Persimmons 2009/10 Domestic Annual Marketing Plan - DRAFT

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1. Introduction

Horticulture Australia Limited (HAL) manages the research, development and marketing investment of levies collected from Persimmon growers nationally across Australia.

HAL does this by working in partnership with the peak industry body representing Australian Persimmon growers nationally.

The Persimmon levy covers both marketing and research and development projects.

This planned program for the domestic promotion of Persimmons in 2009/10 has been developed to achieve the following objectives as seen in the draft strategic plan 2008 – 2013:-

Mission Statement

'To profitably and sustainably produce a quality product, to grow the demand for sweet persimmon for a range of domestic and export markets, and ensure the product is marketed and promoted to the best advantage for growers.'

Strategic Objectives (from the 2008-2013 Draft Strategic Plan)

Strategy	Actions
Strategy 6:	
Increase domestic consumer awareness / consumption	a) Continued market research to refine domestic marketing campaign and influence consumer purchasing habits b) Develop domestic marketing plan focusing on promotional aspects including PR (media and consumer awareness and education) and education (website, POS etc)

Strategy	Actions
Strategy 7:	
Improve value chain relationships	a) Develop communications (& education program) for wholesalers and retailers
Strategy 8:	
Export market development	a) Identify priority export markets (new and existing) and address market access b) Continue to develop relationship with the Horticulture Market Access Committee (HMAC) c) Support export promotion campaign as appropriate and consistent with industry objectives d) Develop partnerships with key stakeholders to development export market opportunities

Following on from the development of the strategic plan HAL will develop a 5 year strategic marketing plan in consultation with the persimmon industry. In advance of this, we submit an initial draft of the marketing objectives for review and discussion.

2009 – 2013 Strategic Marketing Objectives (Draft)

- To increase consumption and sales of persimmons domestically by x% by 2013.
- To improve communication with and educate the domestic value chain.
- To support export market with a promotional campaign to drive sales by x% by 2013.

Note: This one year Annual Marketing Plan requires IAC endorsement and HAL board approval

2. Executive summary

The current marketing program will come to an end in May 2009. At this time HAL will provide a final report outlining the results from the 2008/09 program.

Based on these results, HAL recommends that the Persimmons IAC reviews the 2009/10 activities in greater detail (August/September IAC meeting).

2009 – 2010 Marketing Objectives (Draft)

- To increase consumption and sales of persimmons domestically by x%.
- To improve communication with and educate the domestic value chain.

3. Situation analysis

The Australian persimmon industry is a relatively new industry to Australia with significant potential to grow in order to meet increasing demand in the Australian and international marketplace.

PRODUCTION

There are approximately 250 growers producing 450,000 (4kg) trays persimmons (2007/08).

Plantings are estimated at 250,000 trees.

Persimmon production is spread across the major States of Australia, as shown below. Approximate production attributed to each State is shown as a percentage.

- Queensland - predominantly in South East Queensland (55%)
- New South Wales – predominantly in Northern NSW & Central Coast Region (10%)
- Victoria – along the Murray River (20%)
- South Australia - along the Murray River (10%)
- Western Australia (5%)

Australia produces less than 0.1% of global production

PRODUCTION WINDOW

The Australian persimmon crop is seasonal. Its window of production extends from available from late February (Queensland) to June (Victoria and South Australia).

Imported product is available on the Australian domestic market from August to January. The major importer is New Zealand.

MAJOR VARIETIES

Major varieties grown are non-astringent and include Jiro, Fuyu and Izu.

MARKETS AND DEMAND

The major market for the Australian crop is the domestic retail market, which is experiencing considerable growth as a broader base of consumers become more aware of the attributes, uses and versatility of the product.

Approximately 20% of the crop is exported to established export markets in Asia, including Singapore, Thailand, Malaysia and Hong Kong.

VALUE

The farm gate value of the Australian persimmon industry is estimated at A$10 million.

Key trends and issues impacting industry

There are number of key trends and issues that are impacting on the industry's ability to achieve its vision - 'to profitably and sustainably produce a quality product, to grow the demand for sweet persimmon for a range of domestic and export markets, and ensure the product is marketed and promoted to the best advantage for growers'. These include:

PRODUCTION ISSUES

- Being a new industry, significant investment is required in production R&D
- Continuous varietal (and rootstock) review is required to ensure ongoing consumer satisfaction and grower returns
- In southern production regions access to, and cost of, water is a limiting factor
- Pest control measures, particularly effective clearwing moth control, need to be developed to improve quality and production viability

PRODUCT AND SUPPY CHAIN ISSUES

- Incidence of 'soft fruit' impacts on demand for fruit
- Improved post harvest management techniques are required to extend storage options for fruit and extend the availability of Australian fruit for the consumer

MARKET DEVELOPMENT ISSUES

- Demand for fresh, healthy and versatile products continues to grow globally
- Being a new industry / product in Australia, investment is required in promotion
- Stronger market signals are needed along the supply chain
- The industry has limited access to value added supply chains

EXPORT MARKET ISSUES

- There is strong demand for quality Australian product which needs to be matched by supply
- Increasing competition in export markets as a result of increased production in competitor countries, improved post harvest technology and impact of the fluctuating Australian dollar
- Market access issues need continued investment and management.

INDUSTRY DEVELOPMENT ISSUES

- Continued access to high quality R&D is questionable without demonstrated economic return, as required under the National R&D framework
- Increasing sophistication of the production and marketing environment requires investment in professional services to maintain industry position

(A detailed situation analysis is included as part of the Australian Persimmon Industry Development Needs Analysis)

Environmental Analysis

There are numerous factors that have influence over the fresh fruit market. Below are some points of consideration that need to be taken into account:

The Macro Environment

Demographic, Cultural, Social

- Australia's population is aging, and this factor is a major focus of social and economic policy in Australia at present. In 1997 the average age of the population was 34.3 years and is projected to reach between 42 and 43 in 2031 (ABS).
- Fruit consumption is skewed toward the 'baby boomer' population. A HAL funded consumer usage and attitude study (U&A) in 2003 revealed that 37% of fruit consumption in the summer for example, is within the 55+ demographic with a further 26% in the 40-54's and 12% in 25-39's. As a contrast the 18-24 age group only accounts for 4% of fruit consumption.
- There is definitely room for an increase in total fruit consumption in Australia. A national nutrition survey undertaken in 1995-1996 revealed that 42% of the 13,000 adults surveyed had not eaten any fruit on the day of the survey. Fruit intake was significantly lower in metropolitan areas and rural centres (www.healthyactive.com.au).
- There is much anecdotal evidence to suggest that Australia's Asian populations account for a large percentage of tropical/exotic fruit consumption.
- The Australian population is becoming increasingly more adventurous and follows trends.

Political

- The consumption of fresh fruit as part of a healthy diet is being strongly pushed from many official places. The Australian Government has committed $11 million into its 'Healthy Active' campaign, a significant component of which involves encouraging children and their families to increase their daily consumption of fruit and vegetables. This is encompassed in the 'Go for 2 & 5 campaign'.

Economic

- The retail price of fruit is rising. The year to date figures for total fruit prices are up 19% with volume up by 14%. The year to date figures for total vegetables is up 10% with volume down by 4%. (Scan Data)

Consumer

- 21% of the Australian consumer market is made up the 'house-proud' segment. These are family oriented conscientious cooks who are big grocery spenders and will experiment with new products. They are 14% more likely than the average population to consumer fresh fruit (Roy Morgan).
- Another 9% are classified as the 'trendsetter' segment who are 13% more likely to purchase and consume fresh fruit. They are big spenders and enjoy tasting new foods.
- A further 10% fall into the 'entertainer' segment. This group has high income levels, are big spenders and a have high uptake for gourmet foods.
- The average age range of mothers with school-aged children is 30 – 49 years.

Industry

- The structure of the retail sector is undergoing massive change both globally and in Australia. Large, powerful supermarket chains seek to acquire product direct whilst minimizing suppliers, either through new systems of channel marketing or via category buyers.

The Competitive Environment

Direct Competition

- Apples and pears are probably Persimmons nearest competitors.
- Horticultural industries promoting their product in the marketplace at the same time as Persimmons include; apples, pears, nashi, bananas, citrus, longan, table grapes, custard apples, melons.

Indirect Competition

- Desserts and other snack foods compete with Persimmons as they do with all fresh fruit.
- As Persimmons are not a staple food, competition can also come from other unrelated expenses a consumer may wish to spend their discretionary income on, i.e. dining out, drinks, etc.

SWOT ANALYSIS

Strengths	Weakness
• Exceptional product (health, unique flavour, exotic, easy to eat, cultural use) • Fruit value (growing consumer interest, seasonal fruit) • Capacity to produce sweet fruit • Existing research resources available • Geographic spread of production gives continuity of supply • Growth in domestic market demand • In export markets, Australia has counter seasonal supply. In particular, Queensland which has a clear market window in Asian markets • Interest from major supermarkets • Existing export marketing group • Strong industry structure / representation • Levy income / financial resources	• High production costs (particularly labour) • Limited varieties (reliance on 2 varieties) and lack of satisfactory rootstock(s) • Inconsistent cropping (low yields) • For the majority of growers, persimmons are not the primary crop • Long growing period (susceptibility to weather, blemish etc) • Inconsistent quality (environmental influences differ across all regions, impacting colour and defects) • Critical pest issue (clearwing moth) • Low R&D resources relative to needs • Low control over harvest timing • Lack of storage technology / short harvest to market period • Peaks and troughs in supply • Confusion around name of fruit (conflicting information to consumer / branding issue) • Low consumer awareness of product (particularly newer non- astringent varieties) • Lack of critical volume for export markets • Speculative exports impacting export market sustainability

Opportunities	Threats
• Processing & value-adding • Market development – domestic & export • Irradiation technology to increase market access • Management investment schemes • Potential for greater production (Murray Valley, regions looking for higher value crops)	• If storage tech improves, Queensland production could lose its timing advantage in export markets. • Cost of inputs • Low cost international competitors • Competition from other fruits including custard apples, white fleshed stone fruit and longans • Losing R&D investment (federal & state government policy changes re: R&D strategy, is resulting in less investment in minor crops due to economic contribution to State GDP) • Strength/volatility of the Australian dollar / declining terms of trade • Irradiation technology providing other countries broader market access • Managed investment schemes

Tropical Fruit Market Research

In 2005, Deborah Wilson Consulting was contracted to research the current Australian Tropical Fruit Markets. This research targeted gaps in existing market information for developed tropical fruit industries and small and emerging tropical fruit industry sectors.

Selected insights from tropical fruit market research

- Women are the main tropical fruit buyers (77.0% of buyers who purchase tropical fruit one a month or more often).
- Predominantly older aged groups purchase more – 55 and over (37.7% of people who buy monthly or more frequently) and 40 - 55 years (34.8%).
- Need to boost consumption for consumers under 40 of age.
- Families without school aged children dominate purchase more frequently (69.8% of people who buy tropical fruit monthly or more frequently).
- White collar occupations (57.8%) and people earning more than $41,600 per annum (52.0%) are the main buying groups.
- Most regular buyers of tropical fruit purchase from green grocers mostly or some of the time (73.4% of regular buyers).

- A significant proportion of regular buyers are buying from supermarkets solely or "some of the time" (59.7%)
- Lower prices and improved availability were identified as key drivers that would potentially encourage purchase of tropical fruit. Being able to taste a sample of the fruit before they buy and information on health benefits, vitamins and minerals in the fruit were also identified as important drivers for increased consumption of tropical fruit.
- Consumers also highlighted the need for signage and information leaflets on the fruit as well as free samples
- Brisbane is the dominant market with 91.0% of buyers purchasing tropical fruit monthly or more frequently followed by Melbourne (79.4%) and Sydney (75.2%)

Geographic Market Profile:

Brisbane Market:

- When buying fruits and vegetables, Brisbane buyers place a greater emphasis on freshness (40.6%), quality (37%), price (35%) as well as a greater interest in seasonal fruit compared to other markets (17.0%).
- Brisbane grocery buyers are the most frequent buyers of tropical fruit – 91.0% buy tropical fruit monthly or more frequently and 71.0% purchase tropical fruit weekly.
- Fewer Brisbane consumers (32.0%) buy tropical fruit mostly from the green grocer compared to Sydney (47.5%) and Melbourne (37.3%) consumers.

Sydney Market:

- Sydney grocery buyers place greater emphasis on freshness (60.4%). Sydney consumers are also interested in price (31.7%) and quality of tropical of tropical fruit (28.7%) in the mix of fruit and vegetables they purchase in a week.
- Sydney grocery buyers are the less frequent buyers of tropical (75.3% buy tropical fruit monthly or more frequently) compared with Brisbane consumers (91.0%) and Melbourne consumers (79.4%)
- Only 54.5% of Sydney consumers purchased tropical fruit weekly or more frequently compared to 71.0% of Brisbane grocery buyers.
- Sydney grocery buyers (47.5%) buy tropical fruit mostly from the green grocer compared with Brisbane (32.0%) and Melbourne (37.3%) consumers.

Melbourne Market:

- Melbourne grocery buyers placed greater emphasis on freshness (65.7%). For Melbourne grocery buyers, price (31.4%) and quality (27.5%) were important considerations when choosing the mix of fruit and vegetables bought in a week.
- After Brisbane grocery buyers, Melbourne grocery buyers (79.4%) were the most frequent buyers of tropical fruit. Half of the Melbourne grocery buyers surveyed purchased tropical fruits weekly or more frequently compared with 54.5% in Sydney and 71.0% in Brisbane.
- About a third of Melbourne grocery buyers (37.3%) buy tropical fruit mostly from the green grocer compared with Sydney (47.5%) and Brisbane (32.0%) consumers.

Consumer Research

Brand Story was commissioned to investigate Sweet Persimmons, the research consisted of:

- A quantitative research study via a national weekly omnibus of 1200 adults
- A qualitative study comprising 2 focus groups (one of current consumers and one of 'foodies' - consumers who are interested in food on a range of levels but who don't necessarily consume persimmons).
- Informal discussions with the industry.

The research set out to establish the following;

- Consumer awareness, knowledge, usage and perception,
- Understand the barriers and motivations to purchasing and consumption,
- To determine the best future promotional name for the fruit,
- To aid the development of a positioning strategy and future marketing and communications tactics.

Selected Insights from Consumer Research

- Around 42% of the adult population have tried Sweet Persimmons.
- Awareness of Persimmons is significantly higher amongst older age groups with 81.5% of people over 50 years of age being aware of Persimmons compared to only 36% of those between 18 – 24.
- Approx two thirds of adults were aware of Persimmons.
- Females are more frequent consumers of Persimmons than males and older age groups (35+) are much more aware of the fruit than younger consumers.
- Asians are current major users (Persimmons are known as the Asian apple) – and constitute about 70% of current consumers.
- Currently the most common way of consuming a Persimmon is on its own as a piece of fresh fruit.

Product Name

- Three possible names for the fruit were presented;
    - Sweet Persimmon
    - Fuyu
    - Sweet Gold
- Fuyu (a successful name in America), was rejected for being too difficult to say and for sounding foreign and more like the name of an apple variety.
- Sweet Persimmon was considered to be the most suitable.

- Using the 'Sweet' descriptor overcomes confusion with unripe tomatoes and counters negative experiences with astringent varieties.

Previous Marketing Programs

Between 2004-2006 the Australian Persimmon Industry had small marketing budgets resulting in low scale marketing programs. In summary these have consisted of:

<u>2005/06</u>

Key Strategy
The initial, primary objective was to communicate key messages to the media with the aim of reaching consumers:

Key Objectives

- To increase awareness of the Persimmon and position it as a fruit with a unique fresh taste, easy to enjoy and yet also maintain a high level of desirability.
- To successfully communicate the programs key messages including:
    - Normalising the fruit whilst maintaining its uniqueness,
    - How to eat the fruit and tips such as how to select, store etc.
- To create demand among 'new users', increase consumption with 'infrequent users' and maintain loyalty with 'frequent users' of Australian Persimmons.
- To generate and secure positive Persimmon media coverage and 'buzz'.
- To ultimately increase sales of Australian Persimmons.

2005/06 Activity Program

The 2005/06 program consisted of media relations, recipe development; media sample packs and point-of-sale distribution.

<u>2006/07</u>

Key Strategy
The 2006/07 persimmon marketing program was an extension of the previous year's programs key messages. The program was devised to continue the education process for media and also to commence the education process with consumers as persimmons are still largely unknown.

Key Objectives

- To increase awareness of the Persimmon and position it as a fruit with a unique fresh taste, easy to enjoy and yet also maintain a high level of desirability.
- To successfully communicate the programs key messages including:

    - Normalizing the fruit whilst maintaining its uniqueness,
    - How to eat the fruit and tips such as how to select, store etc.
- To create demand among 'new users', increase consumption with 'infrequent users' and maintain loyalty with 'frequent users' of Australian Persimmons.
- To generate and secure positive Persimmon media coverage and 'buzz'.
- To ultimately increase sales of Australian Persimmons.

2006/07 Activity Program
The 2006/07 program consisted of media relations, recipe development, in-store demonstrations and point-of-sale distribution.

<u>2007/08</u>

Key Strategy
This year's program introduced new elements. The industry recognised the need to target retailers and educate them on how to store and display Australian Persimmons. In addition to the retailer education, the industry aimed to develop a website which could be used by both consumers and growers to find out information about Australian Persimmons.

Key Objectives
- To increase awareness of the Persimmon and position it as a fruit with a unique fresh taste, easy to enjoy and yet also maintain a high level of desirability.
- To successfully communicate the programs key messages including:
    - Normalizing the fruit whilst maintaining its uniqueness,
    - How to eat the fruit and tips such as how to select, store etc.
- To create demand among 'new users', increase consumption with 'infrequent users' and maintain loyalty with 'frequent users' of Australian Persimmons.
- To generate and secure positive Persimmon media coverage and 'buzz'.
- To ultimately increase sales of Australian Persimmons.

2007/08 Activity Program
The 2007/08 program consisted of recipe development and photography, point of sale – development and distribution, in-store demonstrations, retailer education, media relations, consumer website and logo development.

<u>2008/09</u>

Key Strategy
The strategy of the 08/09 program was to reinforce the exotic and desirable image of Australian Persimmons while removing the mystery of the fruit.

Key Objectives

- To increase awareness of the Persimmon and position it as a fruit with a unique fresh taste, easy to enjoy and yet also maintain a high level of desirability.
- To successfully communicate the programs key messages including:
    - Normalizing the fruit whilst maintaining its uniqueness,
    - How to eat the fruit and tips such as how to select, store etc.
- To create demand among 'new users', increase consumption with 'infrequent users' and maintain loyalty with 'frequent users' of Australian Persimmons
- To generate and secure positive Persimmon media coverage and 'buzz'.
- To ultimately increase domestic sales (at stable prices) of Australian Persimmons by 10%

2008/09 Activity Program

The 2008/09 program consists of public relations, recipe development / photography, point-of-sale development, in-store demonstrations, retail education, consumer education and website updates.

New service providers were brought on board at the start of the 2008/09 program, the public relations agency is now Impact Communications and the demonstrations / retailer education activities are now organised through Let's Launch Promotions Agency.

Results of the 2008/09 program will be provided to the industry in a final report upon the completion of all activities.

4. Marketing objectives

2009 – 2010 Marketing Objectives (Draft)

- To increase consumption and sales of persimmons domestically by x%.
- To improve communication with and educate the domestic value chain.

5. Target market

1. Non users, lapsed and occasional users;
    - Younger consumers 20-35 years.
    - Adult, male/female primary grocery buyers 35+ years.
2. Frequent users;
    - Primary grocery buyers predominantly females aged 35+
3. Stakeholders;
    - Retailers such as independents, Woolworths, Coles buyers and Persimmon growers.

6. Marketing and promotional strategies and activities

Draft and potential project outline only – detailed activity plan to be endorsed August 2009.

The following activities have been put together by HAL; they are recommendations for the 2009/10 domestic marketing program for Persimmons:

1. Public Relations ($29,000)

The suggested angle for the 2009/10 PR campaign is *'Australian Sweet Persimmons - unique fresh taste, easy to enjoy'. Will also include information on the health benefits and usage and selection tips.* (This positioning will be reviewed following 2008/09 campaign).

The activities could include:

- Media familiarisation tour for five journalists to go to a Persimmon farm. This activity would need to be done in conjunction with ACAGA (budget constraints) and will be a great way to educate key media firsthand about Australian Sweet Persimmons.
- Media release around the suggested angle for the PR program, distributed to key long and short lead media.
- Media kit to be distributed to the key media as well as those on the familiarisation tour.
- Depending on the success of the utilisation of the Brand Ambassador during the 2008/09 program, this could be looked into again in 2009/10 as a way to get further media coverage for the fruit.
- Product drop – this could be extended this year past the key food media to the health / beauty and lifestyle writers.
- Key Opinion Leader (KOL) program – as with 2008/09, we can keep an eye / ear out on what the KOLs are doing in 2009/10.

2. Recipe Development / Photography ($4,000)

Development of healthier, aspirational recipes to be used during the media relations as well as point-of-sale for the 09/10 season. Recipes to be developed at the start of the 2009/10 financial year in order for them to be ready for activities commencing at the start of the 2010. HAL will liaise with the industry on the types of recipes to be developed.

3. Point of Sale Development ($4,500)

Development of a new consumer POS, this could include a poster and A6 recipe cards. To include distribution to independent stores in Sydney as well as central markets in Melbourne, Brisbane, Adelaide and Perth.

4. In-Store Demonstrations ($10,000)

In-store demonstrations to take place in stores that are in line with the demographic for Persimmons. Demonstrations are a great way to reach consumers are point-of-purchase and influence their purchase decision.

5. Website Maintenance ($2,500)

Allocation for general updates to be made to the website by Propagate.

6. Merchandising Program ($5,000)

Working with ACAGA and Papaya Australia, we will approach Harris Farm and perhaps extend to other specialty stores such as Thomas Dux and Norton Street Grocer etc, to ensure that in these key retailers where Australian Sweet Persimmons are sold at a high rate, that the point-of-sale material developed is actually displayed in store.

We will also extend this activity to try and get the usage, display and handling tips on the retailer's websites.

7. Research and evaluation

Horticulture Australia will either purchase scan data from a major retailer or Home-scan data on behalf of Persimmons Australia. This data along with wholesale data will assist in monitoring persimmon sales and marketing evaluation.

In addition to the above, the research conducted during the in-store sampling will also help to determine more about the current purchasers of persimmons. This research will also help with the development of future marketing plans.

8. Budget summary

DRAFT Budget Allocation:

Public Relations	$29,000
Recipe Development / Photography	$4,000
Point-of-Sale Development	$4,500
In-store Demonstrations	$10,000
Website Maintenance	$2,500
Merchandising Program	$5,000
TOTAL MARKETING	**$55,000**

9. Acknowledgments

This 2009/10 draft promotional plan overall budget has been provided to the IAC members for the meeting scheduled on the 5th of March. The detailed activities within this promotional plan will be endorsed by the Industry Advisory Committee at a later IAC meeting in 2009.

9. Acknowledgments. Acknowledgments10. References

10. References

- Strategic Plan – Australian Persimmon Industry, 2009 - 2013
- Description of Current Australian Tropical Fruit Markets, 2005, Deborah Wilson
- Persimmon Investigation Australian Consumer Market, 2006, Brand Story
- 2008/09 Persimmon Marketing Plan