



Know-how for Horticulture™

SUMMER STONEFRUIT

ANNUAL DOMESTIC MARKETING
REPORT

2009-2010

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INTRODUCTION

This report is a review of the 2009-2010 summer stonefruit domestic marketing campaign. All programs outlined in this document were recommended in the endorsed summer stonefruit domestic annual marketing plan for 2009-2010 last year.

An analysis of the programs has been made and recommendations have been put forth.

Analysis and recommendations in this report will be considered when drafting the 2010-2011 summer stonefruit domestic annual marketing plan.

MARKETING OBJECTIVES

1. To educate the public on proper selection, handling and storage practices to maximize eating quality
2. To increase purchase of summer stonefruit particularly in the period: January to March
3. To build awareness and excitement of the start of the summer stonefruit season
4. To build awareness of the new summer stonefruit logo and tagline

TARGET MARKET

Primary Target Market

The summer stonefruit industry generally has to penetrate the market all across main grocery buyers as there is a potential to increase this area to lift total dollar sales.

Secondary Target Market

Chefs, foodies
Media

Presence in this market segment will call attention to summer stonefruits being in season.

MARKETING STRATEGIES AND ACTIVITIES

Product Strategy

Consumer Research Study – SF09021

A consumer research study is required to better understand consumer preferences for each of the summer stonefruits. The results of this study would provide enough data for the industry to be guided on the varieties / production quality to be grown in the long term and to take stock on existing varieties and best practices that may meet or closely meet consumer preference criteria.

It is important that the industry defines the areas and/or type of information that is required before a service provider is commissioned. A workshop was to be conducted to develop this outcome. Workshop participants would have been carefully selected based on their ability to strategically review and foresee:

- Industry needs to move forward in this area
- The realistic application of the study outcome
- Communication requirements for the industry and its members to fully embrace and apply the findings on this study

Outcome

With the limited R&D funds, this workshop and study has been put on hold.

Key Learning and Recommendation

Should more R&D funds be made available, it is recommended that the industry review the need for this study.

Marketing Communication Strategy

The entire campaign has been designed in three phases across five years as indicated in the 5-year Strategic Plan. This first year's campaign revolved around "Back to Basics: Introduction to Summer Stonefruit".

Creative Development – SF09501

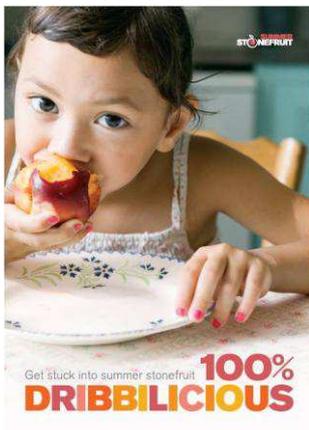
The materials used in the 2008-2009 were the same materials used in this season.

In addition, forward planning considerations were made for photo requirements.

Outcome

The following materials were developed:

A3 Poster



A3 Post



Trade Presenter



Wobbler



Recipe Booklet



Photos for next season – recipe shots



Chinese Stir Fry with Plums



Grilled Peaches with Vanilla Ricotta



Nectarine Waffles



Nectarine and Honeycomb Ice Cream



Peach and Ham Crispbreads

Key Learning and Recommendation

Creative materials will be reviewed. Should budget permit, new recipes will be used in the recipe booklets and Con the Fruiterer (summer stonefruit industry ambassador) will be used in the poster (to replace the little girl eating a nectarine). Using Con the Fruiterer will add more synergy with the PR campaign. Should budgets be limited, the same materials will simply be re-printed.

PR Campaign – SF09502

To put peaches, nectarines, apricots and plums in the news, legendary comedian 'Con The Fruiterer' made a comeback as the campaign's ambassador promoting how dribbilicious Australian summer stonefruit is and how to select and store them. To give Con a valid reason for his come-back and increase the news-worthiness of the campaign, Newspoll research was commissioned showing Australians aren't eating enough fruit. Con says it's time to turn this around and that we all need to get stuck in to 'bewd-i-ful' peaches, nectarines, plums and apricots.

PR Campaign Objectives:

- Achieve 100 positive stories in digital, print and broadcast media nationwide including at least 4 major TV hits
- Achieve an average message rating of 3 out of 5 with each of the following 5 elements scoring 1 point each:
 - Dribbilicious
 - Get Stuck In
 - Serving suggestion
 - Image (except in the case of radio)
 - Mention of summer stonefruit and/or peaches, nectarines, plums and apricots
- Achieve a 'known' audience reach of at least 12 million (NB. Audience figures are often unavailable in the online space)

Outcome

| Media Type | Hits |
|---|------------------------|
| Television (Target: 4) | 10 |
| News Wires | 1 |
| Newspapers | 28 |
| Supplements | 16 |
| Radio | (30 Con interviews) 38 |
| Magazines | 27 |
| Online | 32 |
| Total Campaign Hits (Target: 100) | 152 |
| Average Message Rating (Target: 3) | 3 |
| Known Audience (Target 12M) | 14,791,817 |

Key Learning and Recommendation

Con the Fruiterer has proved to be an effective communication vehicle for the industry messages. With his popularity with media, the trade and ultimately the consumer, it is recommended that a bigger and more long-term campaign, using Con the Fruiterer as the industry ambassador, be considered.

The results of the campaign have been exceptional despite the late endorsement of the campaign. An earlier endorsement for longer lead-times would provide a more than exceptional outcome.

On-Farm Staff Training – SF09022

Training for retail education, merchandising and sampling staff was conducted in 2 phases.

Phase 1

The on-farm staff training consisted of providing the staff with a first-hand experience with summer stonefruit. They were toured around the farm and facilities so that they saw the process: fruit on the tree, fruit being picked, washed, sorted and packed. This gave the staff a better appreciation of the industry to build more passion in their role as trade educator, merchandiser and demonstrator.

NSW staff on-farm training was held on 9 November 2009 at Nicolson's Orchard in Glenorie, NSW. Colin Nicolson was quite helpful in providing an overview of his operations to the staff.



There was no farm within an hour's drive from Melbourne. Consequently, Victoria staff had their training at the Montague Fresh Narre Warren packing site. Rowan

Little and Gavin Wylie provided a good overview of the summer stonefruit farming and supply chain process.

Queensland on-farm training was cancelled due to the unavailability of Mark Dann who originally agreed to provide his farm for the training.



Phase 2

NSW, VIC and QLD staff had a face-to-face training and briefing as a refresher course of the farm/facility visit and to cover all key messages and operational requirements. Training was conducted on 12 January 2010. Other states had on-line and video training. All staff had to take an online test before they could be qualified to conduct any summer stonefruit activity.

Outcome

The effectiveness of the training was clearly seen in the outcome of the Retail Education program as well as the Sampling Program. The staff was armed with first hand information and was able to communicate best practices to retail staff as well as communicate industry messages to consumers in a more credible manner.

Key Learning and Recommendation

As this was an investment in the training of the staff, on-farm/facility training is not required each year. It is expected that a similar roster of staff will be used for next season. The phase 2 training would suffice for next season.

Merchandising and Retail Education – SF09020

Retail education and merchandising were conducted with a total of 3 45-minute visits to each store within the season.

Coverage Target 205 green grocer and independent (IGA) stores

Trade Educators / Merchandisers were armed with an Education Flyer which indicated all key facts and messages of the industry to communicated best practices in selection, handling and storage. Stores were encouraged to install their copy of the flyer in their backroom facilities for easy store staff reference.

Merchandisers also installed POS materials in these stores. In subsequent visits, key messages on best practices were reviewed and merchandising materials were re-installed if not displayed at the time of visit. A survey was done to gather findings on store practices.

Keeping Summer Stonefruit DRIBBILICIOUS



The Summer Stonefruit season for 2009/2010 has arrived and to make the best use we've prepared the simple rules guide. Here are a few tips on what to look out for this season when selecting the best stonefruit for your customers and the best way to store it to keep it 100% dribblicious!

Selection

Step 1: Look

The sweetest peaches and nectarines have small white spots (sweetholes) on the top half. Plums and nectarines come in a range of colours and generally become full just before they are ready to eat.

Apples vary from yellow to orange with a red 'blush'. Wait until they look very green.

Fruit with a bright green background colour is immature and will NOT ripen to customer satisfaction.

Remember: Fruit should be clean and free of bruise.

Step 2: Smell

Fruit should have a delicate sweet fragrance.

Step 3: Taste

Test the fruit daily to check its eating quality. If it's very firm and acidic to taste, the fruit is immature. If it's dry or mealy it has been stored at the incorrect temperature.

Step 4: Touch

Stonefruit is best just as it starts to soften and should 'give' slightly when squeezed.

Storage

Where possible, use stonefruit should be stored between 0-2°C. If you don't have facilities to store fruit at this temperature, store at room temperature and only keep enough for 5-8 days of sales.

Storage Temperatures



Handle Fruit Carefully

- Stonefruit bruises easily - minimise handling by displaying in the original trays. Avoid stacking fruit more than 2 deep when loose.
- Fruit which has been bruised by squeezing or dropping should be discarded.
- Brown 'flesh' is a fungal disease usually found around the stem. Discard fruit with brown rot as it can transfer to other fruit.

Problems

- Report any quality problems to your supplier or distribution centre, especially:
 - The fruit looks immature.
 - The fruit is sour and lacks a ripe aroma.
 - If a tray has more than a few pieces of bruised fruit.
 - If a tray has more than a few pieces of fruit showing fungal decay.



For more information visit www.stonefruitaustralia.com.au or email info@stonefruitaustralia.com.au



Outcome

| Findings | Visit 1 Nov | Visit 2 Jan | Visit 3 Feb |
|--|----------------|----------------|----------------|
| Number of stores covered | 155 | 194 | 186 |
| Stores that knew how to handle summer stonefruit and select a ripe fruit | 95% | 99% | 99% |
| When not displayed, stored at 0-2 degrees | 36% | 57% | 67% |
| When not displayed, stored at 3-5 degrees | 30% | 29% | 24% |
| When not displayed, stored at room temperature (no cold storage) | 20% | 14% | 9% |
| Stores rated Excellent - Good understanding of all points in the flyer | 46% | 57% | 66% |
| Stores rated Good - Good understanding of most points in the flyer | 49% | 42% | 35% |
| Stores rated Poor - Poor understanding of at least half of the points in the flyer | 5% | 1% | 3% |

Fewer stores were covered due to delays from IGA on their approved store list. Other stores not covered due to their unavailability or preference not to participate in the program.

Key Learning and Recommendation

The store list is constantly being updated and reviewed for better store screening. With this exercise, a more refined list of quality stores (good store practice, good quality fruit, cooperative with programs, store traffic) will be generated for next season. For next season, an alternative list should be developed to cover drop out stores in the preferred list.

A review of the materials should be conducted to ensure maximum acceptance/usage by stores.

Independent Store Sampling Program – SF09503

This program was conducted in 2 phases:

Phase 1: Week of 12 Jan 2010 to Week of 9 Feb 2010
Phase 2: Weekend of 20 Feb 2010 to Week of 2 March 2010
Target number of stores: 205
Target number of sessions: 615 (3 4-hour sessions per store)

Outcome

The sampling program commenced the week of 11 January 2010 nationwide. Upon the request of the WA growers, sampling in WA initially started in 1 December 2009 but was postponed due to feedback from stores and demonstrators that there was a lack of quality summer stonefruits in the market. It was agreed with the WA summer stonefruit industry c/o Mark Wilkinson that all sampling activities with WA green grocers and independents be postponed to January 2010.

A total of 204 stores were covered throughout the program with a total of 627 sessions. 68,500 consumers sampled summer stonefruit, with an average of about 109 consumers per 4-hour session. Total number of consumers who made a purchase was 52,500. Conversion of consumers who sampled to those who purchased was 77% which is well above the last year's rate of 63%.

Key Learning and Recommendation

Continue sampling demonstrations in independent stores as they comprise the highest market share amongst all trade channels.

Coles Sampling Program – SF09504

The sampling program with Coles covers 133 stores each receiving 2 x 4 hour sampling sessions. This is a total of 266 sessions.

Outcome

Upon the request of WA growers, sampling in WA was conducted in December 2009.

The program for the rest of the country commenced on the week of 18 Jan 2010 and ended on the week starting 9 February 2009 (4 weeks). Upon the request of Coles, the agency, Retail Activation, arranged for Nestle to sponsor ice cream to pair with

summer stonefruit during sampling sessions. Consumers were given the option to sample summer stonefruit on its own or with ice cream.

A total of 133 stores were covered throughout the program with a total of 266 sessions. 31,000 consumers sampled summer stonefruit, with an average of about 116 consumers per 4-hour session. Total number of consumers who made a purchase was 19,200. Conversion of consumers who sampled to those who purchased was 62%.



Key Learning and Recommendation

If budget permits, co-sponsorship of this program should be planned out with longer lead times to allow for other companies (such as Nestle) to participate and provide funding to expand the program coverage. More innovative pairing should be reviewed for a better outcome.

Woolworths Fresh Look at Summer Program – SF09505

The summer stonefruit industry participated in Woolworths' annual Fresh Look At Summer Promotion. This is a 6 week program where fresh produce available in summer are sampled to Woolworths customers. The program started on the week of 11 January 2010. Summer stonefruit was sampled in 745 4-hour sessions. Half of the sessions were conducted in the week starting 11 January which featured yellow, ripe & ready



and white peaches. The week commencing 1 February featured yellow, ripe & ready, honey sweet and white nectarines. Black diamond plums and mangoes were also sampled in this week.

Woolworths featured summer stonefruit as follows:



Summer stonefruit logo to be printed in all demonstration tables throughout the program for all 6 weeks.

1 page out of an 8-page consumer leaflet featuring summer stonefruit - please note that the cover page is on summer stonefruit



Minimum of 2 catalogue advertisements featuring summer stonefruit

Other summer stonefruit features using various mediums for the 6-week program



Outcome

There were a total of 69,024 consumers who participated in both sampling weeks. There was an average of 92 consumers per 4-hour session. A total of 528 Woolworths stores were covered. Higher than the expected 333 stores. Total summer stonefruit volume sales increased by 4.1% compared to last year.



Key Learning and Recommendation

The "Fresh Look at Summer" promotion is quite effective in lifting sales for summer stonefruit, considering Woolworths is the second largest trade channel next to the independents and the largest trade channel for nectarines. A comparative analysis of sampling efforts for summer stonefruit is as follows:

| | Independents | Coles | Woolworths |
|--------------------------------|-------------------------------|----------|---------------|
| Investment | \$110,863.59 Sampling only | \$50,000 | \$75,000 |
| # of stores covered | 204 | 133 | 528 |
| # of sessions covered | 627 | 266 | 745 |
| Participating consumers | 68,500 | 31,000 | 69,024 |
| Average # of consumers/session | 109 | 130 | 92 |
| Cost per consumer | \$1.62 | \$1.61 | \$1.09 |
| Conversion rate | 77% | 62% | Not available |

| | Independents | Coles | Woolworths |
|--|---|---|---|
| Sales growth | Not available | No accurate data provided | 4.1% |
| Overall stonefruit sales growth ¹ | 10.14% | 19.25% | 5.80% |
| Share of trade as of 17 Apr 2010 | 30.2% | 20.2% | 33.9% |
| Share of trade as of 18 Apr 2009 | 29.2% | 18.2% | 34.2% |
| % Change in share of trade | 3.4% | 11% | -1% |
| Comments | No available sales data. Use of industry materials throughout the season. Sampling sessions were also used to top up POS materials. | Use of industry materials only during sampling. | Provided advertising support. No use of industry materials except for logo for 6 weeks. Organised by WOW. Cost effective due to economy of scale (shared with other fresh products) |

¹ Based on Homescan data – 6 months ending 17 April 2010

BUDGET VS. ACTUAL COST

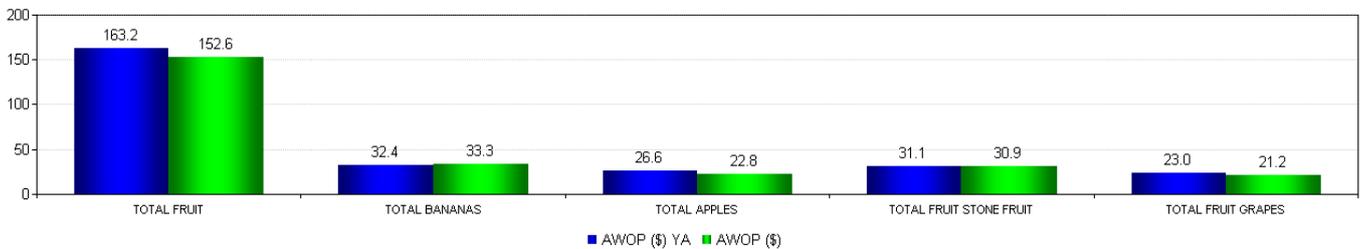
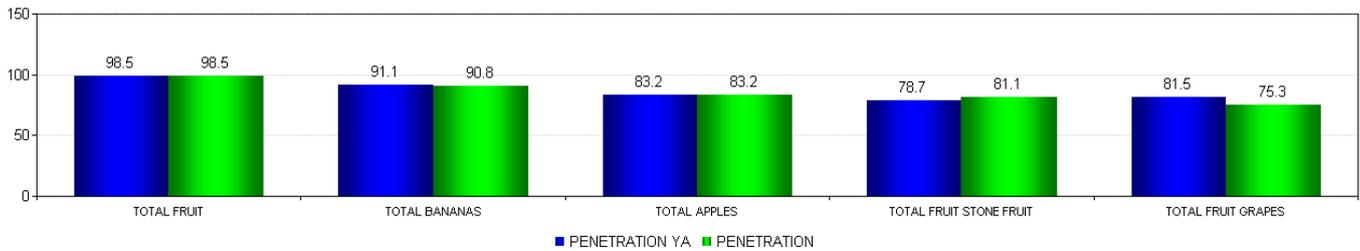
| Project Code | Activity | Budget | | Actual Cost | Variance | Comments |
|-------------------------------|---------------------------------|----------------|---------------|-------------------|------------------|---------------------------|
| | | Mktg | R&D | | | |
| SF09021 | Consumer Research Workshop | | 5,000 | - | 5,000 | |
| SF09501 | Creatives | 50,000 | | 48,992.41 | 1,007.59 | |
| SF09502 | PR | 93,500 | | 80,862.92 | 12,637.08 | Additional 23.5K endorsed |
| SF09022 | On-Farm Training | 10,600 | 2,700 | 7,324.50 | 5,975.50 | |
| SF09020 | Retail Education & Merch | 20,500 | 20,500 | 36,855.90 | 4,144.10 | |
| SF09503 | Sampling – Independents | 115,000 | | 110,863.60 | 4,136.40 | |
| SF09504 | Sampling – Coles | 50,000 | | 48,278.79 | 1,721.21 | |
| SF09505 | Woolworths Fresh Look at Summer | 75,000 | | 75,000.00 | - | |
| | Contingency | 8,900 | | - | 8,900.00 | |
| TOTAL Marketing Levies | | 423,500 | | 408,178.12 | 43,521.88 | |
| R&D Levies | | | 28,200 | 388,285.27 | 35,214.73 | |
| | | | | 19,892.85 | 8,307.15 | |

MARKETING PLAN EVALUATION

The overall Summer Stonefruit Marketing Campaign was quite a success. In addition to direct outputs from each program, the overall outcome of the campaign is reflected, to a certain extent, to the overall performance of summer stonefruit in the market.

Fresh produce as a whole was down this year. Stonefruit (summerfruit and cherries) and bananas are the only categories with positive growth particular within the stonefruit season. Stonefruit penetration (households that purchased stonefruit within the period) increased by 3%.

What are the key consumer drivers of sales? - Brand Health - Value
ALL SHOPPERS - AUS - HALF YEAR TO 17/04/2010 - BASED ON VALUE (\$'000'S)/1000

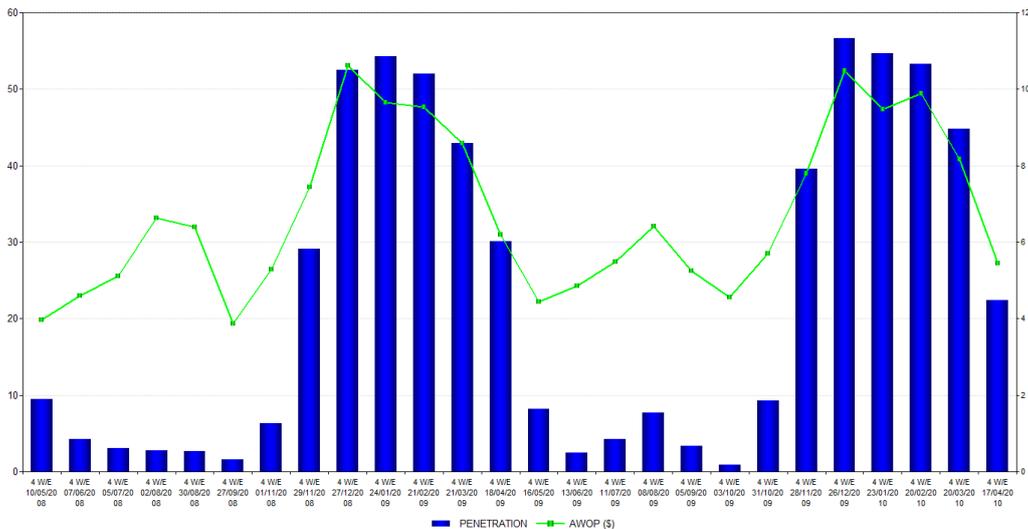


Source : ACNielsen Homescan Australia

\$ sales growth for each category between the half year to 17 April 2010 compared to the same period last year are as follows:

| Fruit Category | \$ Sales Growth |
|----------------|-----------------|
| Total Fruit | -6% |
| Bananas | 2% |
| Apples | -14% |
| Stonefruit | 2% |
| Citrus | -3% |
| Grapes | -15% |

How are the key consumer drivers of sales changing over time? - Brand Health - Value
ALL SHOPPERS - AUS - TOTAL STONE FRUIT - BASED ON VALUE (\$000'S)/1000



Source : ACNielsen Homescan Australia

The chart above shows how stonefruit penetration and AWOP were higher this season starting in October onto the 4 weeks ending 21 March. Within this period, penetration increased by 4.5% and an increase in \$ sales of 6%. Penetration and AWOP dropped much lower the following month.

ACKNOWLEDGMENT

Thank you to the following who have substantially contributed to this year's campaign:

Marketing Sub-Committee

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