AUSTRALIAN CONSUMER MARKET OVERVIEW

CHANEL DAY

18th Australian Almond Conference

Pullman Hotel Melbourne, Albert Park, Victoria

October 30th - November 1st, 2018

Hort Innovation
SUPPORTED BY:
Horticulture Innovation Australia Ltd

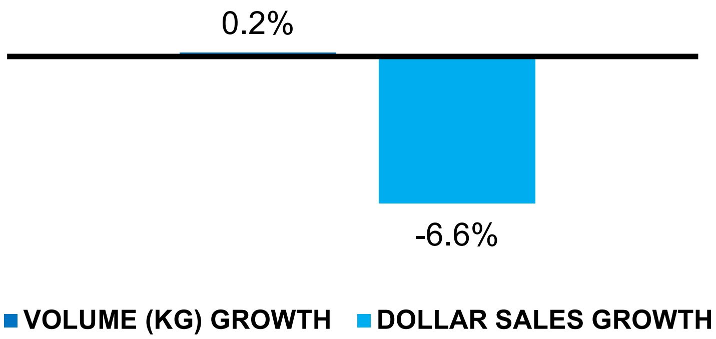
australian almonds
ALMOND BOARD OF AUSTRALIA
HOSTED BY:
The Almond Board of Australia

AUSTRALIAN ALMOND CONFERENCE 2018

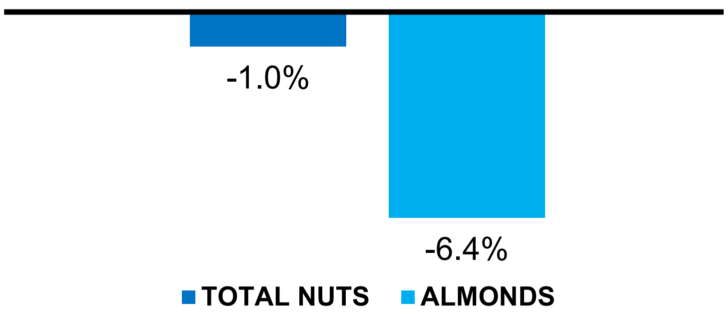
SHOPPERS PAID LESS FOR ALMONDS OVER THE YEAR

Lower prices driving category value lower

ALMOND SALES GROWTH



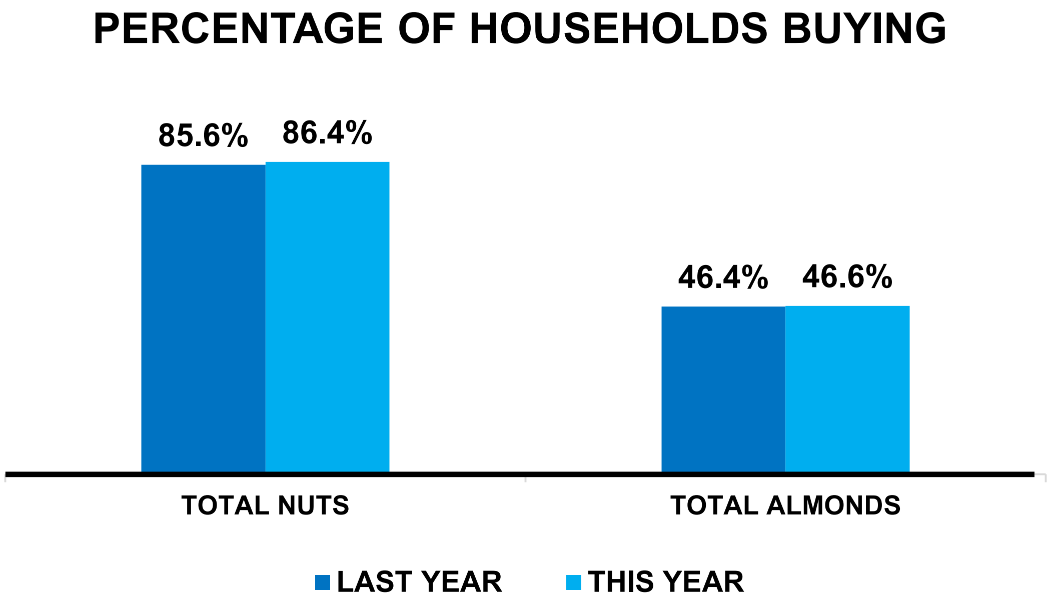
ALMOND PRICE CHANGE



Source: Nielsen Homescan 52 weeks ending 11/08/2018

PRICE ALONE NOT THE KEY TO INCREASING SHOPPERS

Despite lower prices the percentage of households buying almonds remained stable

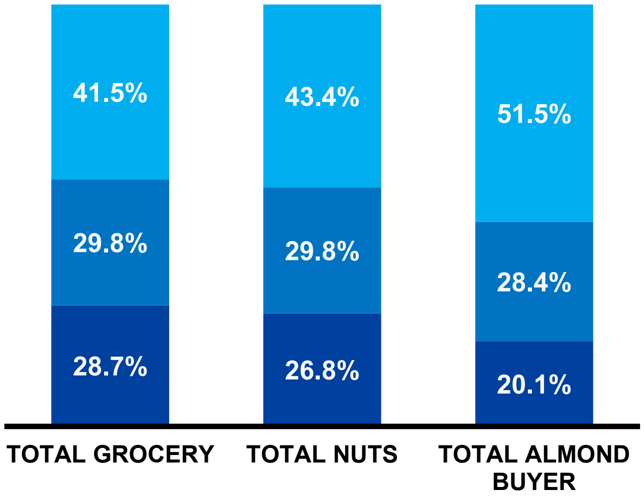


Source: Nielsen Homescan 52 weeks ending 11/08/2018

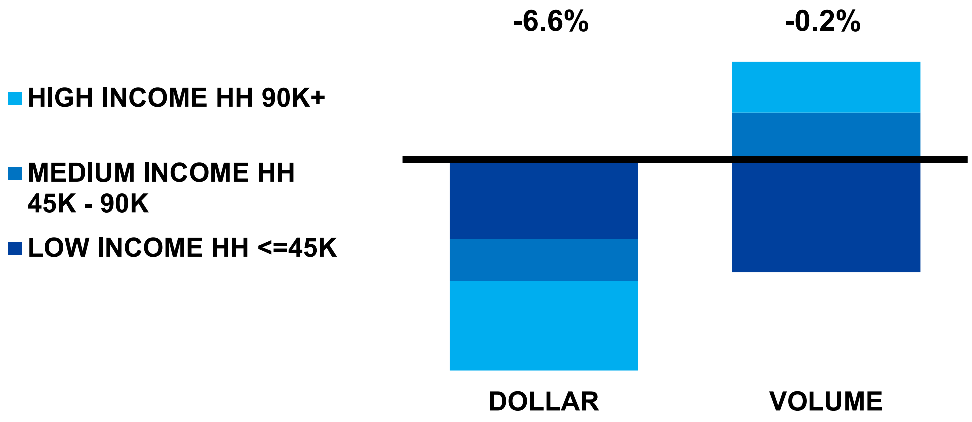
ALMONDS APPEALING TO HIGH INCOME HOUSEHOLDS

These higher income households driving volume growth

DOLLAR SALES DISTRIBUTION



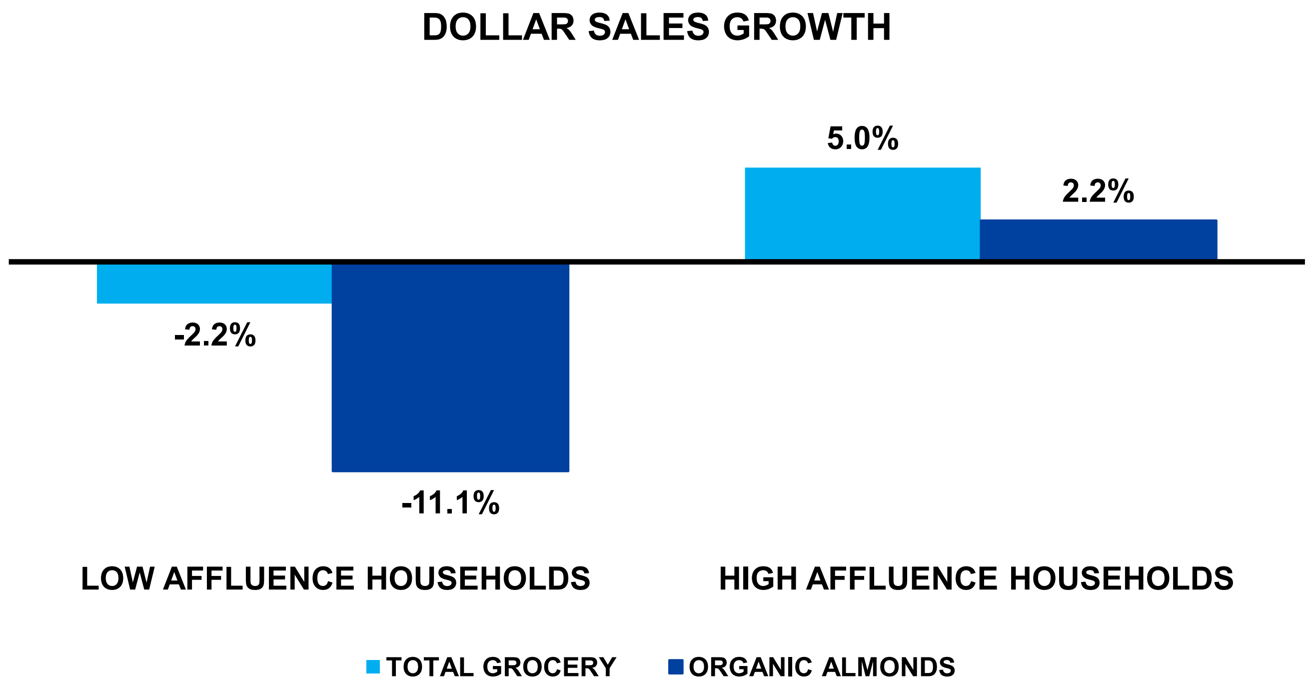
DRIVERS OF CHANGE



Source: Nielsen Homescan 52 weeks ending 11/08/2018

THE INFLUENCE OF AFFLUENCE

There are differences in how households of varying affluence buy



Source: Nielsen Homescan 52 weeks ending 06/10/2018

CONSIDER PREMIUMISATION

Targeting high affluence shoppers with attributes they value

BRANDED PRODUCTS

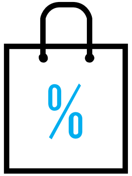
- Environmentally friendly, sustainably grown, clean, transparent
- Tell your story – provenance
- Premium, higher quality positioning

NEW PRODUCT DEVELOPMENT

- Organic almonds
- Almond flour – carbohydrate replacement
- Convenience options, for kids or snacks

DIFFERENT LEVERS FOR LESS AFFLUENT SHOPPERS

Think differently about the needs of these price sensitive shoppers



PROMOTIONAL STRATEGY

- **40%** of Australian grocery sold on promotion
- Research to better understand
  - Optimal price points
  - High / low versus EDLP strategies

PACK SIZES

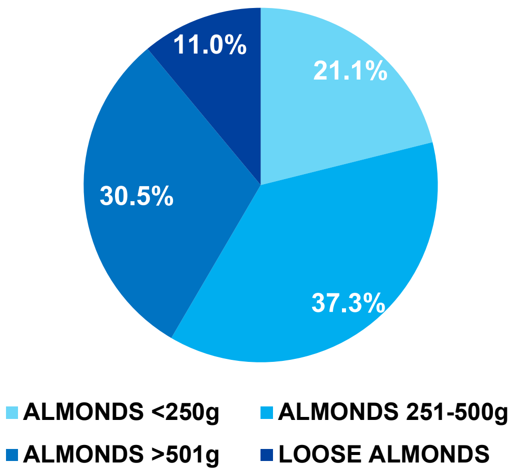
- **16.7%** growth for packs 501 gram plus
- Growth largely driven by switching from smaller packs
- Larger, bulk packs

Source: Nielsen Everyday Analytics , 52 weeks ending 28/01/2018

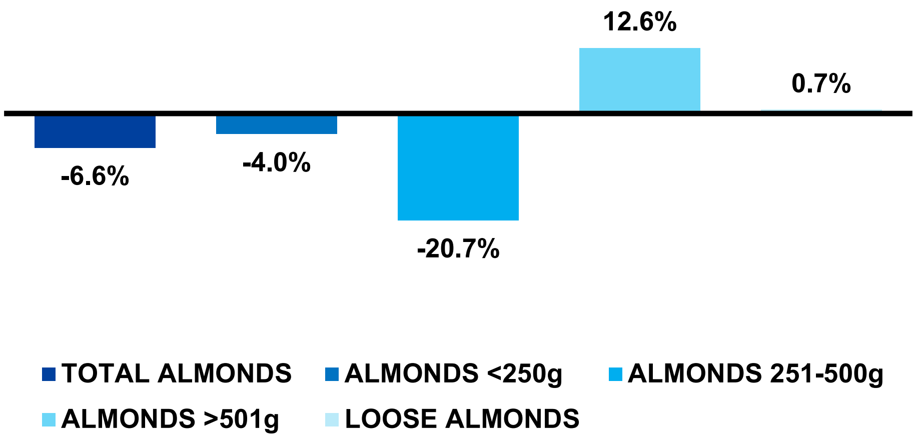
LARGE PACKS POCKET OF GROWTH

Growth driven in part by consumers switching to this larger pack

DOLLAR SHARE OF TRADE



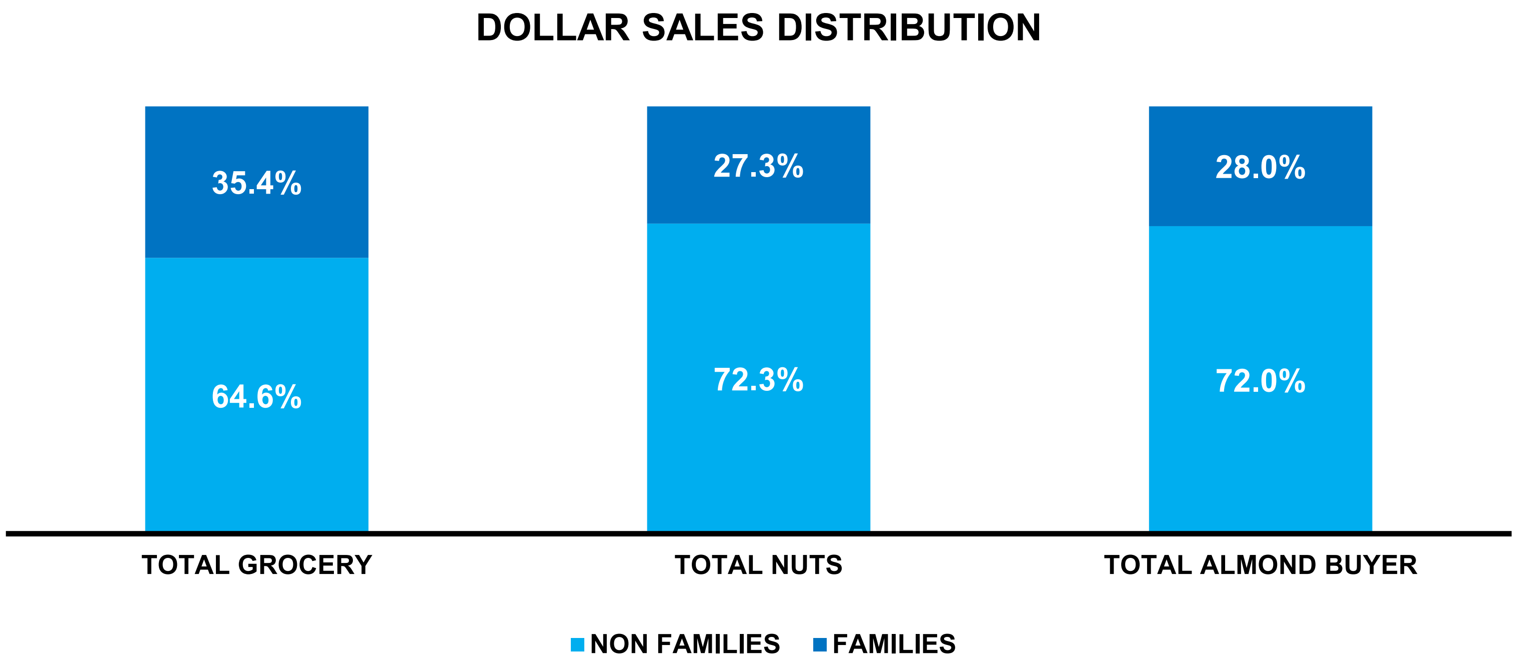
DOLLAR CHANGE VS PRIOR YEAR



Source: Nielsen Homescan 52 weeks ending 11/08/2018

ROOM TO GROW SALES WITH FAMILIES

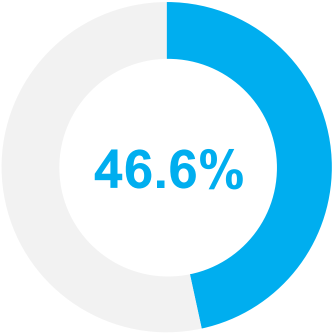
Essential to understand the barriers to family purchasing

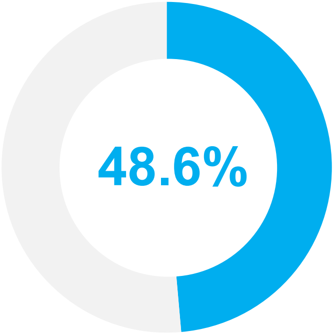


Source: Nielsen Homescan 52 weeks ending 11/08/2018

MORE BUYERS = BIG OPPORTUNITIES

Only 39.8% of nut buyers currently buy almonds





Latest 52 weeks
Penetration 46.6%

Next 52 weeks
Penetration 48.6%

Increase percentage of households buying almonds by just 2%

$1.8 MILLION opportunity

Source: Nielsen Homescan | MKS198342 | Calculation: 9.3M households x 2% additional buyers x $10.10 (average spend of light buyers) = $1,878,462 or 9.3M households x 2% additional buyers x 0.5kg (average weight purchased of light buyers) = 86,833kg

FROM BRICKS TO CLICKS

Learn how to win in the online space

Nearly
30%
of Australians currently purchase FMCG products online

FMCG online sales have grown by more than
30%
in the past year

Online is expected to contribute up to
30%
of Australian FMCG Sales growth through 2020

With potentially an additional
$2 BILLION
shifting online by 2020

Source: Nielsen Homescan 14/07/2018 and 16/06/2018

FOUR STRATEGIES FOR GROWTH

1. PRODUCT STRATEGY

- Premiumisation / range optimisation
- Differentiate for high / low affluence households

2. PRICE / PROMOTION STRATEGY

- Understand optimal price points
- High / low versus EDLP strategies

3. CHANNEL STRATEGY

- Invest in high growth channels
- Discounters and online

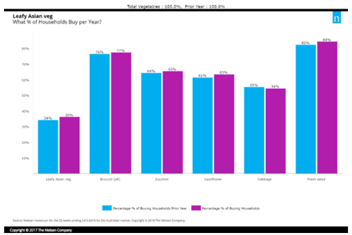
4. RECRUIT NEW BUYERS

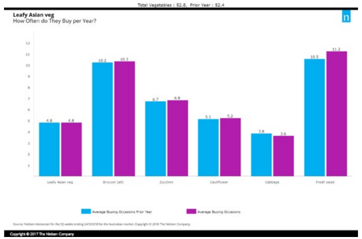
- Unlock barriers for non-purchasers
- Understand reasons families under-trade

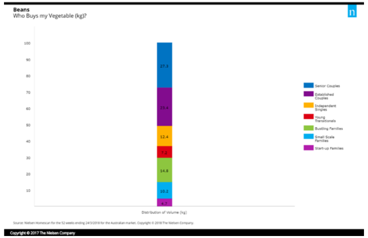
Source: Nielsen Everyday Analytics , 52 weeks ending 28/01/2018

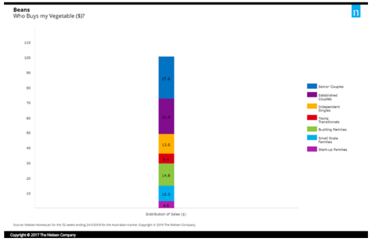
HARVEST TO HOME

www.harvesttohome.net.au









29 VEGETABLES | 15 FRUITS | 3 NUTS

FREE ACCESS | MONTHLY UPDATES

Hort Innovation

This project has been funded by Hort Innovation, using the apple, pear, banana, mushroom, avocado, mango, table grape, cherry, citrus, summerfruit, macadamia, lychee, pistachio, pineapple, papaya, almond, raspberry, blackberry and strawberry research and development levies, and contributions from the Australian Government. Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australian horticulture.