

Processed food analysis

Explaining realities of change over time in a dynamic food category

The challenge

- Our client has a significant stake in the market for processed tomato and stone fruit products.
- They engaged us to better understand the significant changes in the composition of the market and structure of the supply chain within Australia, and the effect of changing consumer preferences affecting products in these categories.
- The challenge presented by our client was to provide a reality check on the cause and effect of change over time.

The setting

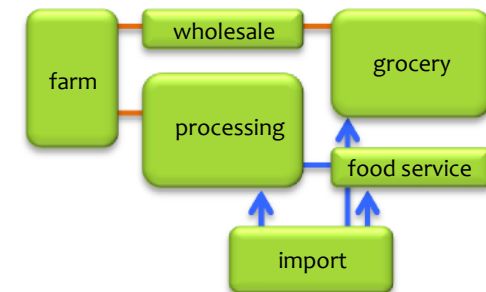
- Significant attention had been given to the plight of the processed food sector.
- Specifically, the challenges facing processed tomatoes and stone fruit had seen falling local production in the face of higher local costs and a stronger \$A.
- This work was being done against a background of change overtime, affecting production volumes, product mix and the patterns in consumer spending.

Outcome

- To fully understand the dimensions of change, we **mapped changes in the volumes** of the full supply chain from fruit producer and importer through to the mix of retail sales over time.
- **Reconciling the use of product** in various product forms and channels was critical to an understanding of what had driven change.
- **Changes in the mix of sales** in the grocery channel were profound – a shift to higher unit value products which gave better convenience and variety to consumers.
- **Analysis of sales of fresh product** in various forms which competed with processed lines helped paint the full picture.
- Supplies of **fresh lines with greater convenience and availability** had changed consumption patterns – taking share of spending away from traditional low--innovation products.
- A **wider view of the competitive set** – shown in the chart on the right – helped define where growth in competing lines had affected processed fruit sales.
- The clear trends in this analysis are that **innovation and convenience** can readily grow unit values in food categories despite a strong focus of most shoppers.

Process

Mapping and reconciling product use thru--chain



Competing foods for each occasion

Occasion	Processed fruit	Yoghurt	Portable cereal	Kids snacks	Fresh fruit	Frozen fruit
Breakfast	✓					
Lunchbox	✓✓					
Mobile snack	✓✓					
Grazing/platters	✓					
Spread						
Salad	✓					
Cooking	✓✓					
After dinner dessert	✓✓					