



# **THE CHANGING RETAIL & CONSUMER LANDSCAPE**



**TRISTAN KITCHENER | +61 407 827 738**  
**[tristan@kitchenerpartners.com.au](mailto:tristan@kitchenerpartners.com.au) | [www.kitchenerpartners.com.au](http://www.kitchenerpartners.com.au)**

...10 YEARS TO 2021

Quantitative Easing

Abundant Liquidity

Low Cost of Debt

Low-Modest Inflation

Stable Input Costs



2022 ONWARDS...

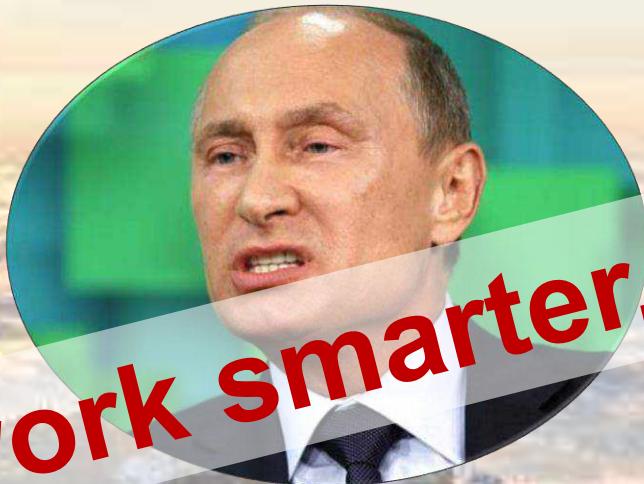
Quantitative Tightening

Retrenching Liquidity

Rising Cost of Debt

Rising Inflation

Volatile Input Costs



...work smarter, not harder

Globalisation

Protectionism

# AGENDA

**THE CHANGING CONSUMER & RETAILER LANDSCAPE**

**THE APPLE & PEAR CONSUMER LANDSCAPE**

**THE LIKELY FUTURE STATE AND OPPORTUNITIES**



## URBANISATION

Increasing migration to major cities



## SNACKIFICATION

Traditional meal occasions are fragmenting under time pressure



## HEALTH

Increasing obesity and associate health conditions



## MILLENIALS

Gen Y will make up 35% of the workforce, and Gen X 36% (western countries)

In most countries  
pre-Covid...



## MULTICULTURAL

Increasingly multicultural populations



## AGING POPULATION

>20% will be aged over 65 years (western countries)



## COMPLEX LIVES

Lives becoming more fluid to pack more in, with focus on simplicity and saving time



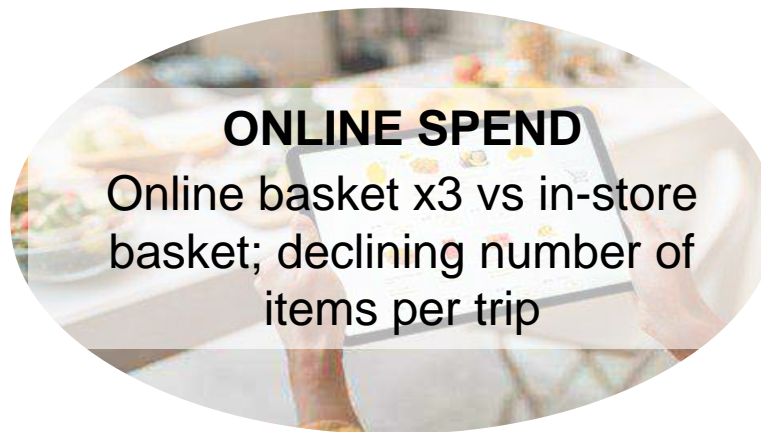
## VALUE SAVVY

Consumers are increasingly skeptical and price conscious



### **LOYALTY**

Preferencing retailers with strong Loyalty programs



### **ONLINE SPEND**

Online basket x3 vs in-store basket; declining number of items per trip



### **WFH**

Office average is 2-3 days, WFH Mon & Fri



### **LEAVING BRANDS**

Consumers switching to Private Label for better value



### **SWITCHING**

Switching between retailers to find value, favouring Discounters



### **COST OF LIVING**

Finding more ways to make meals go further and minimise waste



### **EATING IN-HOME**

\$89 per week per household spend transfer from Food Service to Retail (Australia)

What's the Covid carry-over & inflation impact?

**PRE-COVID:** Consumers readily switch between budget and premium, depending upon the product, occasion and belief....



**POST-COVID / INFLATION:** 'Haves' vs 'Have-Nots'...

- Switching from Fresh to Canned / Frozen
- Batch cooking, buying in bulk
- Trading down to more affordable proteins (chicken, eggs)

# SUPERMARKET INFLATION WILL CONTINUE

● Aldi ● Asda ● Lidl ● Morrisons ● Ocado ● Sainsbury's ● Tesco ● Waitrose

26%

annual inflation based on 3 month periods

24%

22%

20%

18%

16%

14%

12%

10%

8%

6%

4%

2%

Mar-May 22

Apr-Jun 22

May-Jul 22

Jun-Aug 22

Jul-Sep 22

Aug-Oct 22

Sep-Nov 22

Oct-Dec 22

Nov 22-Jan 23

Dec 22-Feb 23

Jan-Mar 23

Feb-Apr 23

Mar-May 23

Apr-Jun 23



Because there is...

- **Low demand elasticity** for groceries
- **Little inflation** in recent years
- **Suppliers** have had margins eroded
- **Consumers** are expecting measured price rises!!!

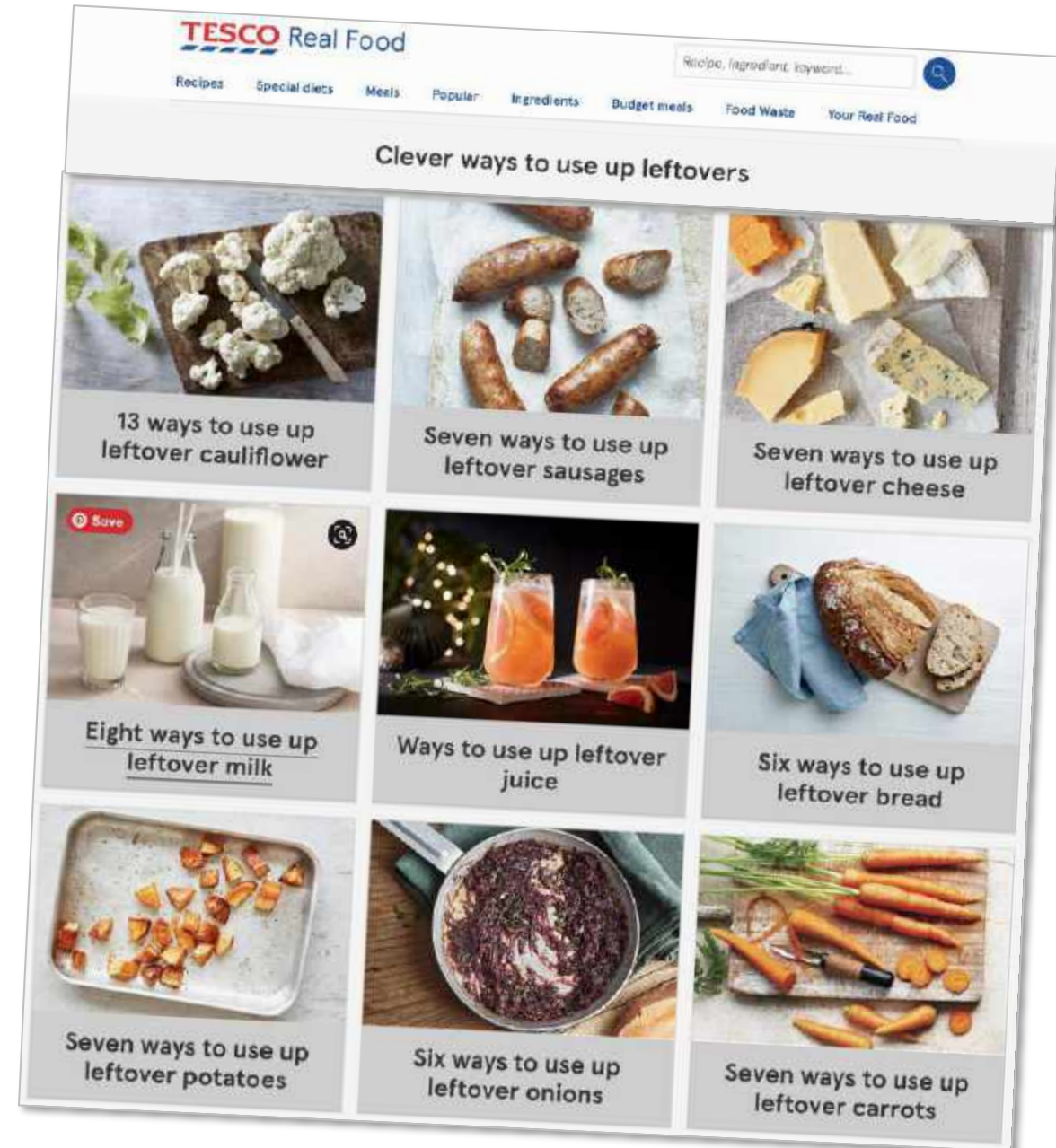
Will inflation lead to more price-conscious behaviours?



**ALDI IS SETTING THE  
RETAIL PRICE (GLOBALLY)**

# RETAILERS COMPETING ON 'VALUE' TO COMBAT AFFORDABILITY (UK)

Supermarket	Average basket price
Aldi	£75.25
Lidl	£77.18
Asda	£82.55
Tesco	£82.67
Sainsbury's	£83.46
Morrisons	£85.98
Ocado	£89.2
Waitrose	£91.80



WHICH IS THE FRESHEST ONLINE SUPERMARKET? HOME-LIFE IS THE NEW BENCHMARK

Supermarket	Length of time perishable items lasted on average
Ocado ( <a href="#">Ocado.com</a> )	11.2 days
Tesco ( <a href="#">Tesco.com</a> )	10.2 days
Morrisons ( <a href="#">Morrisons.com</a> )	10.1 days
Asda ( <a href="#">Asda.com</a> )	10 days
Waitrose ( <a href="#">Waitrose.com</a> )	9.9 days
Sainsbury's ( <a href="#">Sainsburys.co.uk</a> )	9.7 days

Home-life is a proxy for waste / value for money

Rank (freshest to least fresh)	Supermarket	Average hours left	Average days left
1	Tesco	264	10.98
2	Asda	252	10.49
3	Ocado	249	10.39
4	Sainsbury's	230	9.6
5	Morrisons	221	9.19
6	Waitrose	207	8.63

Consumers are planning meals more, more tolerant of Best Before dates and less forgiving on quality...

# CONSUMERS WANT PRICE CERTAINTY



Red Tractor Australian  
Rolled Oats | 1kg

**\$4.75** Until 10 Oct 2023

\$0.48 per 100g

Was \$5.30 on Apr 2023

★★★★★ 0.0 (0)



Kellogg's Corn Flakes  
Breakfast Cereal | 380g

**\$5.00**

\$1.32 per 100g

★★★★★ 0.0 (0)



Coles Squeezie Vanilla  
Yoghurt Pouch | 70g

**\$0.75** Until 29 Aug 2023

\$1.07 per 100g

Was \$0.85 on Jan 2023

★★★★★ 0.0 (0)

*Young Families doing it the toughest..... increased switching between retailers to find 'best value'*

RETAILERS  
LEVERAGE  
LOYALTY  
PROGRAMS  
TO LOCK-IN  
CONSUMERS



Sainsbury's Royal Gala Apples X6

**£1.70**  
each  
£2.12 per kg

12/07/2023  
654 323 628 1-2-14

Nectar Price

**85p**  
£1.06 per kg



**Cosmetically blemished product**



**Bulk mark-downs  
(affordability / sustainability)**



Seasonal Veg

Our apples are from  
British orchards,  
all year round



Mushrooms

**TESCO**

01L  
03C

£1.70

£1.70



# **THE APPLE & PEAR CONSUMER LANDSCAPE**

# CONSISTENT QUALITY... TECHNOLOGY (NIR) IS VITAL



Club varieties have done this well, but generic varieties have been left behind....



# THE VALUE OF RETAILER SHELF SPACE



	APPLES	BERRIES
<i>Value psqm (\$):</i>	\$100	\$480
<b>Apples = \$100 per sqm</b>		<b>Berries = \$480 per sqm</b>
<i>Stock turn frequency: (per week)</i>	2.5 times	4 times
<b>Retailer Income (\$)</b>	<b>\$250/wk</b>	<b>\$ 1,920/wk</b>

# WHAT IS THE CONSUMER NEED THAT MORE 'NEW' VARIETIES ARE TRYING TO SOLVE?



## T&G launches new apple variety

T&G Global has today (14 June 2023) launched Joli™, a new global premium apple variety, which joins the company's established portfolio of Envy™ and JAZZ™ apple brands. Joli, which...

**One in, One out?!**

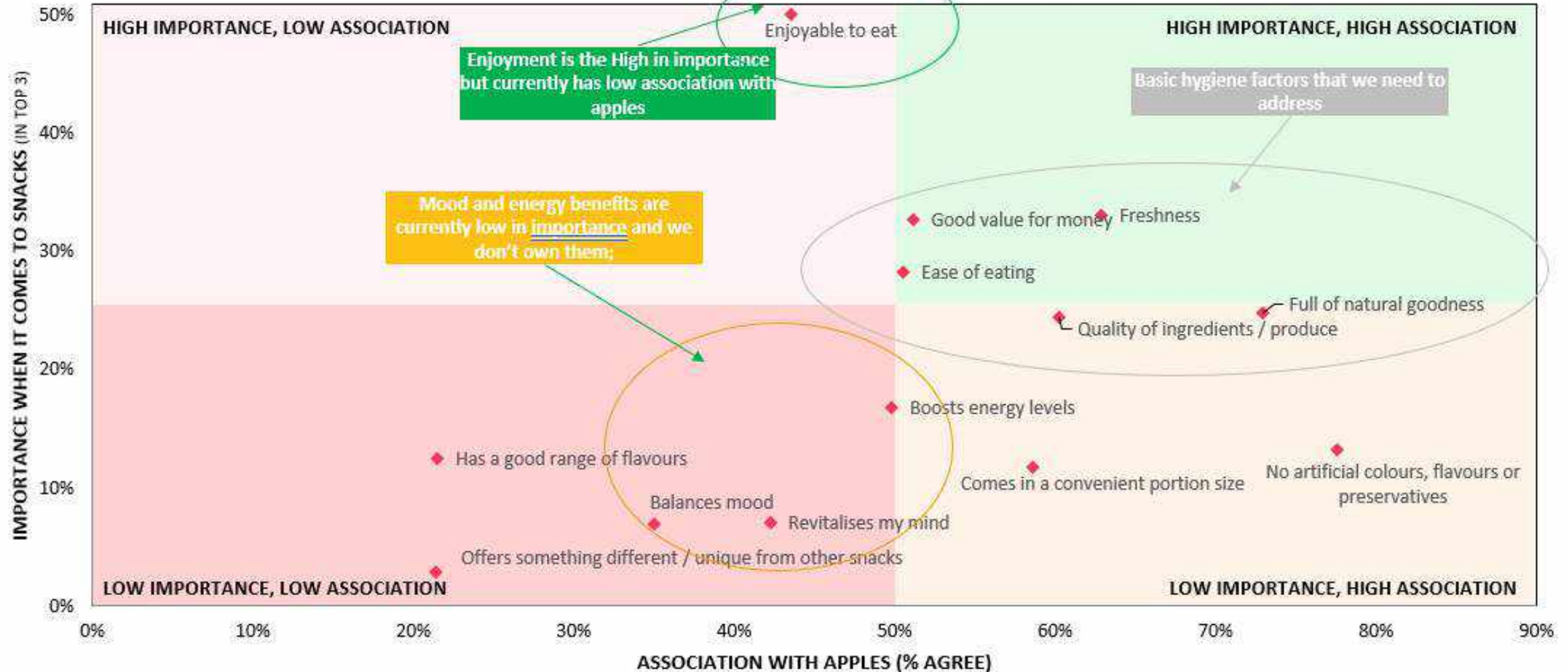


A new \$27m apple variety is coming to supermarket shelves

Can the Cosmic Crisp save the apple? That's the hope of Red Rich Fruits, one of the country's largest growers, which has sunk \$27 million into the new variety – developed in the United States – in a bid to reverse declining sales.

# VALUE FOR MONEY AND SNACKING (CONVENIENCE) ARE KEY DIFFERENTIATORS FOR APPLES (AND PEARS)

DRIVERS OF SNACK PURCHASE VS APPLE PERFORMANCE





# **WHAT ARE THE OPPORTUNITIES AND CONCIDERATIONS?**

# 1. DEMAND-LED PRODUCTION

## PRODUCTION PUSH

Sales driven by production

### PRODUCER

"This is what I've grown,  
please sell it for me"

### RETAILER

"This is what we have to  
sell – take your pick"

### CONSUMER

"This is what I *have* to buy,  
but I don't want it"

## CONSUMER PULL

Sales driven by consumer demand

### PRODUCER

"This is what we need to  
grow"

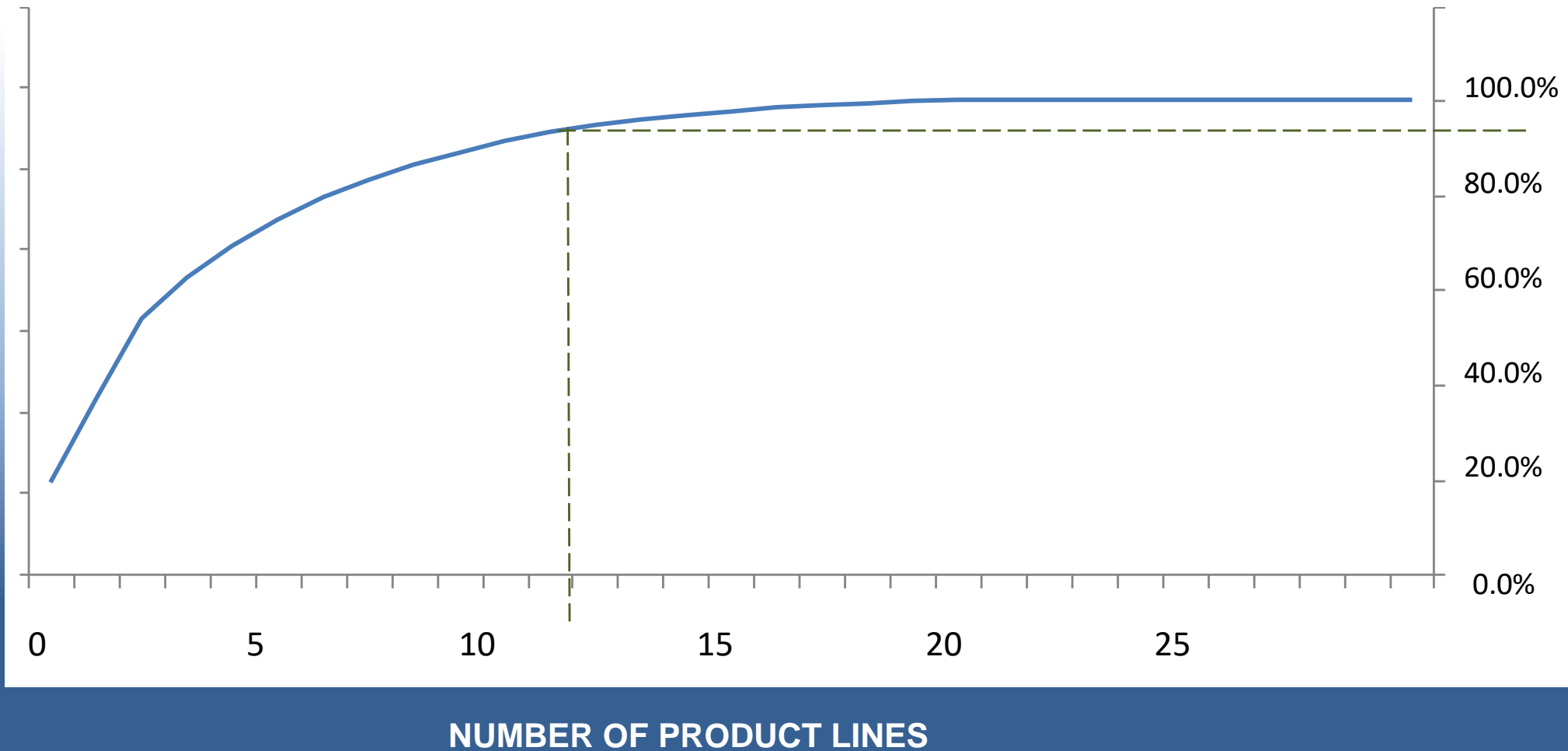
### RETAILER

"This is what we need to  
stock"

### CONSUMER

"This is what I *want* to buy"

## 2. OPTIMUM RANGE: REMOVING 'NEEDLESS CHOICE'

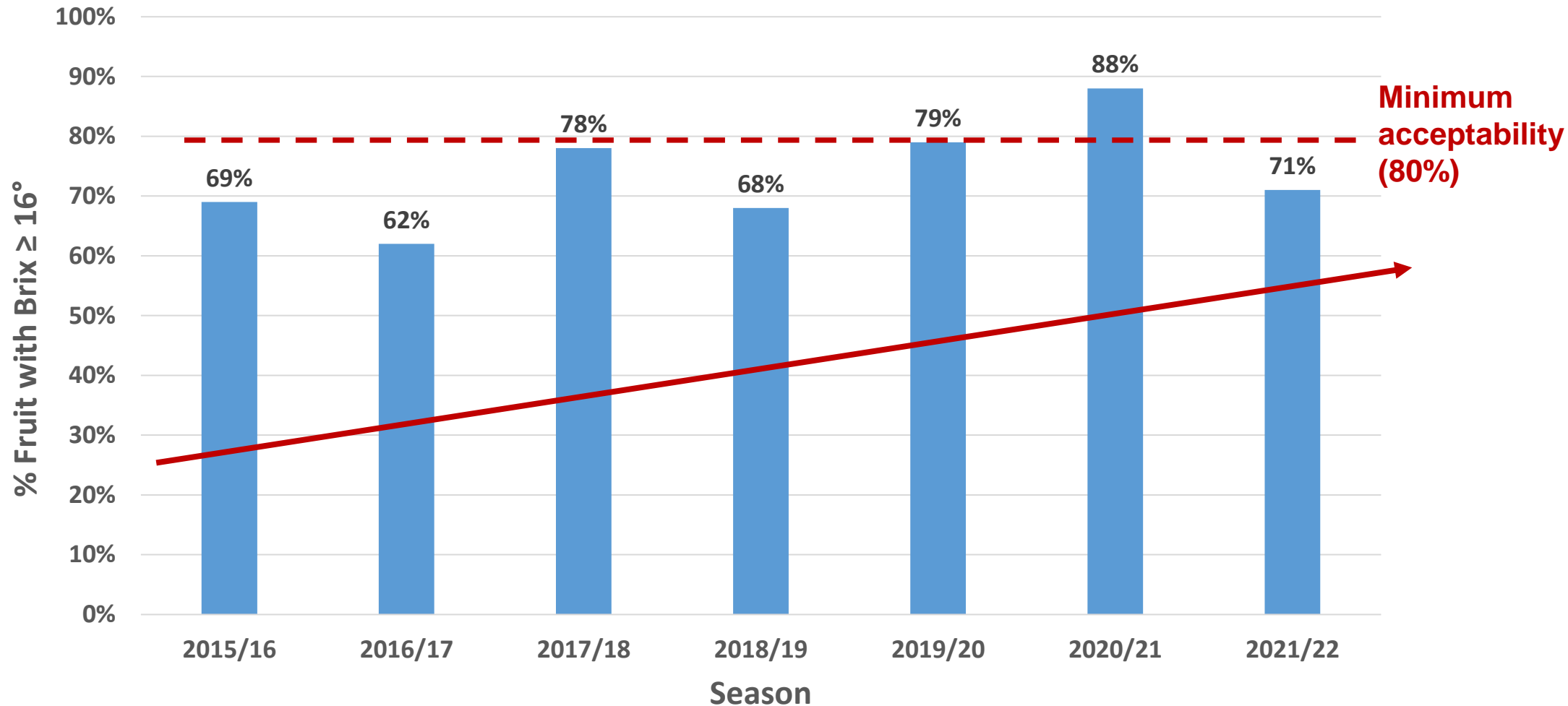


CUMULATIVE %  
OF CATEGORY  
CONTRIBUTION

### 3. GRAPES: USING QUALITY STANDARDS TO LIFT INDUSTRY QUALITY

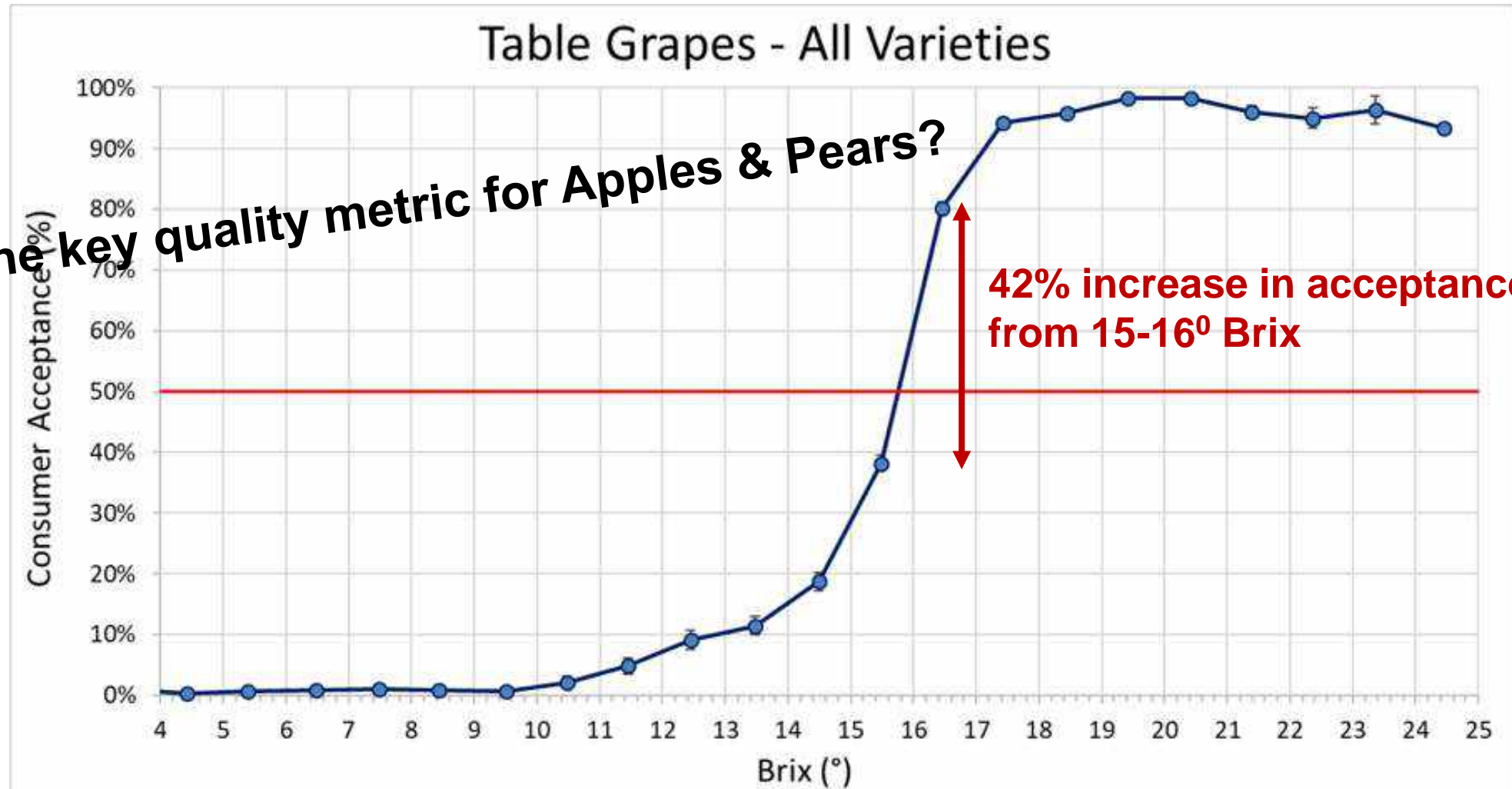


Table Grape CONSUMER Acceptability in the Major Retailers



# CONSUMER ACCEPTANCE INCREASES WITH BRIX

What's the key quality metric for Apples & Pears?

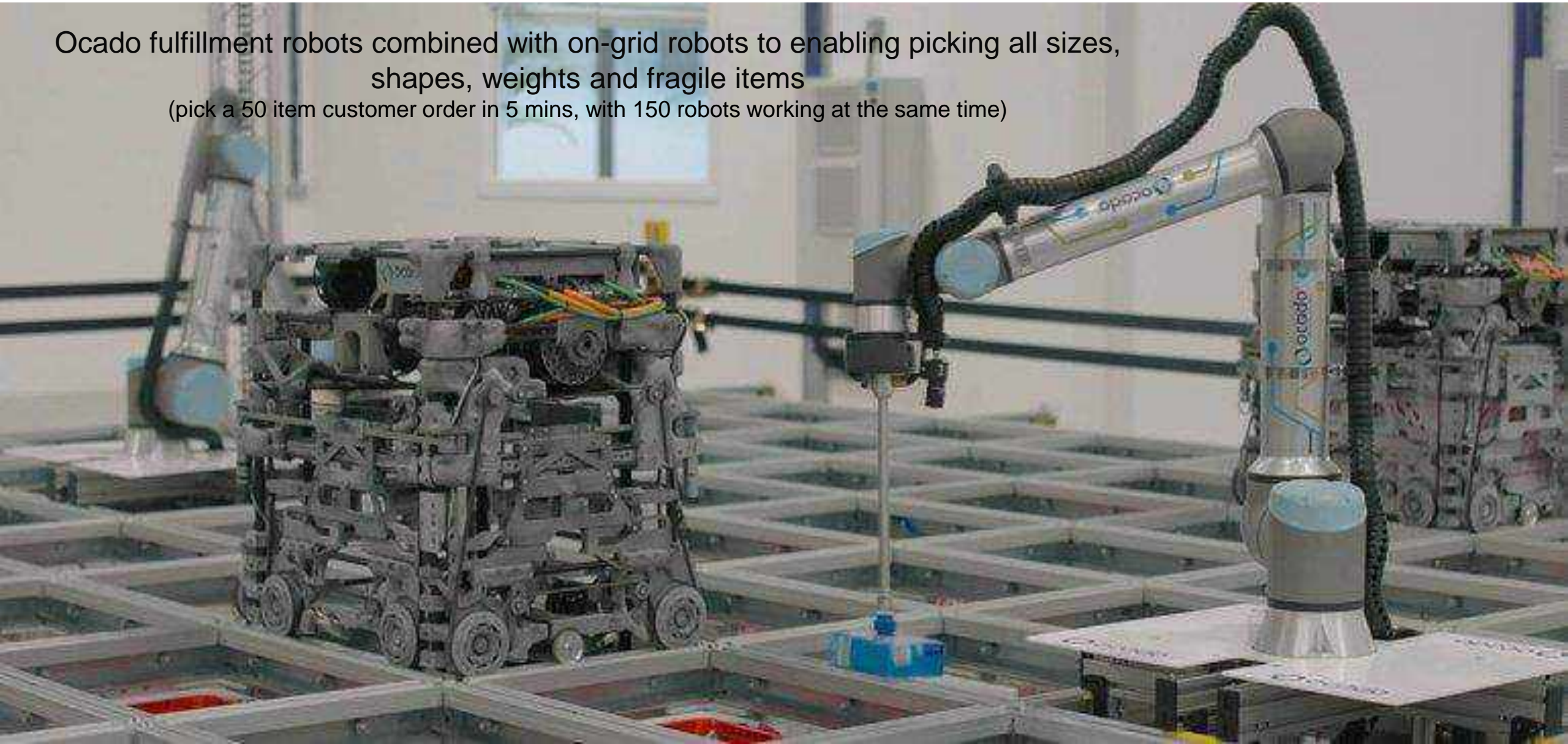


Individual fruit data n=1670

## 4. WHAT ARE THE PRODUCT QUALITY RISKS WITH AN ONLINE SUPPLY CHAIN?

Ocado fulfillment robots combined with on-grid robots to enabling picking all sizes, shapes, weights and fragile items

(pick a 50 item customer order in 5 mins, with 150 robots working at the same time)



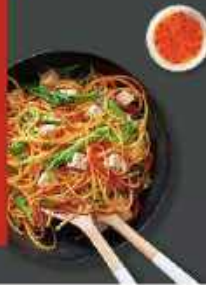
# 5. DOMINATING OFF-LOCATION DISPLAYS



## 6. MEAL DEALS (UK)



**£2.50  
meal  
deal**



**INSPIRED  
TO COOK**  
by Sainsbury's

DINE IN FOR 2

**Stir fry veg + noodles + sauce**  
Save up to £1.60. Shop the deal & see  
full T&Cs

**£12  
meal  
deal**



**TAKEAWAY**  
by Sainsbury's

DINE IN FOR 4

**2 pizzas + 2 sides + 1 dip**  
Save up to £6.50. Shop the deal & see  
full T&Cs

**£12  
meal  
deal**



**taste  
THE DIFFERENCE**

DINE IN FOR 2

**Main + side + dessert + drink**  
Save up to £7.10. Shop the deal & see  
full T&Cs

# 7. MEAL-BOX DELIVERY

- Aus Meal-Kit Delivery Market = \$600m
- Accounts for 30% of online grocery market
- HelloFresh: Global sales \$12.4bn (FY22), 16 countries  
....essentially a manufacturer sourcing ingredients  
(therefore, need consistent supply, reliable quality)

MARLEY SPOON



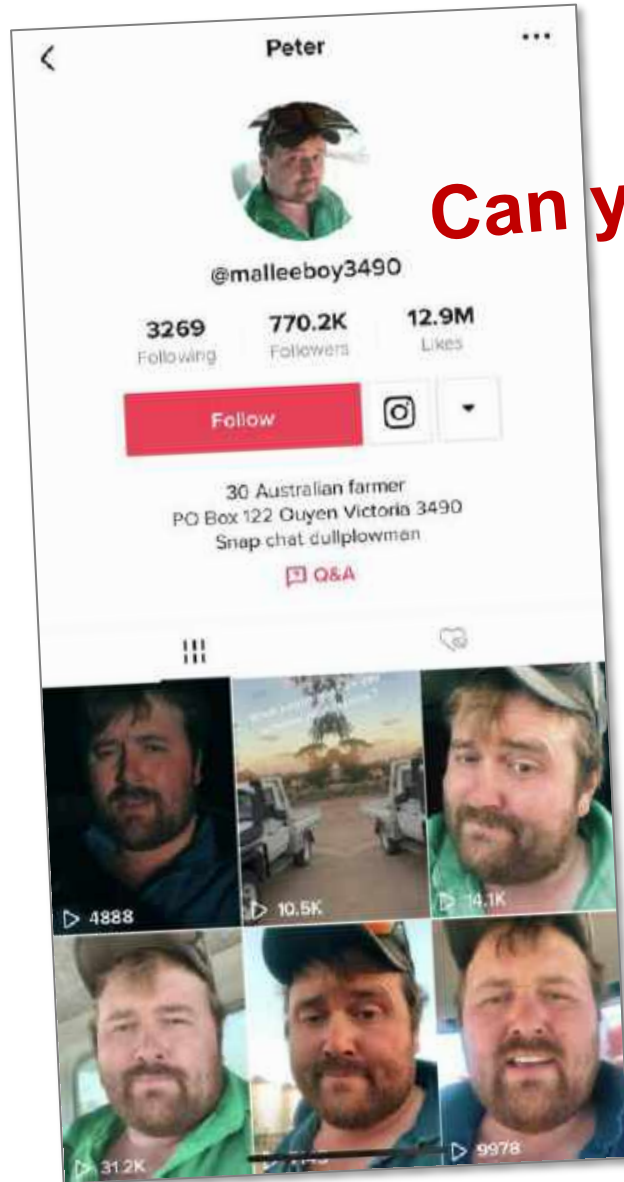
A photograph of a butcher shop. A male butcher wearing a grey apron, a black t-shirt, and a grey and orange checkered cap is standing behind a wooden counter, showing various cuts of meat to three customers. The customers are a man in a red shirt, a woman in a patterned top, and another man in a blue shirt. The background shows shelves with canned goods and a large whiteboard.

## 8. PROVENANCE AND AUTHENTICITY (PURE NZ)

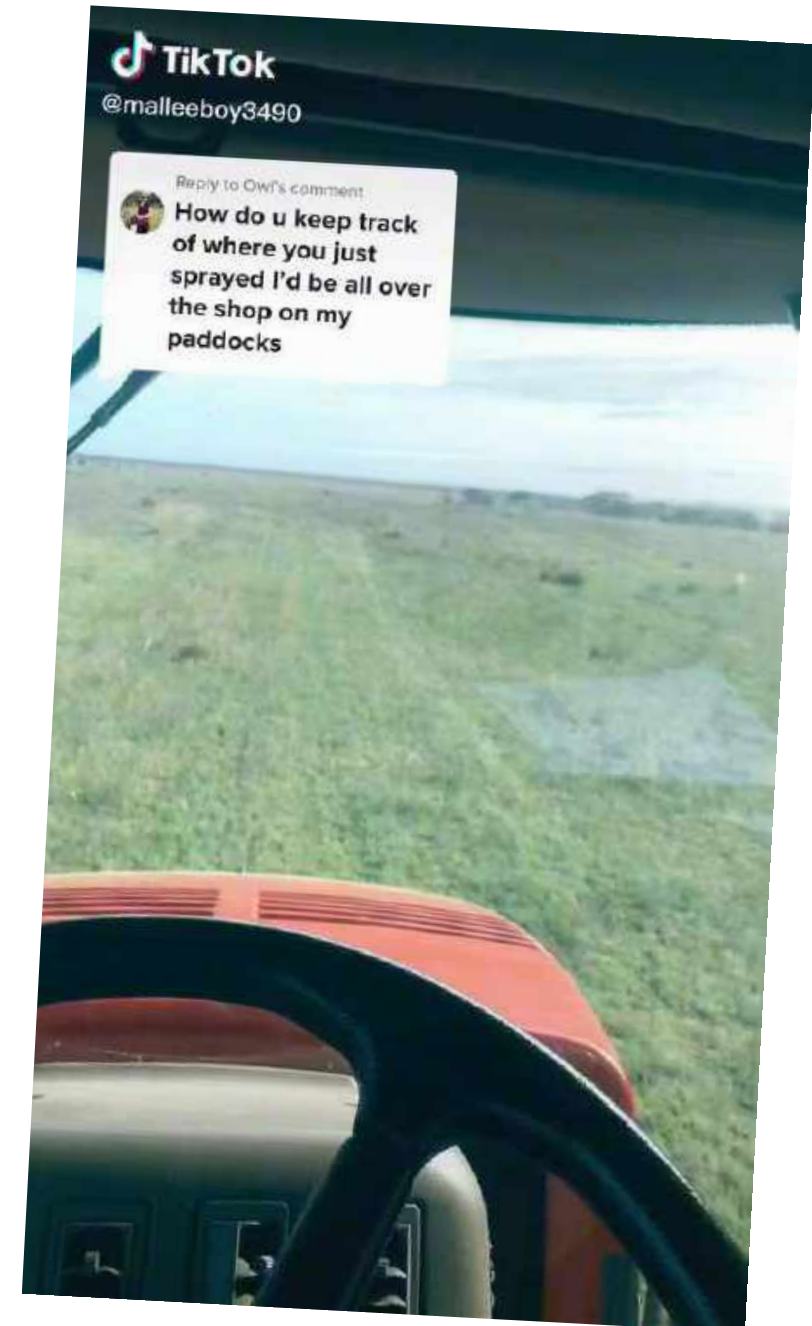
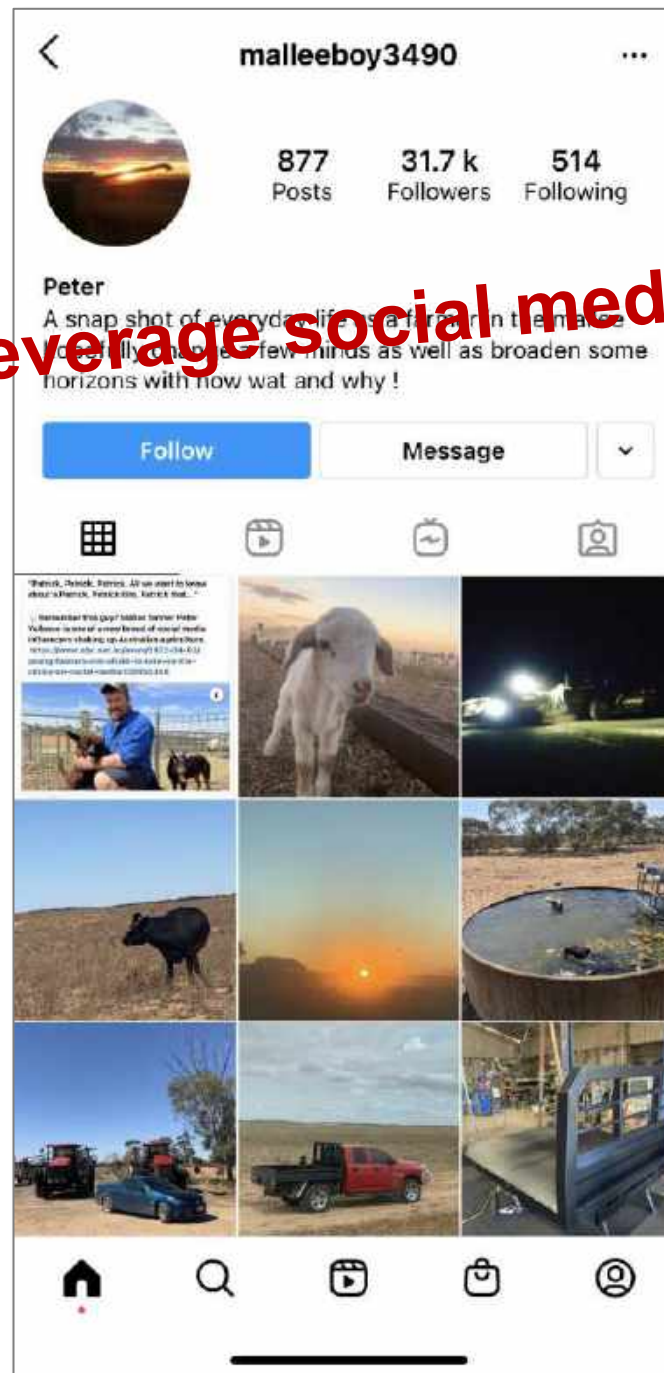
*"Have you met my pig? She's delicious."*

- Natural
- Local
- Heritage
- Nostalgic
- Craft
- Organic

## 8. AG INFLUENCERS



Can you leverage social media?



# 10. PRODUCT SECURITY & AUTHENTICITY

## Brand Protection

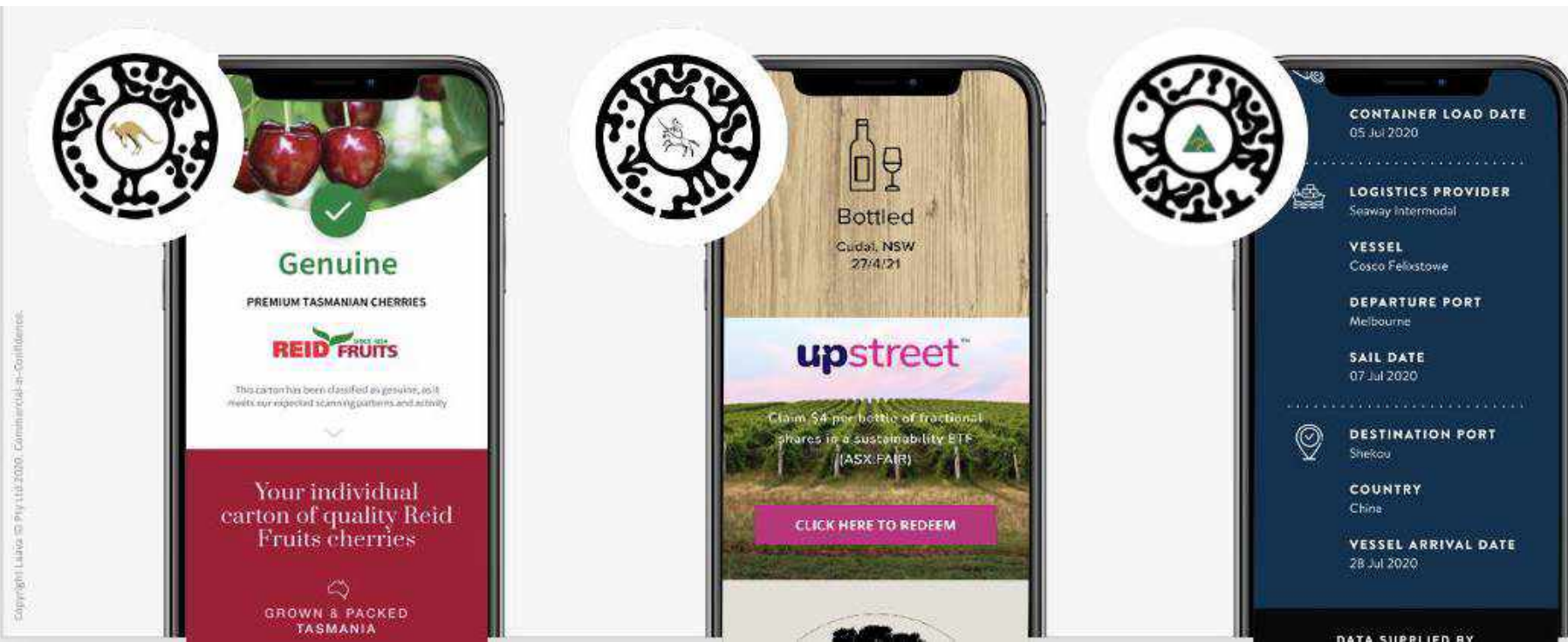
Confidence in product authenticity, channel integrity and core claims

## Storytelling & Engagement

Rich consumer engagement storytelling, rewards and more

## Provenance & Traceability

2-way integration with ERP, Traceability, DLT, NFT and eCommerce Platforms



## 11. SUSTAINABILITY: CORE PILLARS TO TACKLE CLIMATE CHANGE



*“The customer is using their wallet to prove a point - sustainability is the future, and if you’re not part of the solution then you’re clearly part of the problem!”*

**....and 78% of consumers want more sustainable solutions BUT don’t want to pay for it!**



World  
Benchmarking  
Alliance

Total score  
out of 100

Governance  
and  
strategy  
out of 10

Environment  
out of 30

Nutrition  
out of 30

Social  
inclusion  
out of 30

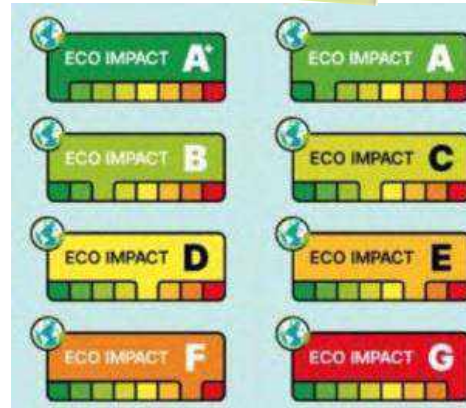
Score > 40 7 companies

1	Tesco	53.6	5.0	16.9	12.5	19.2
2	Coles Group	49.6	6.7	12.5	11.3	19.2
3	Sainsbury's	44.6	2.5	15.0	15.0	12.1
4	Orkla	43.8	8.3	15.0	10.0	10.5
5	Carrefour	43.5	7.5	14.4	7.5	14.2
6	Ahold Delhaize	43.0	8.3	11.3	10.0	13.4
7	Woolworths Group	42.3	4.2	13.1	12.5	12.5

- Consumers expect it, but expect to **pay nothing** for it
- Retailers will measure and **benchmark suppliers**
- What are your **2025 targets**?



# HOW SHOULD RETAILERS COMMUNICATE SUSTAINABILITY?



UK supermarkets in eco-label pilot  
Sainsbury's, Co-op and M&S use a traffic-light system for assessing environmental impact of various food products



## 12. FOOD SAFETY: ROCKMELON SALES IMPACT



# PLANNING FOR THE FUTURE

## REDUCE COSTS

- Consolidate / invest for efficiency
- Do the basics well (DIFOT, risk mitigation)
- Don't over-produce

## CONSUMER INSIGHTS

- Improve understanding
- Improve decision-making

## CONSISTENT QUALITY

- In-field and NIR
- Don't plant in marginal growing regions (consider climate change)

## MINDSET ALIGNMENT

- Trust and respect
- Partner good with good

## SUSTAINABILITY

- Take credible action
- Develop a baseline to measure against
- Evidence of what you're doing (NO green-washing)

Rivalry amongst  
existing  
competitors

## EXPAND OCCASIONS

- Own snacking
- Target lunch (meal deals) & b/fast
- Cooked desserts

## MARKET CORE COMPETENCIES

- Value for money & convenience
- Bulk displays for 'New Season'
- Ag Influencers (build personalities)
- High-reach audiences (Masterchef)

## COVER ALL CHANNELS

- Meal-Box companies
- Fit for on-line success

**"It's worth paying a premium  
for NZ Apples & Pears  
because...."**



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