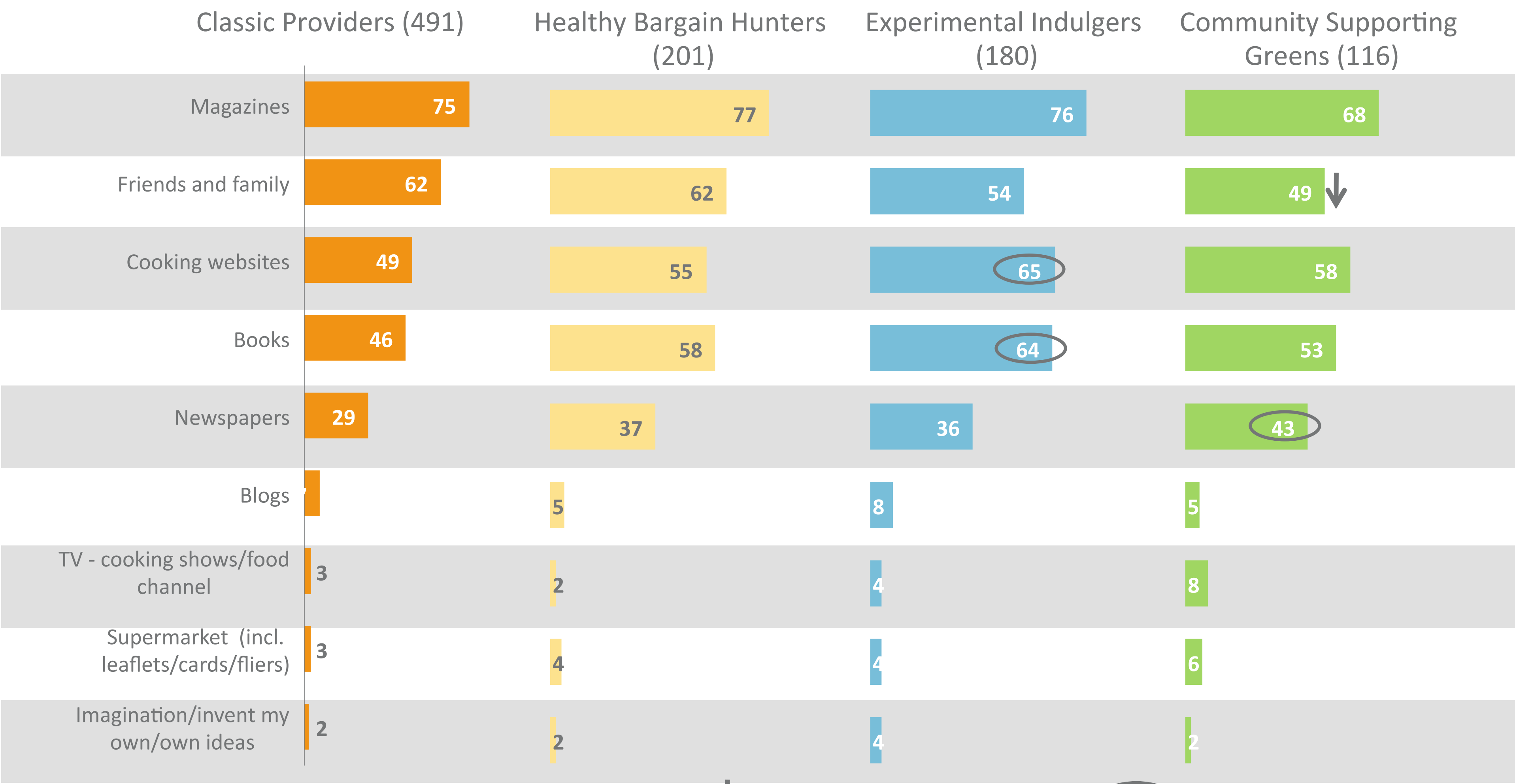
Classic Providers:
- Chips/ wedges

Healthy Bargain Hunters:
- Microwaved

Experimental Indulgers:
- As an ingredient
- Chips/ wedges
- Potato salad
- Scalloped/ gratin
- Stuffed
- BBQ

Community Supporting Greens:
- As an ingredient
- Potato salad
- Steamed

Experimental Indulgers are more likely to visit cooking sites and refer to books for their recipe ideas.



Base: Online survey, all those who cook new potato recipes

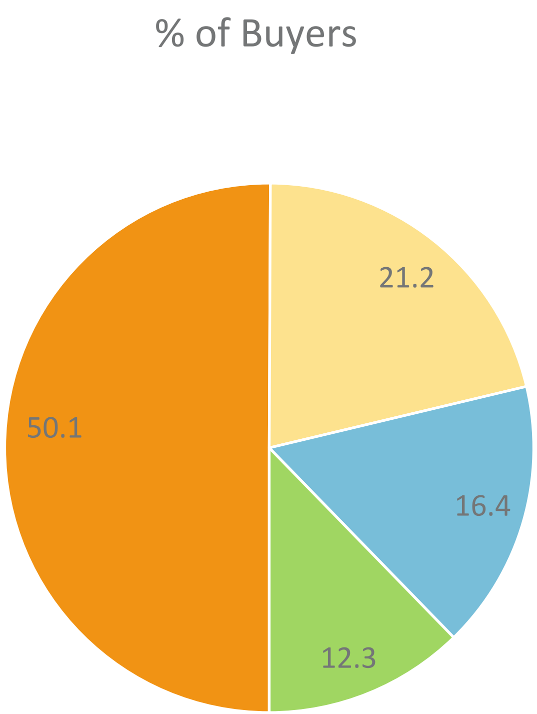
Result relatively lower than expected

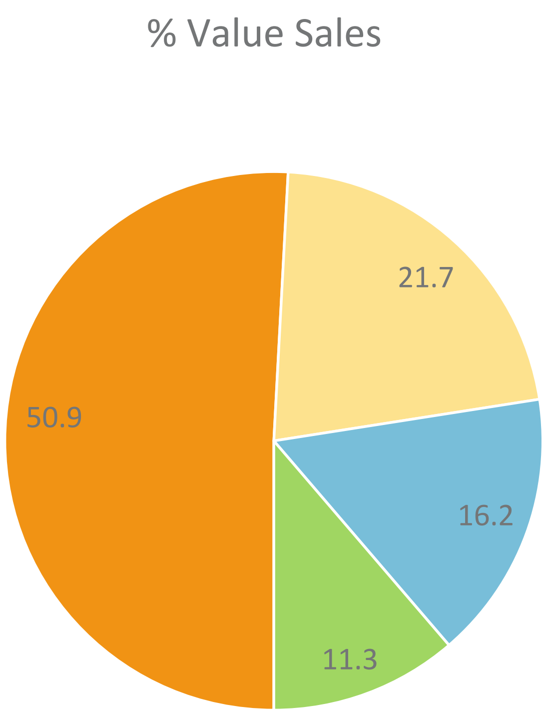
Result relatively higher than expected

B: Key results and insights

iii: Segments of Potato Consumers – Purchasing Behaviour

“Classic Providers”, are the most valuable group accounting for half of all category sales and they are also the biggest group





Total Category = Fresh potatoes, frozen potato products, Kumara, Pasta, and Rice

%

Homescan Data to MAT 23 May 2010

Although fresh potatoes have broad appeal, they under perform slightly among "Healthy Bargain Hunters", who tend to lean more toward pasta and rice options. Frozen potato winning among "Classic providers".

%

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Fresh potatoes have the highest spend across all groups with "Classic Providers" being the most valuable consumers for both fresh and frozen potatoes ,"Healthy Bargain Hunters" above average spend across competitor categories, indicating competitor categories performing much better amongst them.

Total Category: Average Spend ($) per Buyer

Avg Value per Buyer (AWOP)	All Respondents	Classic Providers	Healthy Bargain Hunters	Experimental Indulgers	Community Supporting Greens
FRESH POTATOES	**$55.40**	**$57.90**	**$53.80**	**$53.30**	**$50.70**
FROZEN POTATO PRODUCTS	$39.20	$41.60	$37.70	$38.30	$31.60
KUMARA	$22.60	$23.10	$22.30	$22.60	$21.70
PASTA	$26.80	$25.00	$30.30	$26.80	$27.70
RICE	$25.10	$23.80	$28.20	$23.20	$27.20

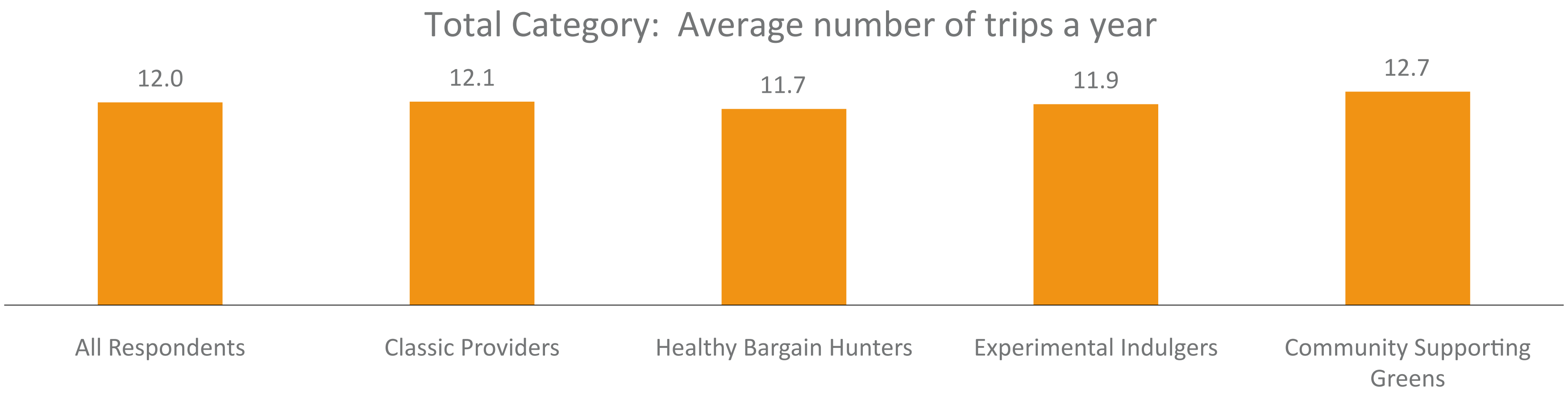
Total Vegetables: Average Spend ($) per Buyer

Avg Value per Buyer (AWOP)	Classic Providers	Healthy Bargain Hunters	Experimental Indulgers	Community Supporting Greens
Fresh potatoes	**$57.90**	**$53.80**	**$53.30**	**$50.70**
Total fresh vegetables	$293.00	$333.00	$356.00	$359.00
Fresh vegetables (excluding potatoes)	$236.00	$280.00	$303.00	$308.00
Share of fresh potato spend vs. total vegetable	**20%**	**16%**	**15%**	**14%**

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Fresh potatoes clearly brought most frequently. Community Supporting Greens purchase potatoes most often, they are also the most frequent purchasers of rice.



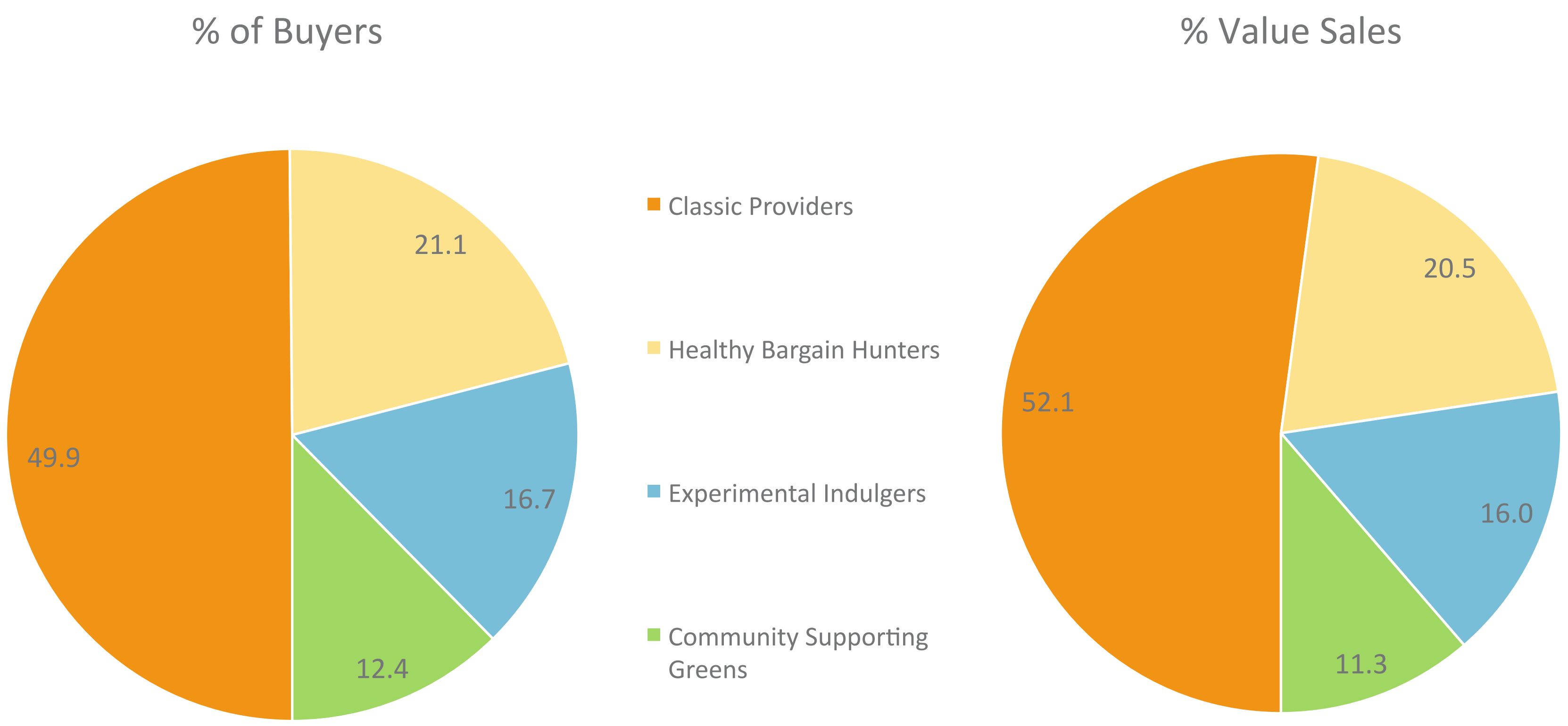
Total Vegetables: Average number of trips a year

Avg Occasions per Buyer	All Respondents	Classic Providers	Healthy Bargain Hunters	Experimental Indulgers	Community Supporting Greens
FRESH POTATOES	12.0	12.1	11.7	11.9	12.7
FROZEN POTATO PRODUCTS	8.5	9.0	7.9	8.7	7.2
KUMARA	7.8	8.1	7.4	7.3	7.9
PASTA	8.6	8.6	9.1	8.5	8.3
RICE	5.7	5.7	5.6	5.6	6.2

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

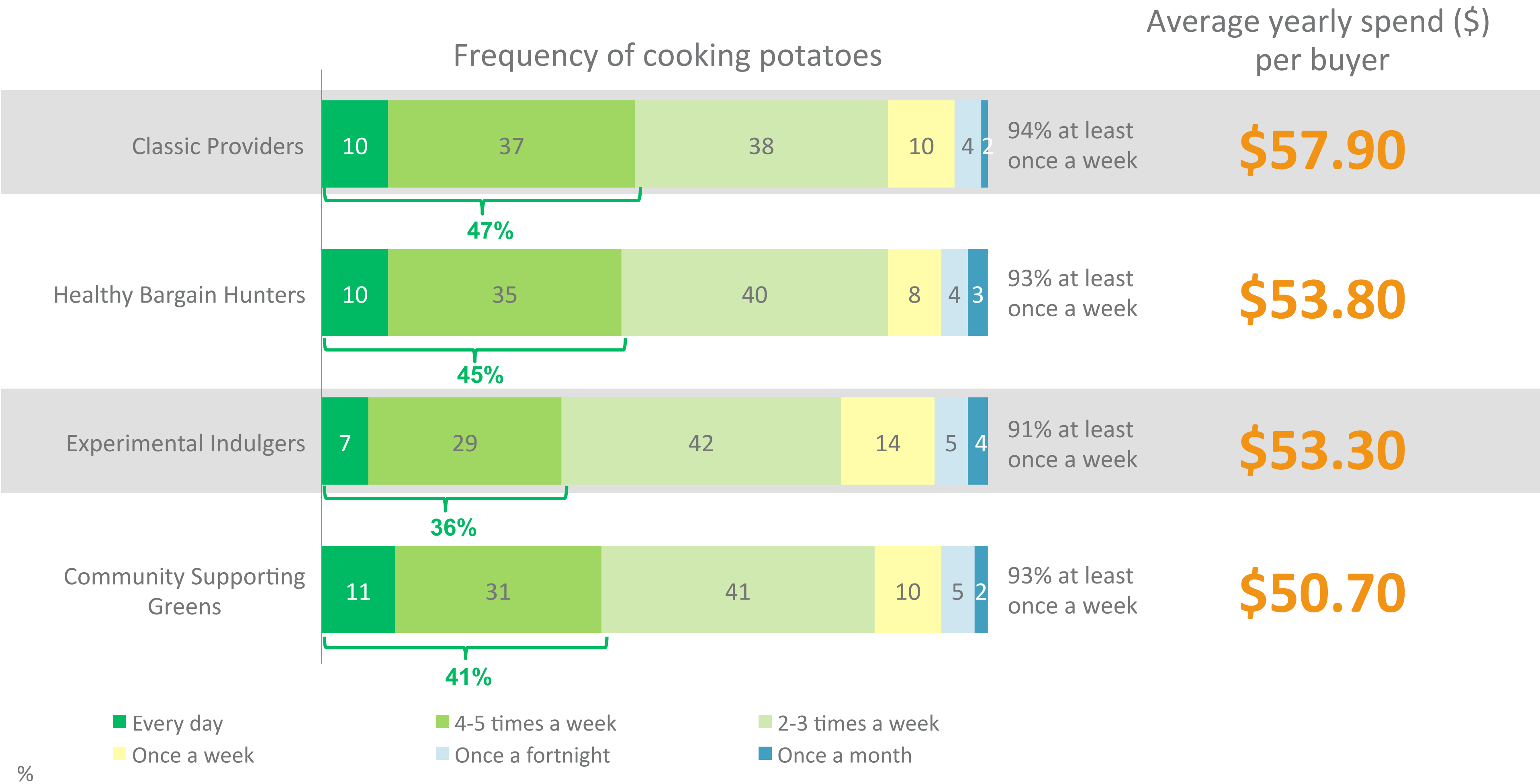
Potato buyers account for higher than average sales among Classic Providers and below average among Community Supporting Greens.



%

Homescan Data to MAT 23 May 2010

Classic Providers cook potatoes most often and have the highest annual spend. Similar spend on potatoes for Healthy Bargain Hunters and Experimental Indulgers even with different cooking frequencies.

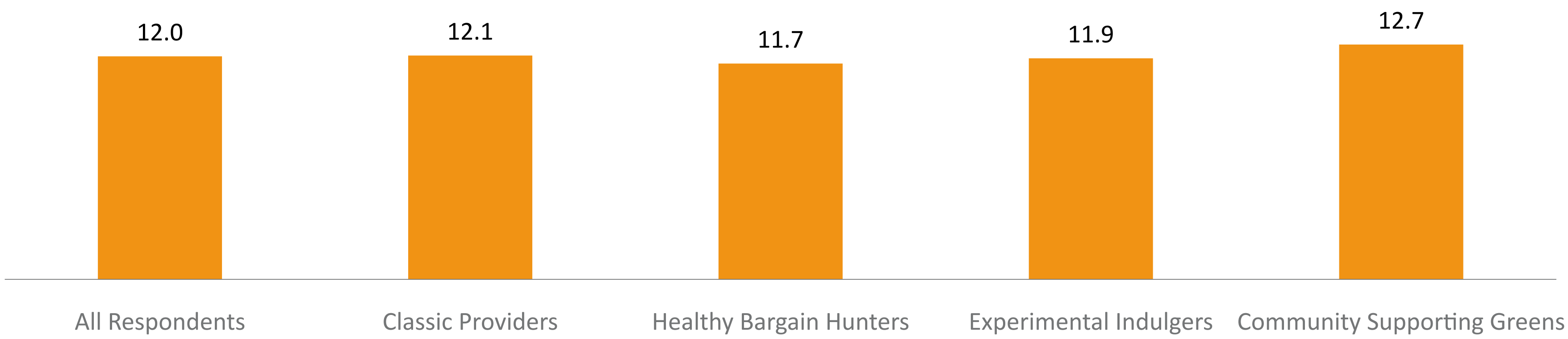


Base: Online survey, all respondents (n=1087)

Homescan Data to MAT 23 May 2010

Community Supporting Greens have the highest purchase frequency and spend more per kilo (on packaged potatoes) – however they purchase less volume.

Fresh Potato Average Trips per Household per Year



Fresh Potatoes Value ($) per trip

%

Homescan Data to MAT 23 May 2010

Healthy Bargain Hunters are spending less than average on bagged potatoes, while Community Supporting Greens are spending quite a bit more.

Fresh Potato: Bar-coded price differentials

	Average spend ($)	Difference in average spend on pack size by segment ($ differential)			
	All Respondents	Classic Providers	Healthy Bargain Hunters	Experimental Indulgers	Community Supporting Greens
Pre-Packaged 1kg	4.90	-0.20	0.30	0.10	0.30
Pre-Packaged 1.5 kg	4.70	-	0.10	-0.10	-0.20
Pre-Packaged 2 kg	4.50	0.10	-0.40	0.40	-
Pre-Packaged 2.5 kg	4.60	0.00	-0.20	-	0.30
Pre-Packaged 3 kg	4.60	-	-	-	0.30
Pre-Packaged 4 kg	6.00	0.10	0.10	-0.20	-0.60
Pre-Packaged 5 kg	6.90	0.10	-0.30	-0.10	-
Pre-Packaged 10 kg	7.50	0.10	-0.40	-0.20	0.80

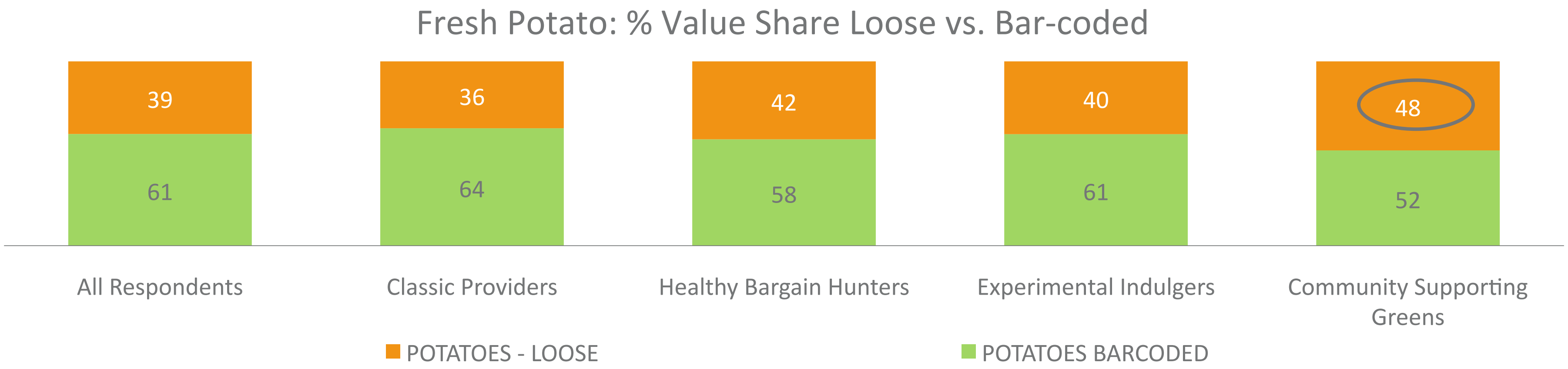
%

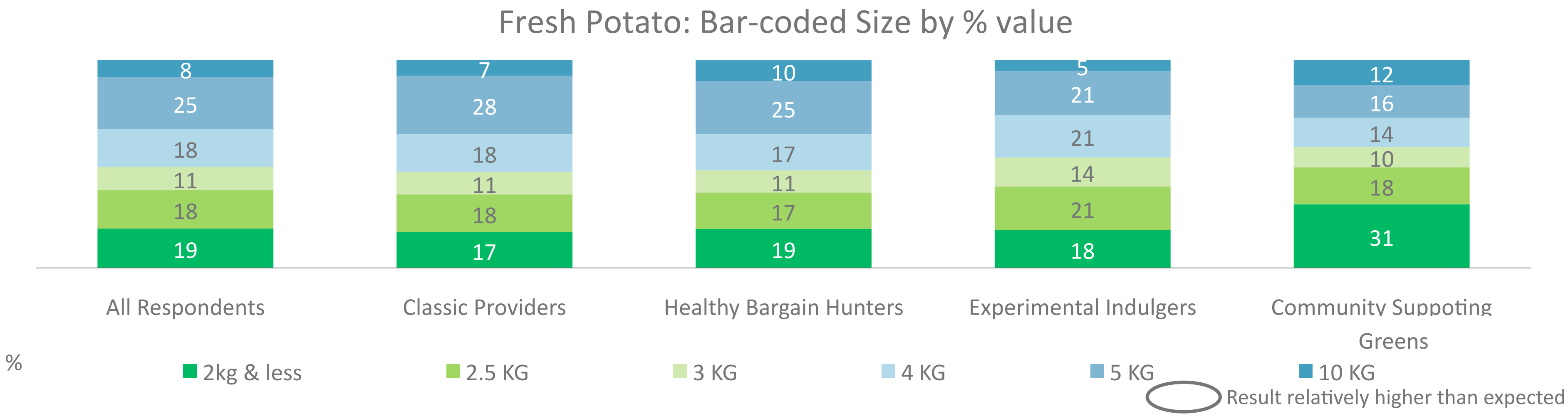
Homescan Data to MAT 23 May 2010

Indicatively lower than total average spend

Indicatively higher than total average spend

Community Supporting Greens tend to purchase more loose potatoes, when they do purchase bagged potatoes they purchase less volume.



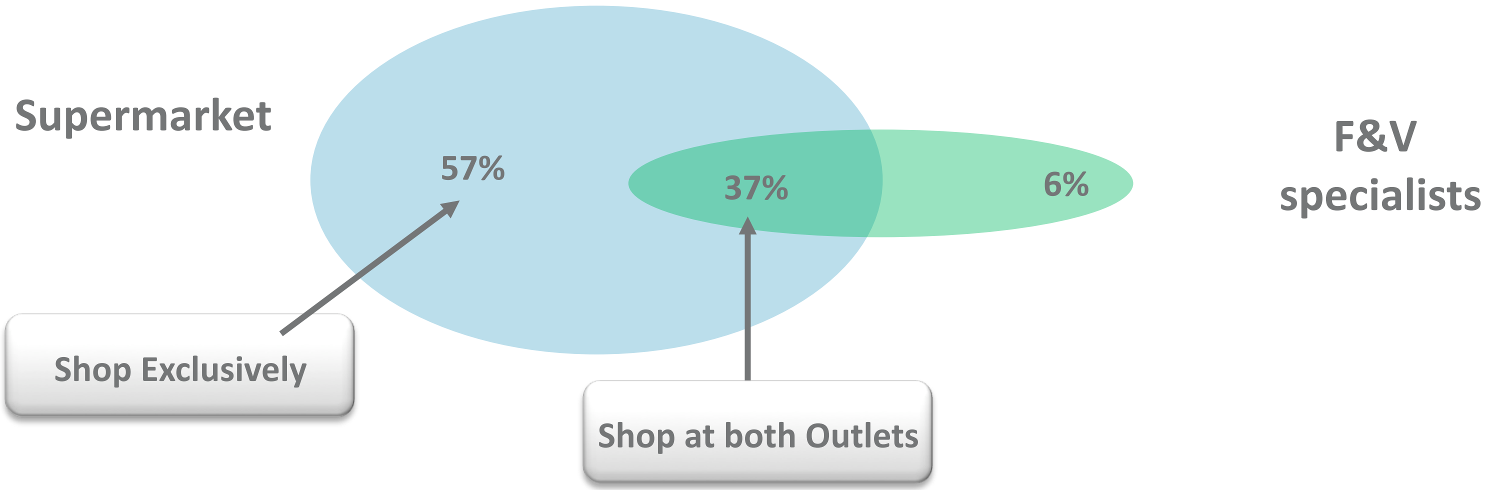


B: Key results and insights

iv: Segments of Potato Consumers – Purchasing Behaviour by Channel

Very few household shop exclusively at fruit & vegetable outlets for potatoes. Community supporting Greens more likely to visit channels other than the supermarket

Fresh Potatoes : Supermarket vs. Other Outlets



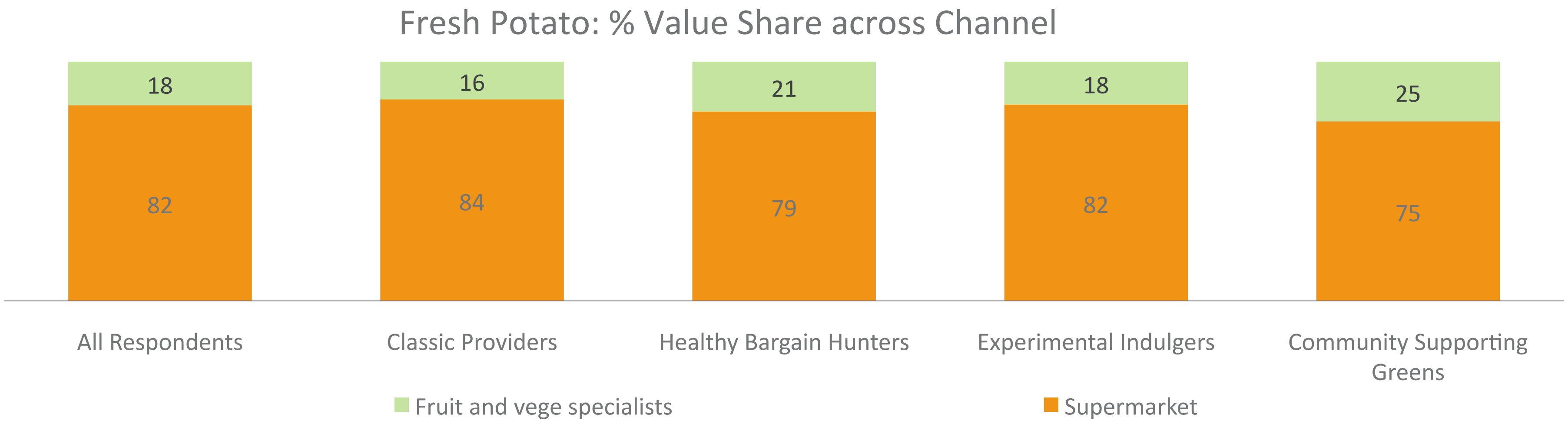
Supermarket vs. F&V specialists by Segment

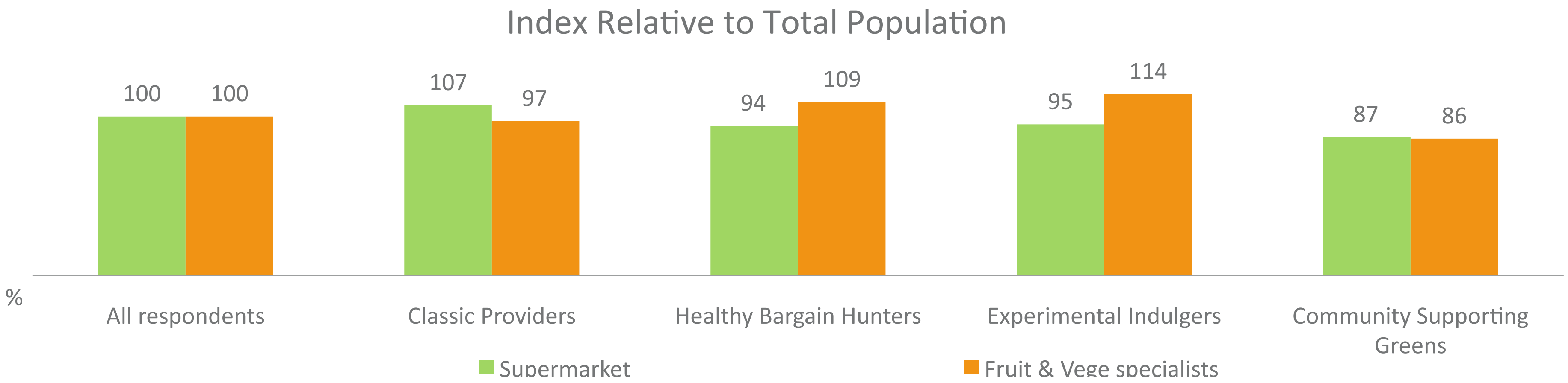
% of Buyers	All Respondents	Classic Providers	Healthy Bargain Hunters	Experimental Indulgers	Community Supporting Greens
Shop at Both	37	35	39	32	52
Supermarket Only	57	60	56	64	39
F&V specialists	6	5	5	4	10

Homescan Data to MAT 23 May 2010

Result relatively higher than expected

While “Classic Providers” remain the most important group within supermarkets, “Healthy Bargain Hunters” and “Experimental Indulgers” spend above average in specialty F&V outlets.

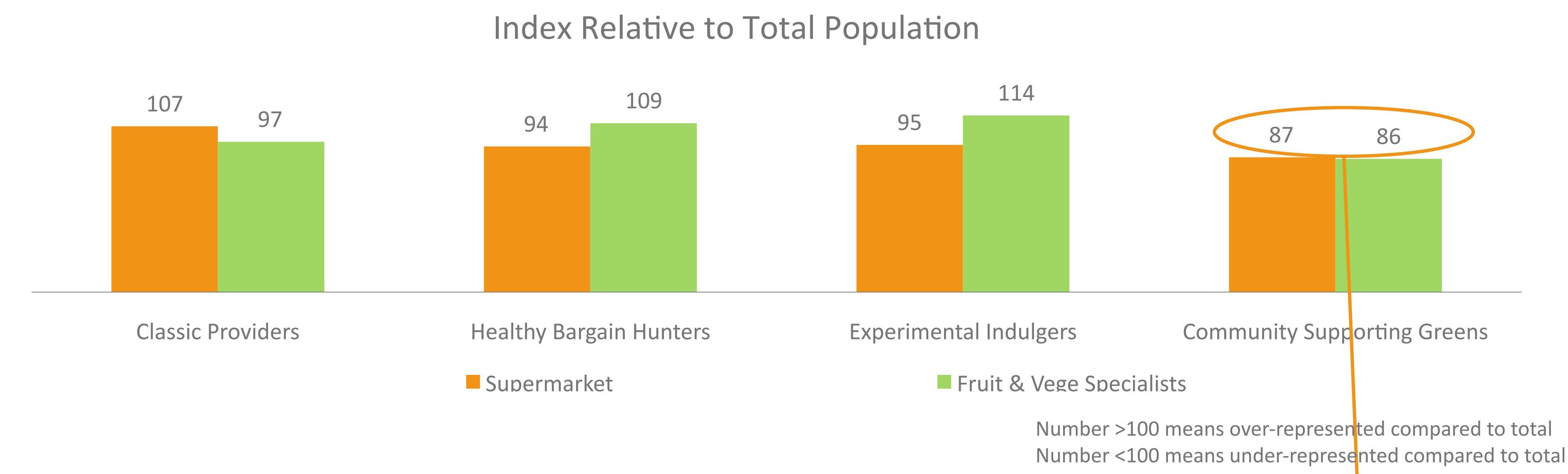


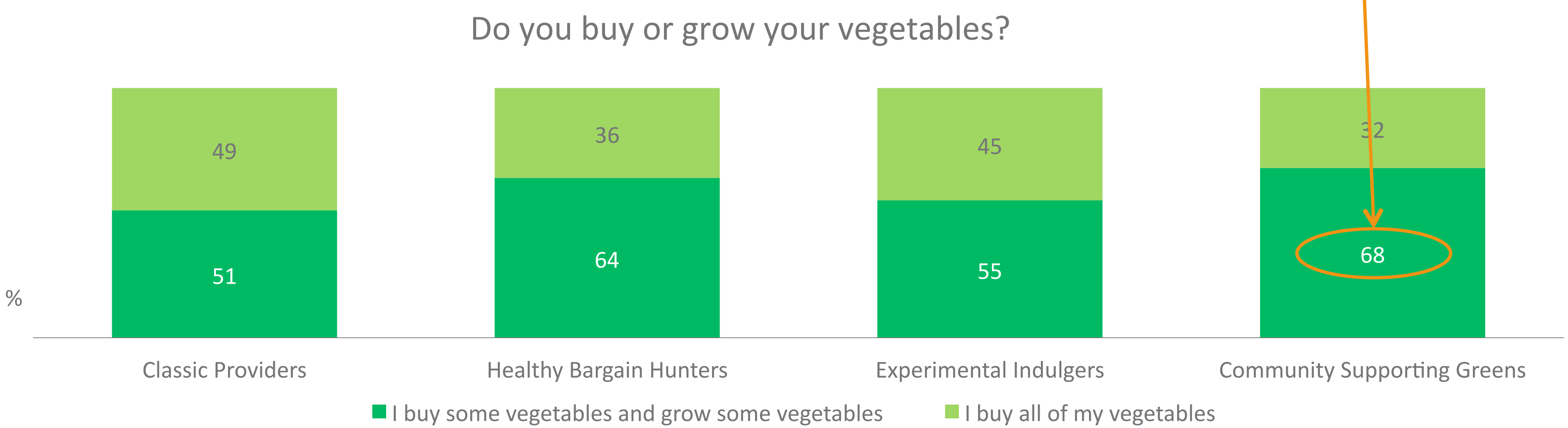


Number >100 means over-represented compared to total
Number <100 means under-represented compared to total

Homescan Data to MAT 23 May 2010

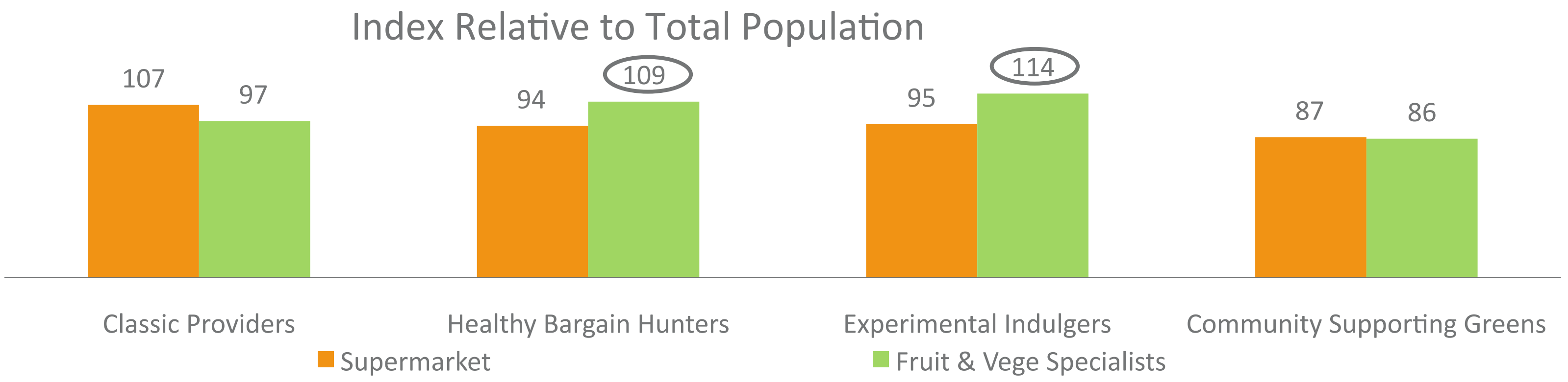
Community Supporting Greens are under indexing in visits to both supermarkets and other channels, likely driven by high rate of growing their own vegetables.





Homescan Data to MAT 23 May 2010

Convenience and having everything in one place seen as the key benefit of shopping at the supermarket.



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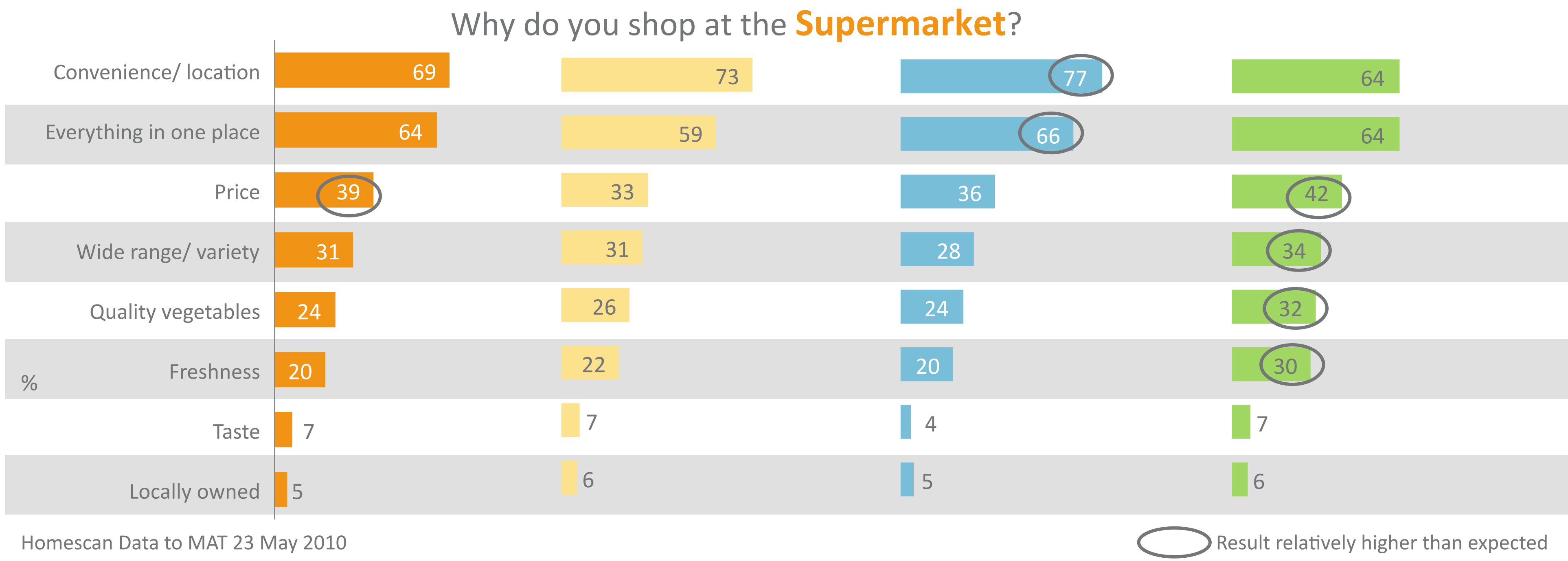
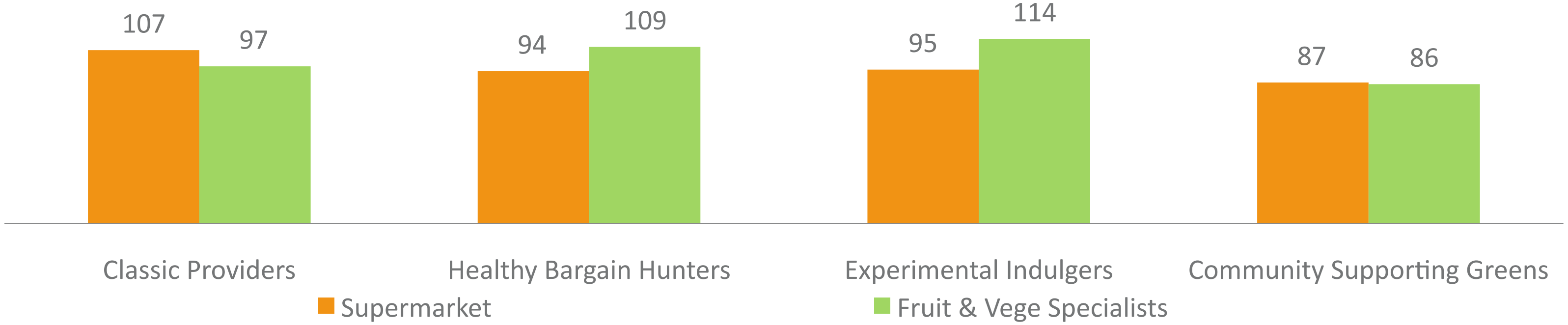


Homescan Data to MAT 23 May 2010

Perception the F&V specialists are cheaper with wider variety brings in the Experimental Indulgers. Community Supporting Greens go for Quality Vegetables.

Index Relative to Total Population



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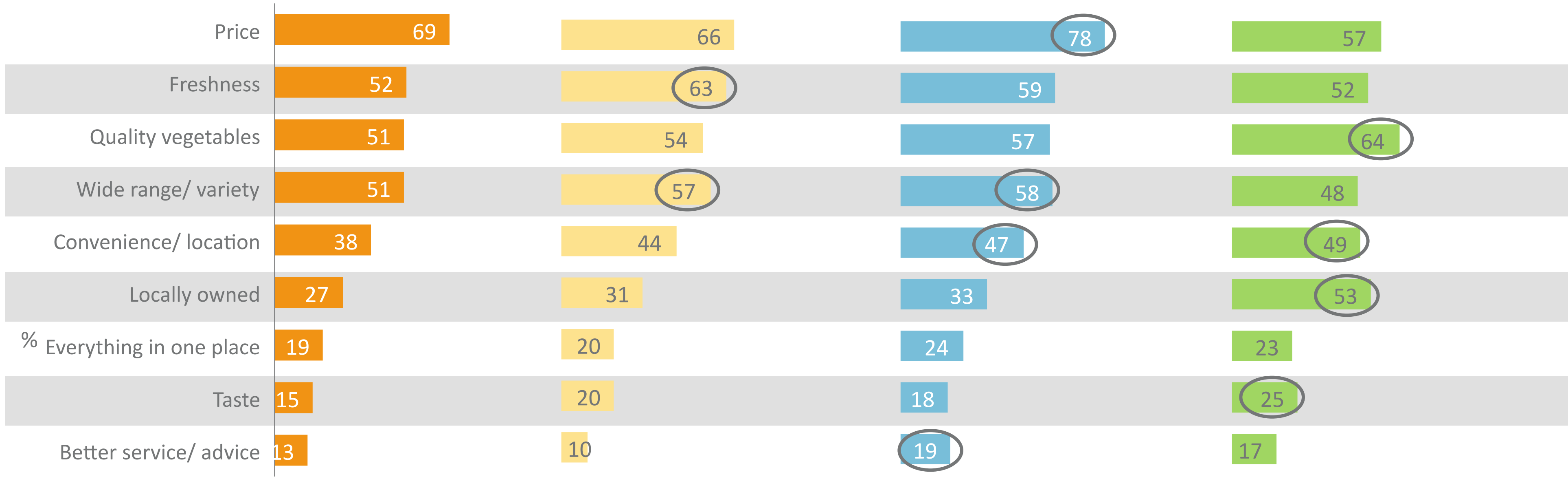
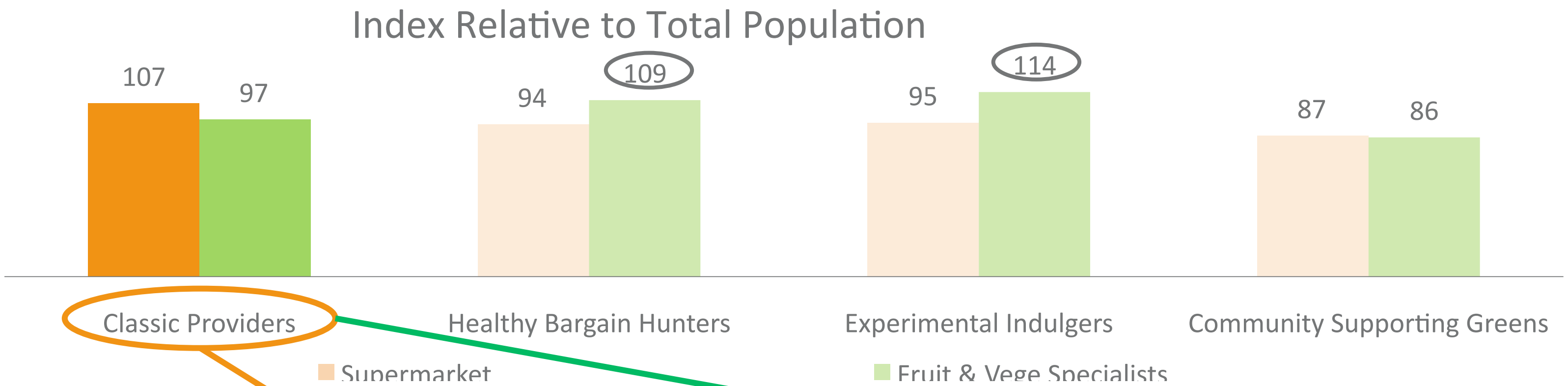
Why do you shop at the **Fruit & Vege Specialists**?



Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Classic Providers shop at the supermarket for convenience and because everything is in one place. They go to the green grocers for price.



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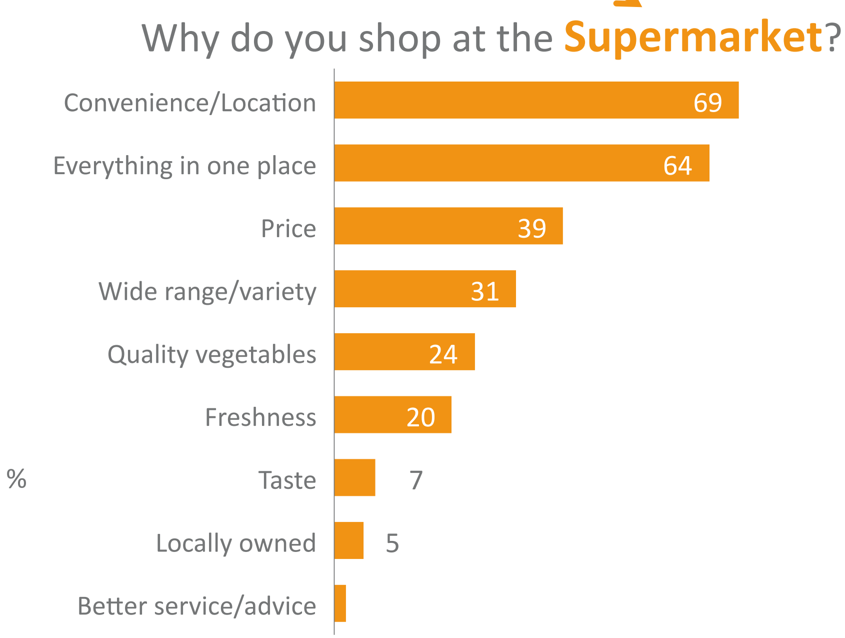
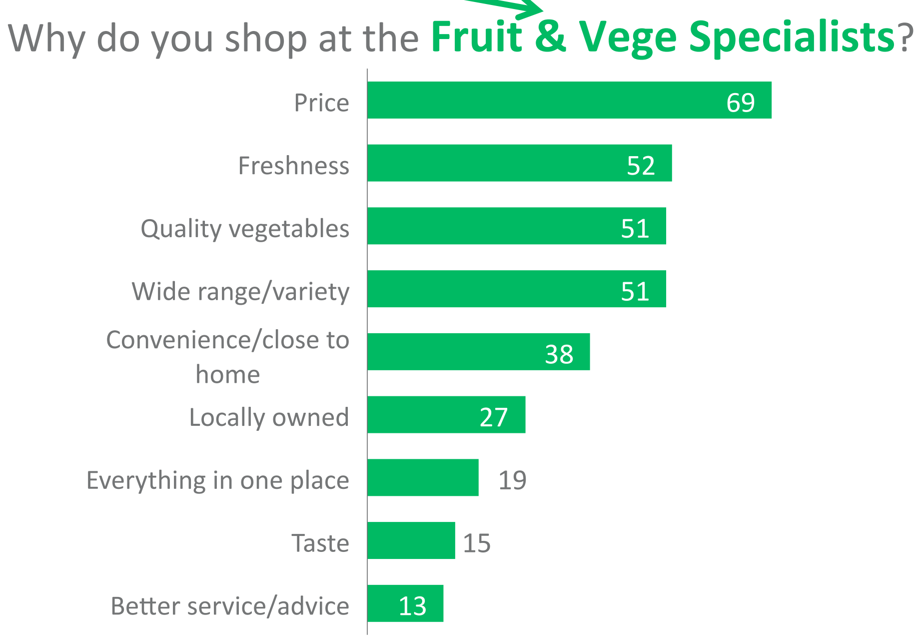
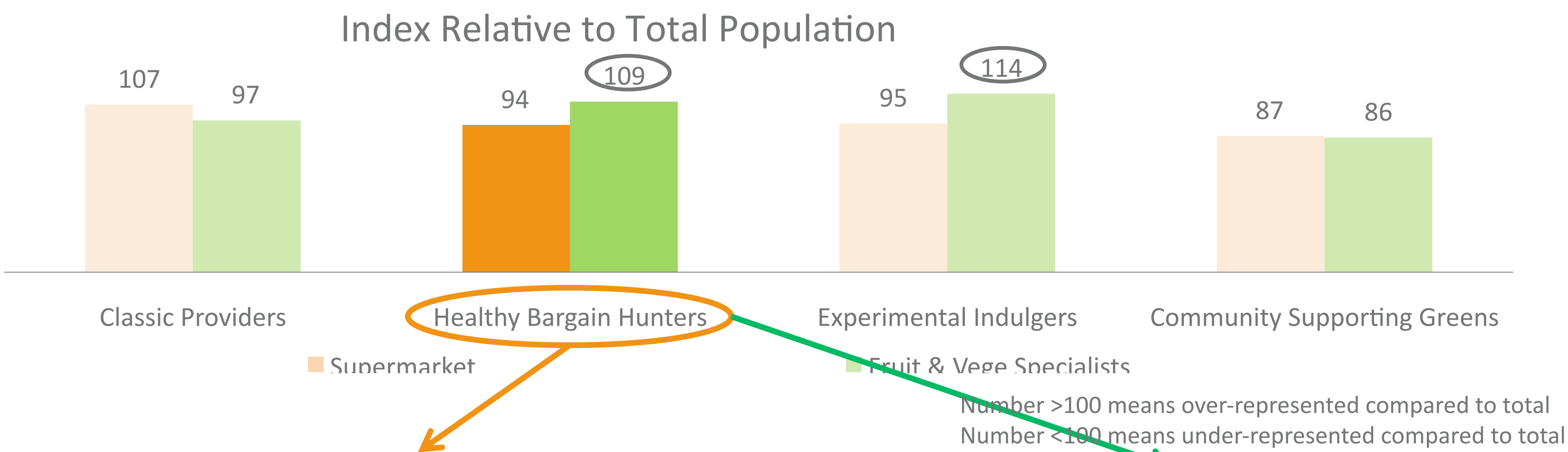


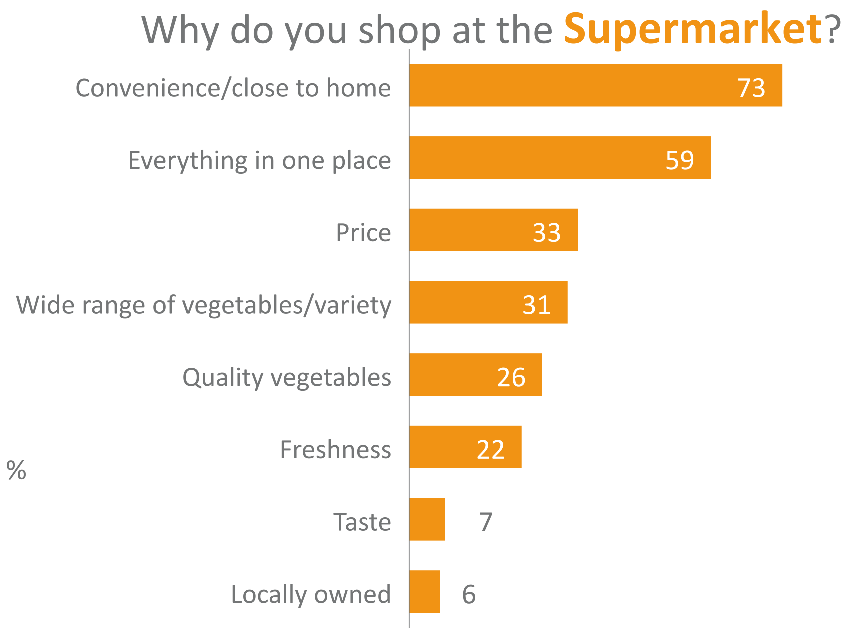


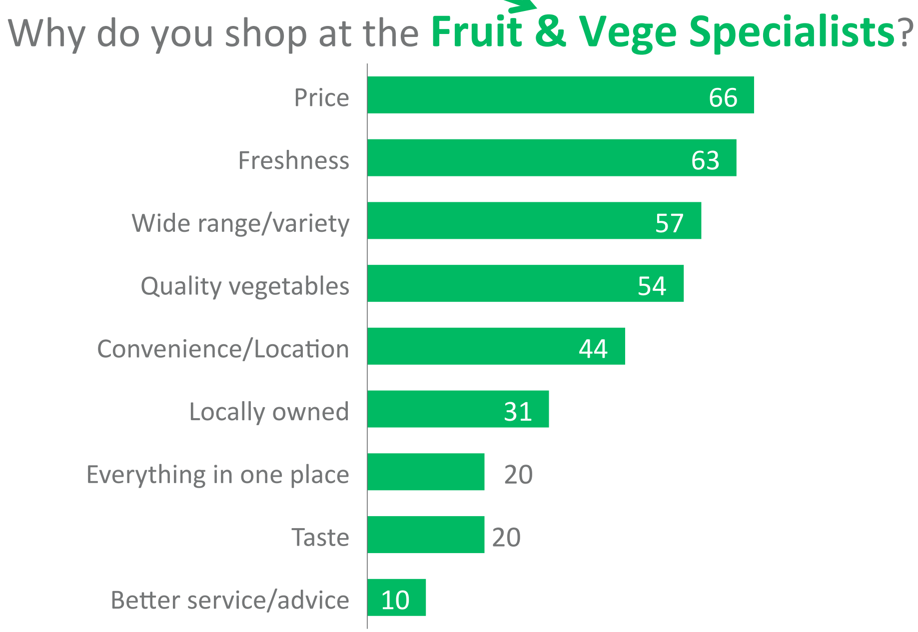
Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Healthy Bargain Hunters shop at the supermarket for convenience. They are mainly motivated by price and freshness when they visit the green grocer.



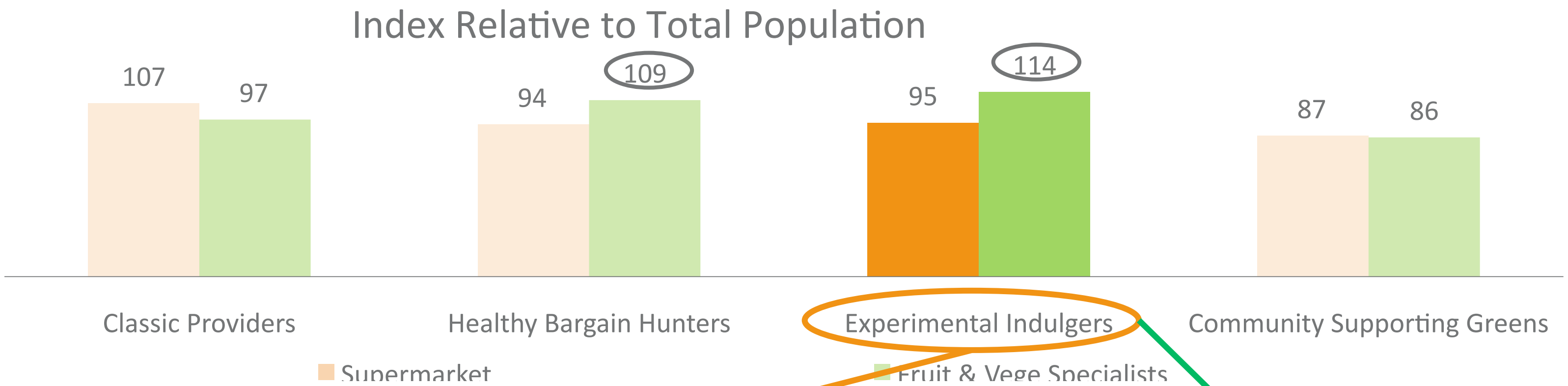




Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Experimental indulgers shop at the supermarket for convenience. The key reasons they shop at the green grocer is price.



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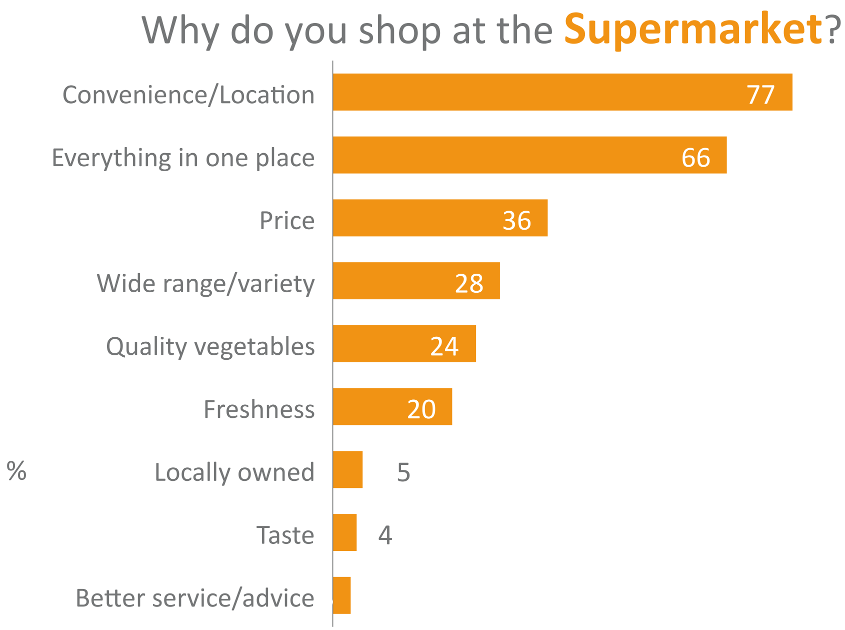
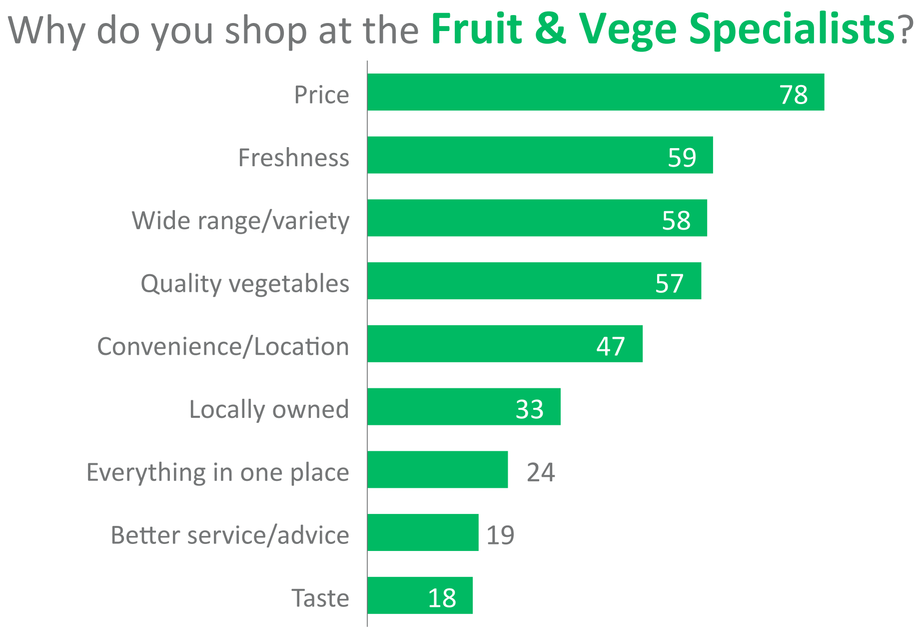
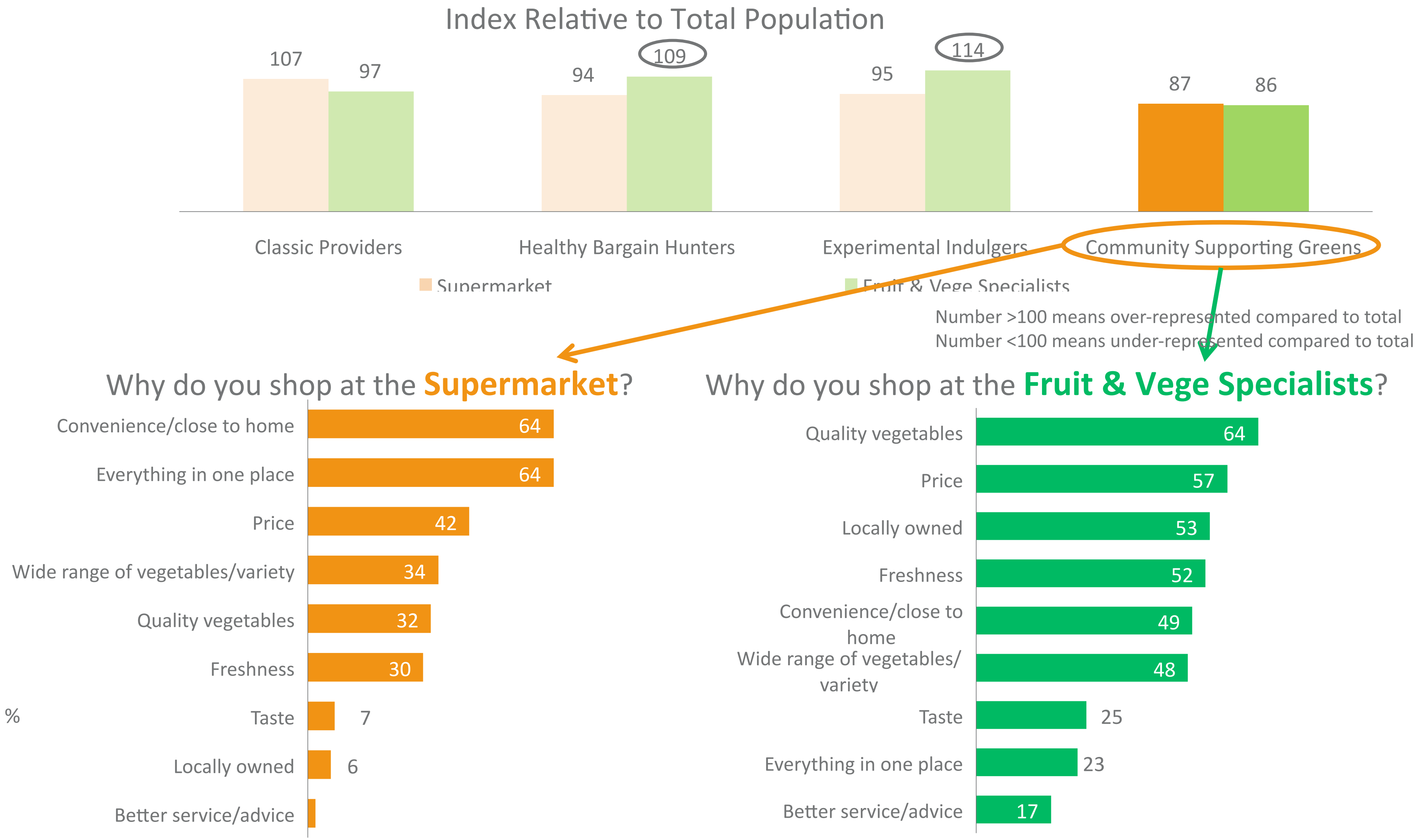




Homescan Data to MAT 23 May 2010

Result relatively higher than expected

Experimental indulgers shop at the supermarket for convenience and because they have everything in one place. The key reasons they shop at the green grocer is quality vegetables.



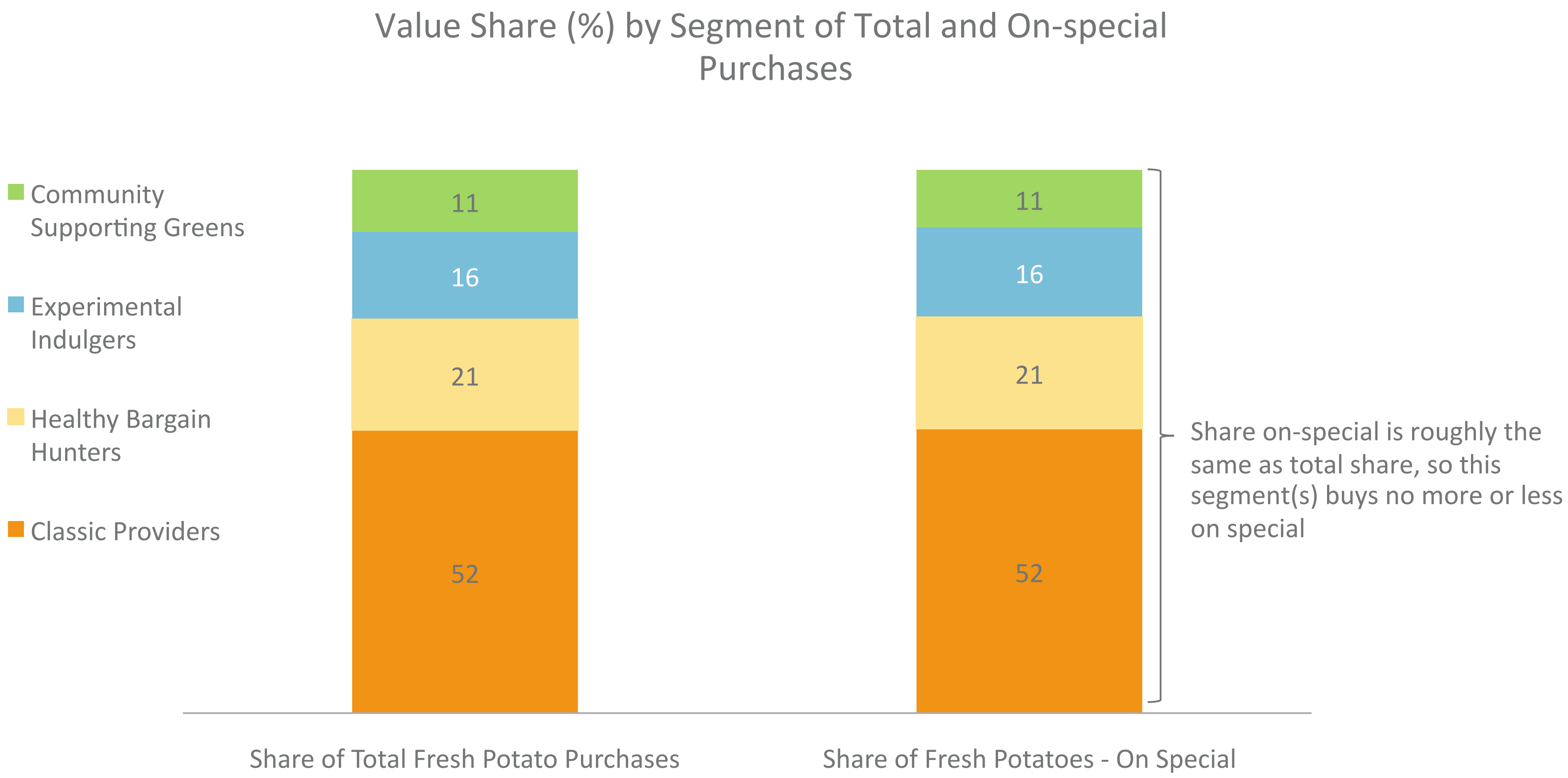
Homescan Data to MAT 23 May 2010

Result relatively higher than expected

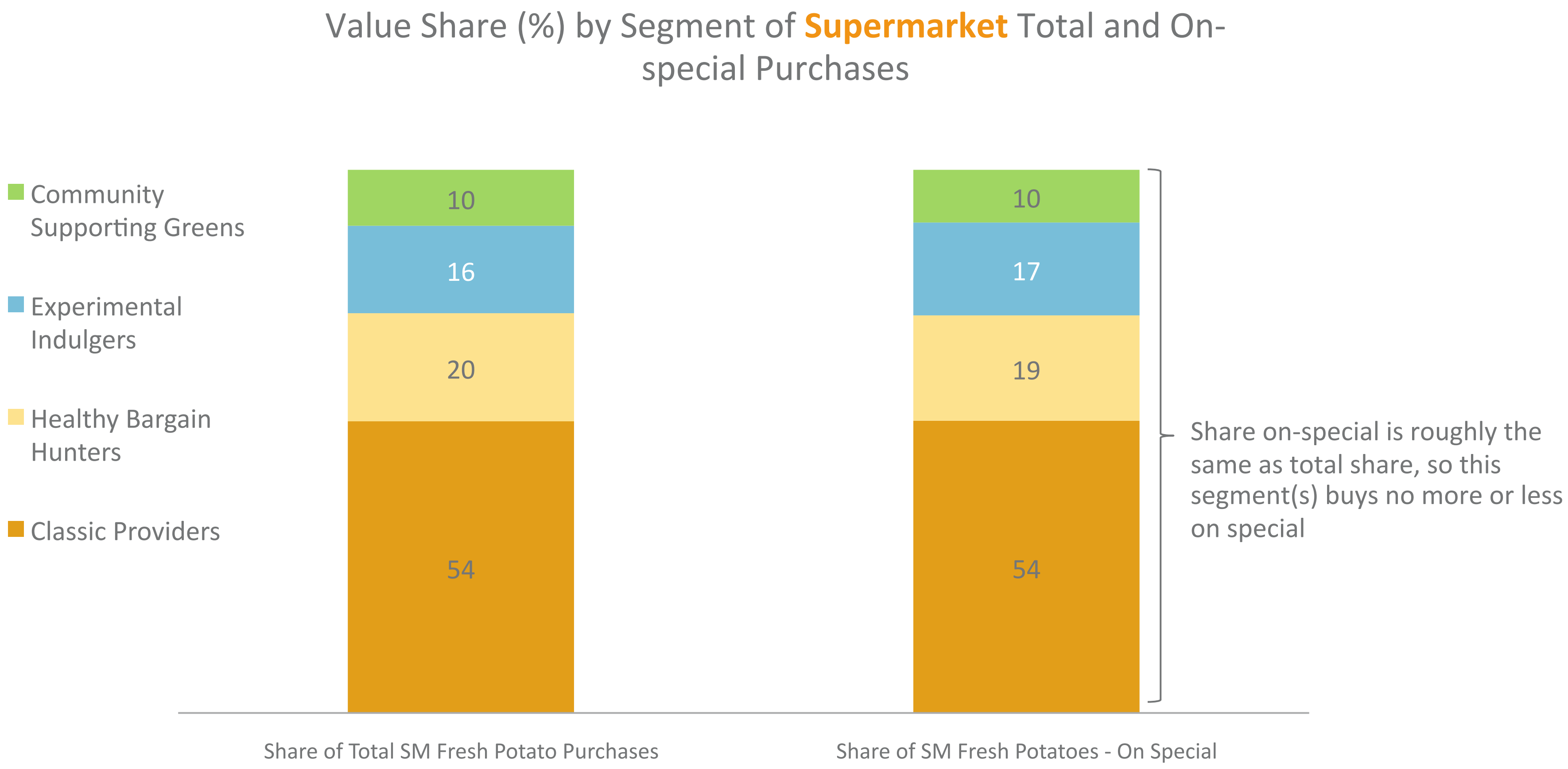
B: Key results and insights

iv: Segments of Potato Consumers – Purchasing Behaviour on Special

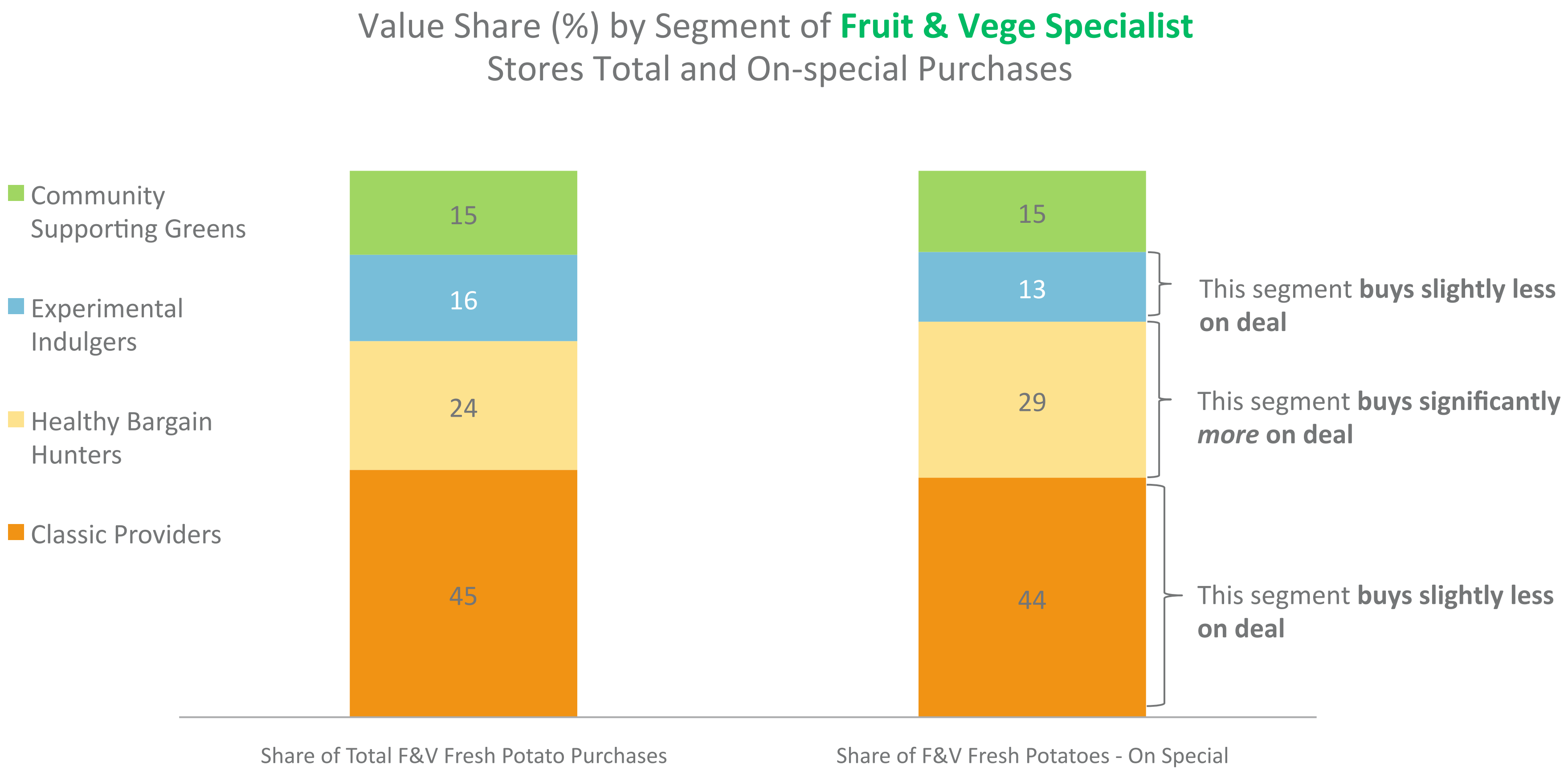
No segment is significantly more likely to buy on-special.



No segment is significantly more likely to buy on-special.



Healthy bargain hunters buy significantly more on special at fruit and vegetable specialists



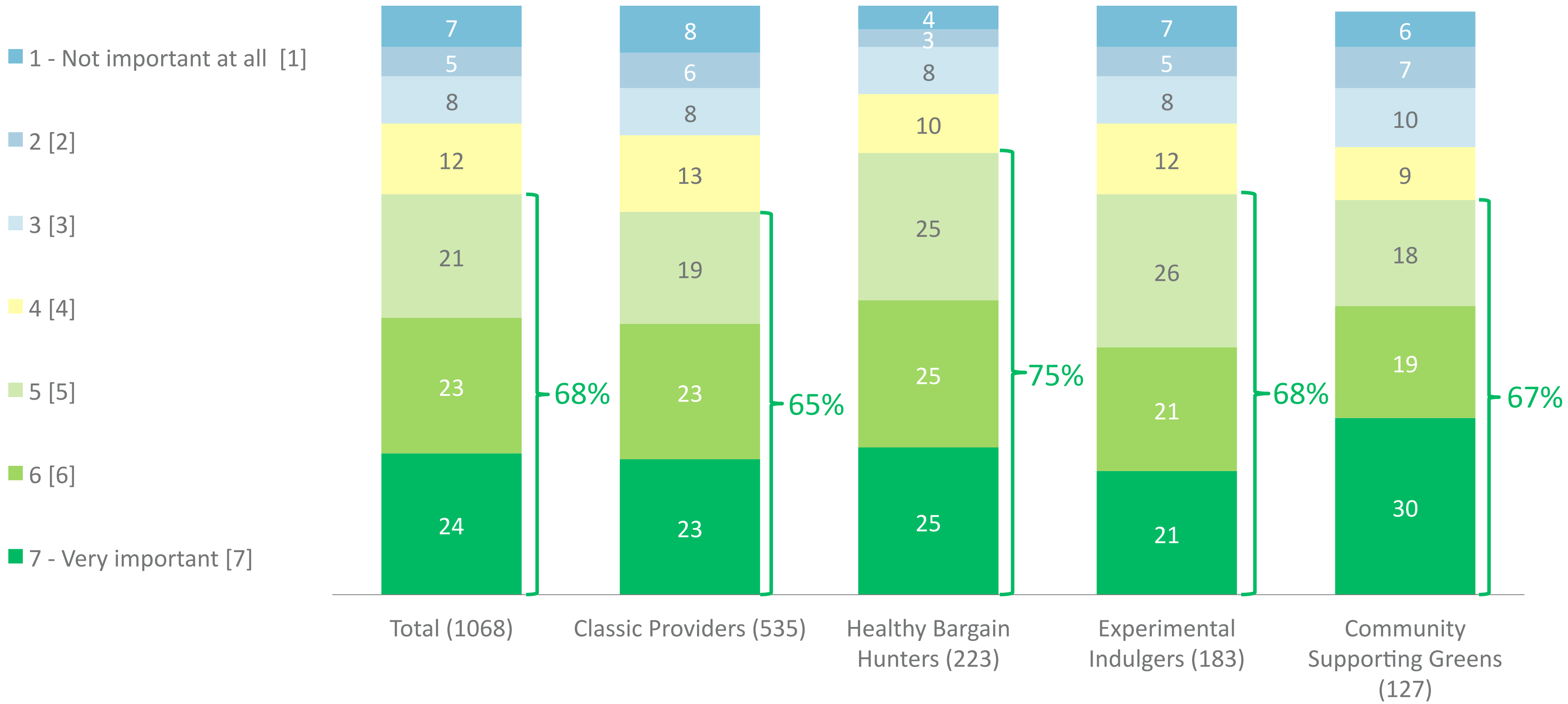
B: Key results and insights

iv: Segments of Potato Consumers – Labeling

Almost all respondents are aware that some potatoes have specific cooking purposes. Two thirds of consumers believe labeling of specific cooking purpose is important, this is particularly the case with Healthy Bargain Hunters.

98% of respondents were aware that some potatoes have **specific cooking purposes**

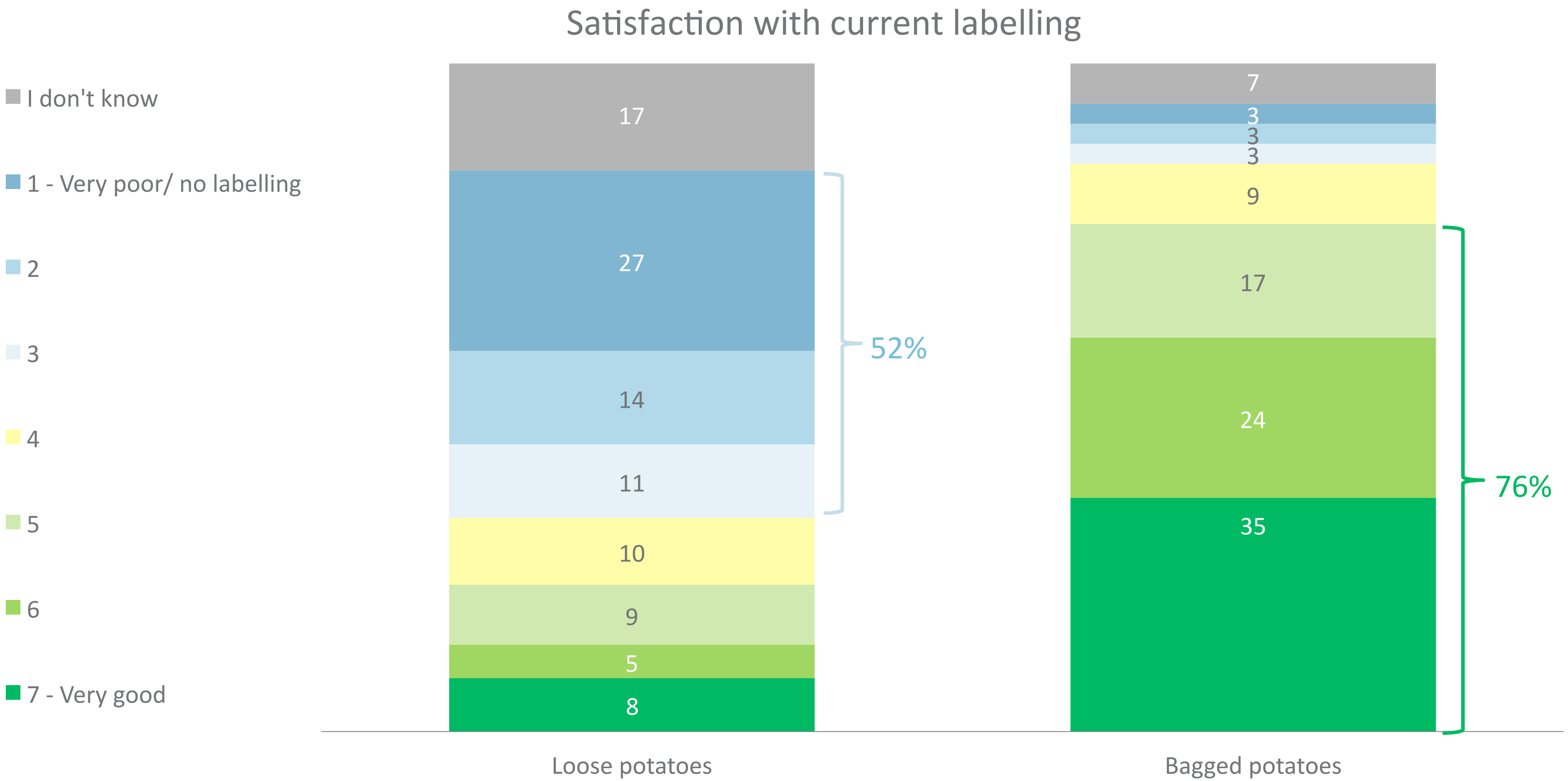
Importance of specific cooking purpose labelling



%

Base: Online survey, all respondents (n=1087)

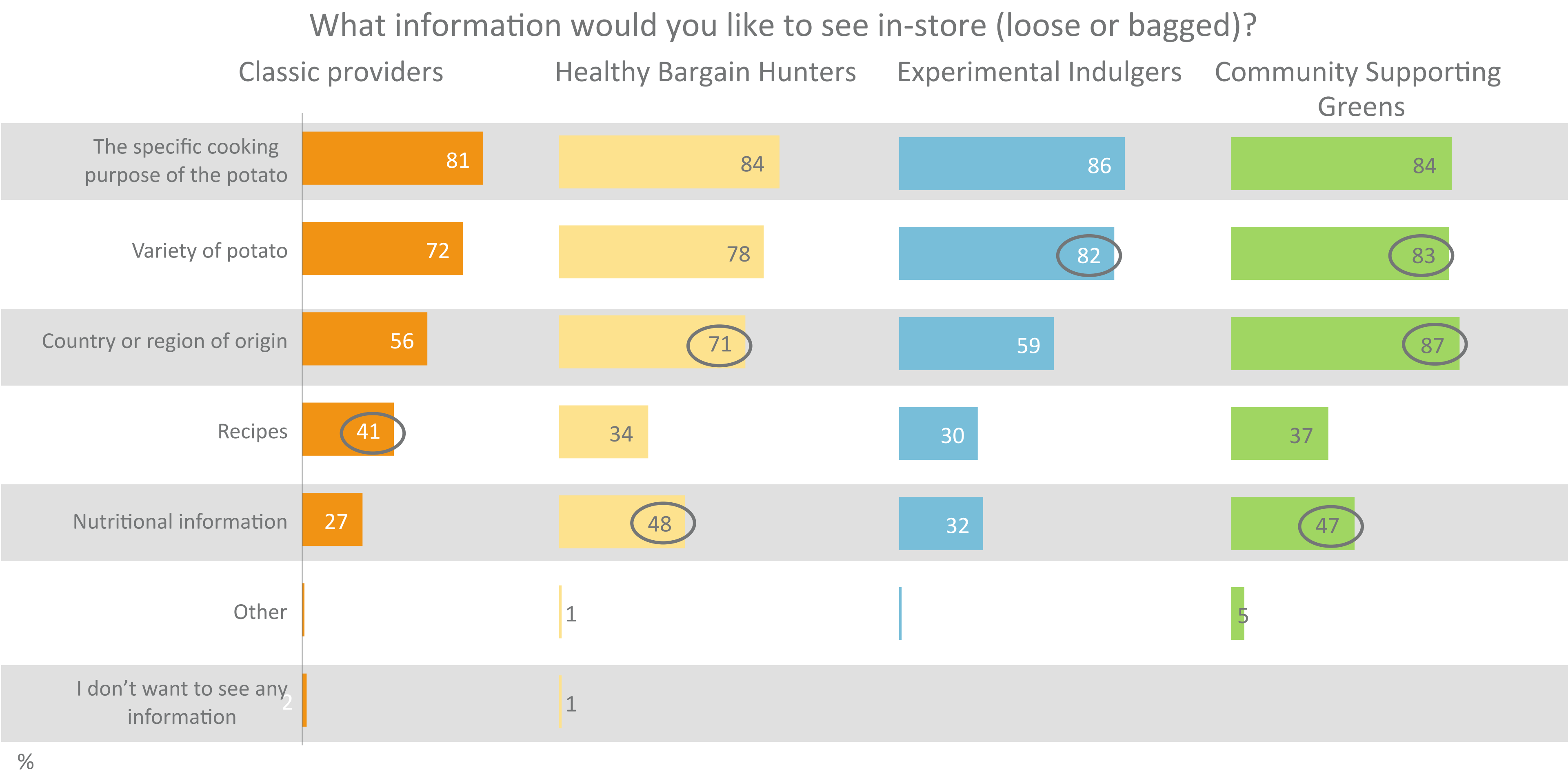
Over half are dissatisfied with the labeling on loose potatoes (remembering, loose potatoes account for 39% of sales). Most people are satisfied with the way bagged potatoes are labeled.



%

Base: Online survey, all respondents (n=1087)

When asked what information respondents would like to see in store, country of origin was important for Healthy Bargain Hunters and CSG's, as was nutritional information.



Base: Online survey, all respondents (n=1087)