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Rural Industries Research and Development Corporation

Improving the Harvesting, Processing and Marketing of Australian Capers

A report for the Rural Industries Research and Development Corporation

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Foreword

The caper, traditionally a Mediterranean plant, has not, until a recent trial in Mannum, South Australia, been commercially grown in Australia. All caper products have until now been imported to Australia. The Mannum trial established that capers can be grown successfully in Australia and this study aimed to gain increased insight into the existing Australian market for caper products, to reduce labour costs by mechanising the caper sorting process and to raise awareness of capers in potential caper grower and consumer segments of the market.

Market research was undertaken to establish a typical customer profile. Key price points were evaluated and an attempt made to establish the size of the Australian market for caper products so that future growth in this industry can take place in a sustained and practical manner.

Underlying the study is the need to maintain a premium price for Australian capers if they are to be commercially viable and it appears that, while there is a segment of the market willing to pay for high-quality, local produce, points of difference, particularly in flavour, are essential if brand loyalty is to be developed and sustained. The market research highlighted the need for ongoing consumer education in areas including what the caper is, how they taste and how to use them.

Information sheets, 'shelf talkers', including images of the caper plant, background information on Australian Capers, celebrity endorsement, caper uses and recipes were designed by Australian Capers and are distributed to consumers at caper tastings and by retailers of Australian Capers. These 'shelf talkers' are significant in educating consumers and it is expected that they will assist to create a knowledgeable and loyal customer base over time.

This report also reports on the design and development of a sorting machine designed to sort capers mechanically to an international grading scale and maintain quality and consistency while reducing labour costs. Much consideration was given to maintaining the quality of the capers, ergonomics, the corrosive nature of the product, waste disposal and cost.

If the market is to continue to grow and increased economies of scale are achieved then there is an opportunity for other growers to be involved in the development of this new crop. Australian Capers has received a large number of enquiries from prospective growers and will make plants and technical know how available to new growers.

This project was funded from RIRDC core funds which are provided by the Australian Government.

This report is an addition to RIRDC's diverse range of over 1500 research publications. It forms part of RIRDC sub-program 1.1, 'New Plant Products', and specifically it is part of the sub-program component 'Culinary Herbs and Spices', which aims to maintain a high quality and consistent product capable of competing successfully in a highly competitive global market.

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Peter O'Brien
Managing Director
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Executive Summary

What the report is about

This is a report on the progress of the developing caper industry in Australia. The Australian Caper Company has spent eight years researching and participating in the development of this new industry. This is a report on progress in three development areas;

1. Market research – an independent market survey was undertaken to gain an understanding of perceptions, prices, markets brands and product presentation in relation to capers in the Australian market place.
2. The design and development of a sorting facility to suit Australian requirements and deliver consistency in size grades.
3. The design and distribution of educational point of sale materials on what are capers, how to use them and why Australian capers are special.

Who is the report targeted at?

The report is targeted at investors and new growers. If capers are to be considered as an alternative crop then an assessment of production, sorting, current market and the identification of particular threats and opportunities that might affect the growth of a market for Australian-grown capers is necessary. This report begins to look at these questions.

Background

The world demand for capers is increasing and the caper plant confers environmental benefits with its suitability to dry saline conditions. It is worthwhile pursuing the opportunity to establish a niche market focused on producing high-quality capers for import replacement and potentially for export that will bring economic benefits to Australia and particularly to rural Australia.

The caper is increasingly popular in Mediterranean-influenced Australian diets and Australians now have the choice to purchase a locally produced, distinctive, organic alternative to imported product.

The caper has health benefits and potential for medicinal uses as well as contributing to land regeneration and biodiversity as it provides an alternative crop in drought prone, saline and poor quality soils.

A trial to establish whether capers can be successfully grown has been undertaken in Mannum, South Australia since 2000. One thousand plants of various varieties have been successfully propagated and various trials established to test and compare growing conditions and plant varieties. The Australian Caper Company has built up a knowledge bank unique to Australian conditions and has undertaken to share plants and knowledge with potential growers in a bid to establish an Australian caper industry to replace, in part, an import market estimated to be around 450 tonnes annually.

The Australian Caper Company picks, processes and markets caper products directly to chefs and gourmet retailers around Australia. It is clear that Australian capers are a premium product and consumers and food industry professionals have welcomed the opportunity to enjoy the distinctive flavour and taste of an Australian product that rivals the best in the world.

Aims and Objectives

As Australian capers are currently commanding prices at the very top end of the market, it was necessary to establish the size of the existing market. Rural Solutions South Australia (RSSA), a branch of the Department of Primary Industries and Resources, South Australia (PIRSA), was engaged to collate and analyse survey results to form a basis for a market assessment of perceptions, prices, markets, brands and product presentation in relation to capers in the Australian market place.

The caper requires handpicking over the hottest four months of the year and is a labour intensive, high-cost crop. Costs need to be carefully monitored and cost-reducing mechanised systems actively investigated to encourage pricing that is comparative with that of the best quality imported caper products. A sorting machine was designed and built to maintain the quality of graded capers and to reduce the high labour costs incurred through hand grading. The knowledge gained, issues overcome and processes used in the development of this machinery are made available through this report.

Methods

Market Research

Survey questionnaires were designed in conjunction with the Murraylands Regional Development Board and were critiqued by Rural Solutions SA before being administered by Australian Capers in a series of phone and individual interviews at product tastings conducted at the Adelaide Central Market and at a Melbourne retailer. Interviews of wholesalers, retailers and consumers were undertaken along with a survey distributed by retailers of Australian Capers and filled in independently by customers and returned by post. A local pricing survey of competitor caper products was undertaken to determine the range and type of products available and their prices in supermarkets and delicatessens, to provide a comparison to the Australian caper product in a retail sense. Rural Solutions SA collated and analysed all survey results, and provided summaries, key messages and recommendations (Appendix 4).

Sorting Machine

A sorting machine was designed and developed. Initially, a model of a graded shaker table was made and then dismissed in favour of a rotating tube at a low angle and punctured with circular grading holes.

Educational Aids

Educational aids were professionally designed and printed. The ‘shelf talker’ is designed to be eye-catching and easily displayed on shop shelves. The goal was to inform shoppers regarding Australian Capers – what the caper is and how it grows, highlight the ‘Australian grown’, introduce the grower and provide shoppers with an attractive recipe card and celebrity endorsement (Appendix 5).

Results and key findings

Market research

The results of a consumer survey confirmed that, while there are customers willing to support local, high-quality produce, if brand loyalty is to be expected there must be a demonstrable point of difference from imported produce and cost must relate in some way to the top price of the best imported product. It also became clear that the majority of people are not sure what a caper is, let alone its various uses.

The market research confirmed a number of perceptions:

- **Product perceptions**:
  The areas considered most important by all consumers surveyed, were ‘flavour’, ‘texture’ and ‘freshness’.
- **Consumer education**:
  Consumers need as much information as possible about how to use the product, especially when more consumers are familiar with capers in brine than with the salted Australian capers. ‘Shelf talkers’ were regarded to be the best means to effectively communicate serving suggestions, recipes and the product details to the consumer.
- **Price**:
  Price is going to be a major issue for the Australian capers. It was an overwhelming theme across all respondents in all categories. The emerging caper industry needs to consider how it

can bring its price point closer to that of the best quality imported products that are available. Specifically, for the Australian Caper Company, if it were to maintain its current price point, the product will likely have a small and narrow target market.

Australian capers are sold at prices roughly 2–3 times that of the best quality imported product. While it may be possible to maintain this price at the top end of a niche gourmet market, it is essential that Australian caper growers continue to be vigilant, looking for innovative ways to reduce costs, while maintaining a definitive point of difference over their imported competitors and growing their market share.

Sorting Machine

Based on the old style oyster and almond sorting machines, a prototype of a rotating tube with circular holes at a low angle was built. Each cylinder was mounted on wheels and graded product caught below. The rotary circular hole model performed most satisfactorily and could be hand turned or driven by a rubber wheel or an electric drill.

Educational Aids

Maggie Beer, celebrity chef and food writer, endorsed Australian Capers on the front of the card and provided the recipe on the back. The ‘shelf talkers’ were designed to be colourful, eye catching and attractive. They have been well received and are useful takeaways for customers at caper tastings. Ongoing tastings at various retailers and the development of a media pack designed to stimulate interest and media coverage across the various media will assist with ongoing education and interest in Australian Capers. In 2005 articles featuring Australian capers were published in *Outback Magazine*, *The Grower*, *The Age*, the *Small Farms Magazine*, the *Sydney Morning Herald*, and ‘The chef and the cook’ was filmed onsite at Australian Capers for ABC Television. ABC Landline was filmed onsite in January 2006 and various other publications have also indicated their interest. Simultaneously a number of well-recognised chefs have supported Australian Capers and feature capers on their menus and in their gourmet retail outlets. As more public figures support Australian Capers, public awareness will grow and stimulate an increased market.

Recommendations

Similar to the case of the Australian olive oil industry; if Australian Capers focuses primarily on production, then marketing and distribution could be overlooked. In extreme cases this can lead to commoditisation of products as producers fail to differentiate their products from those of other producers, causing a price-taking scenario.

While economies of scale are no doubt achievable as capers are grown on a larger scale, the outlook for price-reducing opportunities for Australian caper production is, at this stage, believed to be somewhat limited. As a new industry, however, there is an opportunity for growers to consider the issues of oversupply and tackle the questions of commoditisation and sustainable market growth in a concerted manner.

1. Introduction

A trial to establish whether capers, a native of the Mediterranean, can be successfully grown and sold in Australia has been undertaken in Mannum, South Australia, since the year 2000. One thousand plants of various varieties have been successfully propagated and various trials established to test and compare growing conditions and plant varieties. The Australian Caper Company has built up a knowledge bank unique to Australian conditions and has undertaken to share plants and knowledge with potential growers in a bid to establish an Australian caper industry for the domestic market and replace, in part, an import market estimated to be around 450 tonnes annually.

It has been difficult to establish the size of the Australian caper market due to the amalgamation of capers into other import categories that do not specify capers. The most recent figures available reported that in 1995 Australia imported 250 tonnes of caper products and if one applies the 6% per year growth of caper imports experienced in the US market from 1995 to 2000 then it can be assumed that the Australian market is currently around 450 tonnes (Australian Bureau of Statistics).

The Australian Caper Company propagates, grows, picks, processes and markets caper products directly to chefs and gourmet retailers around Australia. It is clear that Australian capers are a premium product and consumers and food industry professionals have welcomed the opportunity to enjoy the distinctive flavour and taste of an Australian product that rivals the best in the world.

None the less, the caper requires handpicking over the hottest 4 months of the year and is a labour intensive high-cost crop. Costs need to be carefully monitored and cost reducing mechanisms, including mechanisation, actively sought to maintain pricing that is comparable to the best quality imported caper products.

Largely, this report is part of the ongoing due diligence required when introducing a new crop. Threats to the plant (eg from pests and disease) and threats to the surrounding environment by the plant (eg by rampant growth) have to be assessed in an ongoing manner. Previous research has found that the plant is very well suited to the arid conditions of much of Australia and a commercial farm has been successfully established at Mannum in South Australia. The Australian Caper Company is participating in the development of a future caper industry by making plants and knowledge gathered over 8 years of research available to other growers. If there is to be an uptake of capers as an alternative crop by new growers then an assessment of the current market and the identification of particular threats or opportunities that might affect the growth of a market for Australian-grown capers is necessary.

This report begins to look at these questions. It also looks at the design and construction of a caper sorting plant that has made an immediate impact on the cost of sorting/grading capers and can be of benefit to other growers wishing to use this facility. Finally the report begins to tackle the question of developing a market for Australian caper products by identifying the need for and beginning the process of educating and informing consumers and food industry professionals of Australian Capers/capers in general and their uses.

2. Objectives

With the world demand for capers increasing and the caper plant's very obvious environmental benefits and suitability to dry saline conditions, it is worthwhile pursuing the opportunity to establish a high quality caper industry for import replacement and potentially export that will bring economic benefits to Australia and particularly to rural Australia.

The caper is increasingly popular in Mediterranean-influenced Australian diets and Australians now have the choice to purchase a locally produced, distinctive, organic alternative to imported product.

The caper has health benefits and potential for medicinal uses as well as contributing to land regeneration and biodiversity as it provides an alternative crop in drought-prone, saline, poorer quality soils. We report on the educational aids developed to encourage a sustainable and growing market for high-quality locally grown caper. We also give an update on the extension of caper growing opportunities to other growers via the large number of interested enquiries received via the Australian Capers website (www.australiancapers.com.au).

Also, a sorting machine was designed and built to maintain the quality of processed capers while grading but to reduce the high labour costs incurred through hand grading. The knowledge gained, issues overcome and processes used in the development of this machinery is made available through this report. Caper growers have access to the use of this sorter reducing costs and achieving some economies that will reduce the cost of producing processed capers.

Australian capers are currently commanding prices at the very top end of the local market and it is necessary to establish the size of the existing market. As such Rural Solutions SA a branch of PIRSA were engaged to collate and analyse survey results to form a basis for a market assessment into perceptions, prices, markets, brands and product presentation in relation to capers in the Australian market place.

This report looks at three main areas:

- Independent Market Research to further understand the current market for Australian Capers. The Marketing report also includes a snapshot of the Australian olive oil industry as a comparable industry developing out of a market serviced traditionally by imported product.

- The design and development of a sorting facility constructed to suit Australian requirements and deliver a consistent and quality product. A number of issues were considered including the importance of preserving the quality of the product, the corrosive nature of the product, ergonomics, waste disposal and cost. A sorter was designed and built and then adjusted after it was trailed and evaluated against the design criteria.

- The design and distribution of 'educational aids' to promote and improve consumer and food industry professionals understanding of the caper, what it is, uses etc and the promotion of capers as an alternative crop among prospective growers.

3. Methods

Market Research

Survey questionnaires were designed in conjunction with the Murraylands Regional Development Board and were critiqued by Rural Solutions SA before being administered by Australian Capers in a series of phone and individual interviews at a product tasting conducted at the Adelaide Central Market. Interviews for wholesalers (Appendix 1), Retailers (Appendix 2) along with a consumer survey (Appendix 3) which was distributed by retailers of Australian Capers, filled in independently by customers and returned by post.

In their report (see Appendix 4), Rural Solutions SA undertook a quick desktop snapshot of the Australian olive industry to get a feel for the boutique market as a percentage of the total Australian olive oil market, and the effect on price. The Australian olive industry was viewed as a comparable industry, having grown and developed out of a market mostly serviced by imported product. See Appendix A of the report for snapshot.

Rural Solutions SA undertook a local caper pricing survey of competitor products to determine the range and type of products and prices available in supermarkets and delicatessens, to provide some comparison to the Australian Caper product in a retail sense. See Appendix B of the report.

A survey of ‘non-foodies’ was conducted by Rural Solutions to get a more realistic sample of typical consumer responses to the product. This included conducting 11 ‘consumer surveys’ within PIRSA across a range of work groups. In addition to the standard survey, these respondents were also given the opportunity to do a blind taste test of both the local product against a similar imported product (salted capers). They were also asked to taste locally produced caper berries treated in two different ways, as a separate exercise to gauge public opinion. See Appendix C of the report.

Rural Solutions SA collated and analysed all survey results (consumer, retailer, wholesaler) for the Australian Caper Company, providing summaries of results, key messages and recommendations.

Sorting Machine
A model of a graded shaker table was made for discussion and dismissed in favour of a rotating tube at a low angle and punctured with circular grading holes.

Educational Aids
Educational aids were professionally designed and printed. The ‘shelf talker’ is designed to be eye-catching and easily displayed on shop shelves. The goal was to inform shoppers regarding Australian Capers – what the caper is and how it grows, highlight the ‘Australian grown’, introduce the grower and provide shoppers with an attractive recipe card and celebrity endorsement.

4. Results

Market Survey

Product perceptions

The areas considered most important by all consumers surveyed, were ‘flavour’, ‘texture’ and ‘freshness’, where the Australian caper product rated really well. In contrast, ‘organic’ and ‘economic’ factors rated poorly, indicating that consumers placed little importance here.

Interestingly, a number of respondents rated ‘economic benefits to regions’ relatively high. This could have been a reflection of the audience (a number came from regional places). It is worth bearing in mind that many consumers experience a social pressure in relation to economic, social and green type issues to ‘say the right thing’. This doesn’t always translate to ‘doing it’ though. When prompted and presented with a possible influencing factor such as ‘economic and social benefits for regional Australia’, people will often say yes in recognition of the importance of the issue, but this doesn’t necessarily affect purchasing behaviour (in other words it’s not top-of-mind when shopping).
Most consumers indicated that they viewed the supermarket as their main point of purchase for capers, with supermarkets/delis secondary. This has implications for the distribution and price point of the Australian Caper product and would indicate that they remain a niche product for the gourmet end of the market.

Most consumers who tasted the Australian Capers product gave fairly positive and encouraging responses. However, the comparative blind tasting using the imported product still received a positive response from those consumers who tasted. By contrast also, the PIRSA consumers surveyed were comparably less positive perhaps because they were not under the influence or pressure of being surveyed by a producer or because they did not have the benefit of the producer to answer queries or explain the nature of the product.

It is difficult to assess whether this range of responses will translate to commitment and purchase, and whether in fact consumers would prefer the local product to a similar imported one.

Education, in-store tastings and shelf talkers at the point of sale will be important tools to encourage purchase.

Consumer education

Education will continue to be a major issue. Consumers need as much information as possible about how to use the product, especially when more consumers are familiar with capers in brine as opposed to salted Australian capers (although an increasing number of recipes recognise the superiority of capers in salt).
While food interested people seemed more knowledgeable, increased awareness of possible uses might increase purchase frequency. The ‘shelf talkers’ provided to retailers will both draw attention to the product on the shelf and provide consumers with serving suggestions and recipes.

A number of consumers indicated a concern with the salt used to preserve the product. Questions were raised about whether this was ‘healthy’, whether it ‘dissolved’ in contact with moisture, and indeed how to use the product with or without salt. Some education on health benefits and usage will be necessary here and are also addressed in part via the ‘shelf talkers’.

Price

Price is going to be a major issue for The Australian Caper Company. It was an overwhelming theme across all respondents in all categories. The Australian Caper Company needs to consider how it can bring its price point closer to that of the best quality imported products that are available.
Obtaining economies of scale is a huge challenge for small companies in fledgling or new industries, but consideration needs to be given to all elements of the supply chain to reduce the price consumers are asked to pay. While the business’s ‘story’, positioning and high quality product helps to set The

Australian Caper Company's range apart and possibly secure a premium; if significant sales volumes are desirable the price must be closer to the competition.

Packaging

A recurring suggestion from some of the retailers and wholesalers surveyed was the use of a laminated stand up pouch. This could be a way to improve convenience, set the product apart from the competition and possibly even reduce packaging costs. There might also be merchandising advantages as well; eg, Jones the Grocer in Sydney uses this concept, hanging pouches from racks rather than stacking jars on shelves. Consumers also rated re-sealable and product visibility as important elements of packaging.

Wholesale/retail distribution

There appears to be no consistency with trading terms, which means that these will need to be negotiated individually with wholesalers and retailers.
All wholesalers and retailers surveyed nominated the same type of target market – higher income 'foodies'. This means that if the Australian Caper Company maintains its current price point, the product will likely focus on a niche target market.

Similar to the case of the Australian olive oil industry; if Australian Capers focuses primarily on production, marketing and distribution are often overlooked. In extreme cases this can lead to commoditisation of products as producers fail to differentiate their products from those of other producers, causing a price-taking scenario. A select few businesses will succeed by focusing on value-added export and other forms of distribution. Other producers may supply bulk commodity oil to European producers for counter-seasonal blending and export. Given the growth predictions of the Australian industry, the Australian olive industry has the opportunity to choose one or more of the following future directions to avoid a major oversupply problem:

- expand the total domestic market above projected levels and/ or
- capture domestic market share from current importers
- enter and increase selected export markets
- capture export market share from current competitors.

While some economies of scale are achievable as capers are grown on a larger scale, the outlook for price reducing opportunities for Australian caper production remains somewhat limited and opportunities for mechanisation and other cost reducing systems need to be considered. There is also an opportunity for new growers to consider the potential for oversupply and tackle the questions of commoditisation and sustainable market growth in a concerted manner to ensure a healthy market.

Australians consume 30,000 tonnes of olive oil per year (30 million litres) – of which imported product accounts for upwards of 95%. Estimates of the current Australian olive oil market are as follows:

- size: – boutique (non supermarket) makes up approx 20-30% of total olive oil sales
- price: – high volume (supermarket) oils priced around $5 per litre (wholesale)
  – low volume (non supermarket) oils are $10 and up per litre (wholesale)

Encouraging for a fledgling caper industry is the understanding that boutique oil sales are less price sensitive, but are very influenced by marketing effort.

It is estimated that the boutique olive oil market accounts for 15–20% of the total market for olive oil including farmers markets. Price are very variable and can range from $10–$30 retail for 500 ml and average price is $18–$20 for 375 ml.

It has been suggested that there is an increasing range of Australian extra virgin olive oils available in Australian supermarkets, and while this is may lead to increased overall sales of oils, sales in gourmet stores would be decreasing. This is accompanied by an expectation that while people have been happy to pay a higher prices for Australian oils in the past, and may even have made a special trip to a deli to buy a particular oil, this may change as consumers have access to good oils in their local supermarket for much lower prices.

Australian capers are sold at prices roughly 2–3 times the price as the best quality imported product and while they may be able to maintain this price at the top end of a niche gourmet market it is essential that Australian caper growers continue to be vigilant, looking for innovative ways to reduce costs while maintaining a definitive point of difference over their imported competitors and growing their market share.

Sorting Machine

Design Requirements

The Australian Caper Company engaged David Inverarity of Inverarity Permaculture to design and build a grading machine to grade caper buds into at least 4 sizes, taking into account:

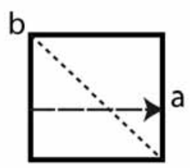
- delicate nature of product
- salted treatment
- food handling standards in Australia
- cost and ease of production
- ability to develop and upgrade machine
- requirement to grade to 4 different sizes

A survey of used machinery available in Australia and particularly food grade machinery using the internet and second hand machinery outlets in Adelaide concluded that no machine existed which would easily adapt to grading capers. Some stainless steel sorting machines would sort to 2 grades but the cost plus freight was prohibitive. Most horizontal shaker machinery is used in heavy industry, mining and quarrying, especially for crushing rock, and cannot be easily adapted to food.

A model of a graded shaker table was made for discussion. To grade capers to 4 sizes, 3 meshes of appropriate sizes are required. Results showed that the irregular shape of capers allowed too much variation in each grade. Square mesh has a variance between cross measure and diagonal measure of more than 2 mm and is not suited to the irregular shape of capers. Furthermore; vibrating tables with stainless steel contact areas require heavy frames, full welding and permanent installation in specific footings.

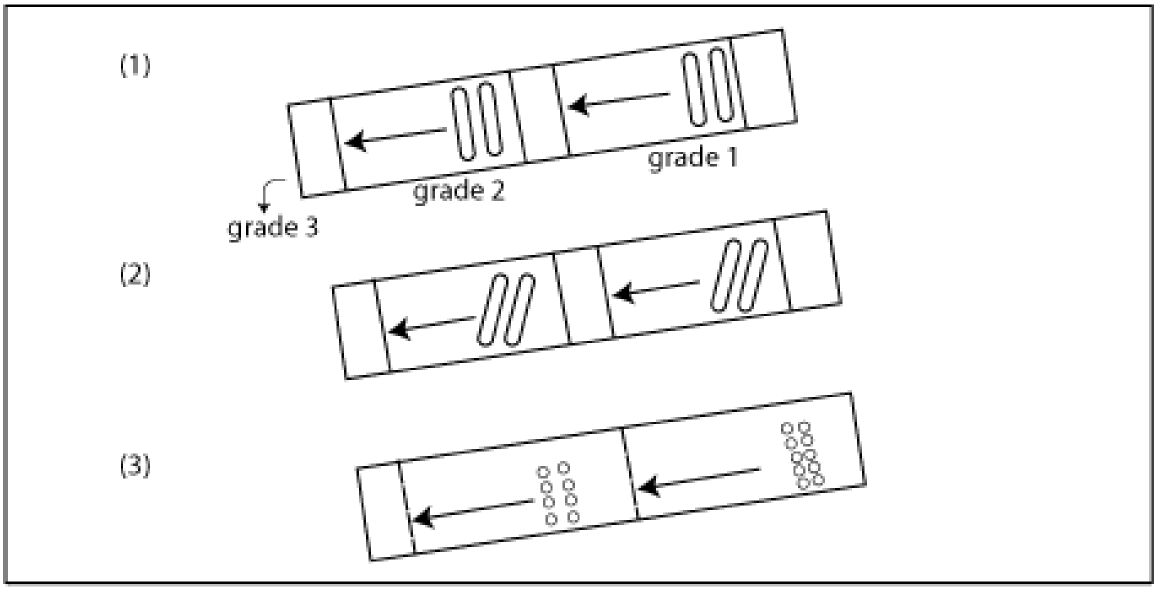
Based on the old style oyster and almond sorting machines, a prototype of a rotating tube with circular holes at a low angle was built. Each cylinder was mounted on wheels and graded product caught below. The rotary circular hole model (3) performed most satisfactorily and could be hand turned or driven by a rubber wheel or an electric drill (see Photo 1, attached)

Diagram:



b - a = variance

(Several metres of 200mm plastic pipe were used for 2 prototypes to achieve 3 grades.)



From the prototype a detailed specification was formulated and a larger cylinder of approximately 300 mm diameter and with 3 fields of holes representing relative market value of the grades was designed. The frame was built in galvanized steel to allow for some salt tolerance and is ‘flexible’ (non-welded) to allow for variation of the angle of the sorting cylinder and the future addition of a motor. The cylinder and all areas in contact with caper product are made of food grade stainless steel. Trials have been successful and the sorter commissioned.

Photo 1 Sorter/Grading Machine

Future alterations may include:

- adjusted angle to avoid a second grading
- added a prototype feeder/hopper to shake capers at a steady rate as well as removing some salt
- motor and reduction drive and belt drive to allow a single operator
- platform and safety rail to feeder hopper for operator safety
- improved wheel bearings on suspended wheels for quieter operation
- scrapers spring-loaded on drum to remove salt and keep top-grade consistent size

Educational Aids/Grower Education

Australian Capers developed a DL flyer designed to be eye-catching and easily displayed on shop shelves. The goal was to inform shoppers regarding the Australian Capers – what the caper is and how it grows, highlight the 'Australian grown', introduce the grower and provide shoppers with an attractive recipe card. Maggie Beer, celebrity chef and Food writer endorsed Australian Capers on the front of the card and provided the recipe on the back. These 'shelf talkers' have been well received and are useful takeaways for customers at caper tastings.

The Australian Caper Company has received a large number of enquiries from potential growers via its website (www.australiancapers.com.au). Plants and know-how have been made available to those pursuing their interest in trialling capers for commercial growth. In addition seedlings are supplied to a large mail order nursery for sale to domestic growers. One assumes that interest and understanding are being fuelled as more people become aware of the caper plant and its edible product.

5. Recommendations

Market research confirmed the belief that while there are customers willing to support local, quality produce, if brand loyalty is to be expected a demonstrable point of difference from imported produce must be clear and cost must relate in some way to the top price of the best imported product. It also became clear that the majority of people are not sure what a caper is or their various uses.

Education of potential customers currently includes the use of ‘shelf talkers’ and tastings. In 2005 several successful tastings were held at the Adelaide Produce Market in conjunction with other Mediterranean products and in Melbourne and these should be continued and expanded possibly also into Farmers markets where consumers have an opportunity to ‘meet the grower’ and grow in awareness of a given product, going home, talking about it and ideally creating some sort of ‘buzz’ and interest in a new product.

A broader educational program using various media should continue to educate the public in general and stimulate some interest in the remarkable caper plant and its product. In 2005 articles featuring Australian capers were published in *Outback Magazine*, *The Grower*, *The Age*, the *Small Farms Magazine*, the *Sydney Morning Herald*, and ‘The chef and the cook’ was filmed onsite at Australian Capers for ABC Television. ABC Landline is due to film onsite in January 2006 and various other publications have also indicated their interest. Simultaneously a number of well-recognised chefs have supported Australian Capers and feature capers on their menus and in their gourmet retail outlets. As more public figures support Australian Capers, public awareness will grow and stimulate an increased market. These opportunities must be actively pursued and developed.

As an increasing number of growers enter the Australian market and increasing media coverage fuel awareness of the caper, so interest in a superior, locally grown product is fuelled.

It is essential that Australian growers continue to focus on producing superior quality product, aspiring to set the benchmark for quality internationally with a discernibly better, different product. As a new industry with a new product, Australian Caper Growers are uniquely positioned to achieve this.

Future research should continue to focus on maximising production by understanding the nature of the plant and continued research into varieties, best farming practise and pests and disease is essential. Economies should be sought through growers working together to keep costs in check and reduce the risk of commoditisation. To further grow the market, an understanding of export markets should be sought and plans put in place to be in a position to take advantage of opportunities here.

6. Appendices

Appendix 1: Wholesalers & distributors survey form

Objective: Establish how can we shape our business and product to meet their needs in conjunction with making a sale.

Method: Telephone or face-to-face survey of approximately 10-15 participants.
Do a comparative tasting (imported vs. local)

Name: ____

Contact details: ____

Address: suburb/city ____

Current Sales of Caper Products

1. Do you sell capers or caper products? YES NO

If no, please turn to question 16.

2. What types of caper products do you sell? (Circle)

A	Capers in salt
B	Caperberries (how)
C	Capers in brine
D	Pickled leaves
E	Capers in oil
F	Other

3. What sized capers do you sell?

A	Very small >7mm
B	Small 7-8mm
C	Medium 8-10mm
D	Large 10<
E	Caper berry

Can you see product / value adding opportunities for different sizes?

4. Who are your current suppliers/distributors of caper products?

5. How are the caper products that you handle packaged (size and type)

	Product	***Size***							***Packaging Type***
		45g							
A	Capers in salt								
B	Caperberries (how)								
C	Capers in brine								
D	Pickled leaves								
E	Capers in oil								
F	Other								

6. Do you have a feeling as to the quality / price / popularity of the above products?

7. What is your annual Turnover (in Kilos) in caper products (size and type)?

	Product	***Annual turnover (Kilos)***						
		45g						
A	Capers in salt							
B	Caperberries (how)							
C	Capers in brine							
D	Pickled leaves							
E	Capers in oil							
F	Other							

8. What is the retail price for these products?

	Product	***Retail Price $***						
		45g						
A	Capers in salt							
B	Caperberries (how)							
C	Capers in brine							
D	Pickled leaves							
E	Capers in oil							
F	Other							

9. What are your main markets? Eg: 5 star restaurants, retail outlets.

Consumer Profile

10. Do you have a feeling as to the type of consumer buying caper products? (Ethnic, culture, age, income)

Market Trends

11. Are you able to identify any trends in the sale of caper products? (i.e. seasonality)

Have you noticed a change in demand over the last 5 to 10 years? Why?

A	Increased
B	Decreased

Which products and businesses?

Product Perceptions

12. What incentives would encourage you to sell locally grown capers?

13. What strengths would locally grown capers provide? (i.e. < admin, > quality control)

14. What is the likelihood that you would distribute Australian Capers? Level of interest?

A	Highly likely / Very interested
B	Maybe / Somewhat interested
C	Unlikely / Not interested

15. What challenges or issues could you foresee? Eg: supply

16. What price do you think the market will bear for a locally produced product? (Trend pricing diffs across stores)

17. What quantities of capers would you be able to deal in?

	Product	**Quantity**
A	Capers in salt	
B	Caperberries (how)	
C	Capers in brine	
D	Pickled leaves	
E	Capers in oil	
F	Other	

18. Would your customers pay a premium for sustainable, organic products? How much?

	% Premium
YES	
NO	

19. What do you think of our labeling and branding? Does it reflect product quality and market positioning?

Terms of Trade

20. Do you have any exclusivity agreements that would prevent you from selling other caper products?

    YES NO

21. What price would your customers want to buy for?

22. What wholesale price would be agreeable to you?

23. What are your terms of trade? (Ownership / consignment / returns?)

24. Marketing, merchandising and support expectations?

Exporters

1. Can you identify International trends that may have an impact on the export of capers?

2. Is there a market for exported Australian capers? If so, which countries do you believe and why?

3. Market access issues / requirements, in brief

4. Likely distribution channel (to the markets identified)

5. Who should we be targeting? Which outlets?

6. What sort of quantities would be required? How frequently? (Supply volume and continuity)

7. Branding and labeling requirements (destination country legislation; cultural requirements)

8. Likely price points for exported product (landed cost)

9. What about organic capers? Which markets? Are premiums paid?

Appendix 2: Retailer survey form

Name: ____

Contact details: ____

Address: suburb/city ____

Current Sales of Caper Products

25. Do you sell capers or caper products? YES NO

If no, please turn to question 15.

26. What types of caper products do you sell? (Circle)

A	Capers in salt
B	Caperberries (how)
C	Capers in brine
D	Pickled leaves
E	Capers in oil
F	Other

27. What size capers do you sell?

A	Very small >7mm
B	Small 7-8mm
C	Medium 8-10mm
D	Large 10<
E	Caper berry

Can you see product / value adding opportunities for different sizes?

28. Who are your current suppliers/distributors of caper products?

29. How are the caper products that you handle packaged (size and type)

	Product	***Size***							***Packaging Type***
		45g							
A	Capers in salt								
B	Caperberries (how)								
C	Capers in brine								
D	Pickled leaves								
E	Capers in oil								
F	Other								

30. Do you have a feeling as to the quality / price / popularity of the above products?

31. What is your annual Turnover (in Kilos) in caper products (size and type)?

	Product	***Annual turnover (Kilos)***						
		45g						
A	Capers in salt							
B	Caperberries (how)							
C	Capers in brine							
D	Pickled leaves							
E	Capers in oil							
F	Other							

32. What is the retail price for these products?

	Product	***Retail Price $***						
		45g						
A	Capers in salt							
B	Caperberries (how)							
C	Capers in brine							
D	Pickled leaves							
E	Capers in oil							
F	Other							

33. Apart from consumers, do you supply to any other business (Who, volume, regularity)

Consumer Profile

34. Do you have a feeling as to the type of consumer buying caper products? (Ethnic, culture, age, income)

Market Trends

35. Are you able to identify any trends in the sale of caper products? (i.e. seasonality)

36. Have you noticed a change in demand over the last 5 to 10 years? Why?

A	Increased
B	Decreased

Which products and businesses?

Product Perceptions

37. What incentives would encourage you to sell locally grown capers?

38. What strengths would locally grown capers provide? (i.e. < admin, > quality control)

39. What is the likelihood that you would distribute Australian Capers? Level of interest?

A	Highly likely / Very interested
B	Maybe / Somewhat interested
C	Unlikely / Not interested

40. What challenges or issues could you foresee? Eg: supply

41. What price do you think the market will bear for a locally produced product? (Trend pricing diffs across stores)

42. What quantities of capers would you be able to deal in?

	Product	**Quantity**
A	Capers in salt	
B	Caperberries (how)	
C	Capers in brine	
D	Pickled leaves	
E	Capers in oil	
F	Other	

43. Would your customers pay a premium for sustainable, organic products? How much?

	% Premium
YES	
NO	

44. What do you think of our labeling and branding? Does it reflect product quality and market positioning?

Terms of Trade

45. Do you have any exclusivity agreements that would prevent you from selling other caper products?

YES NO

46. What retail price do you think your market would bear?

47. What wholesale price would be agreeable to you?

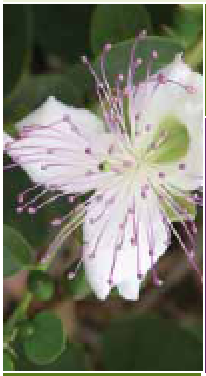
48. What are your terms of trade? (Ownership / consignment / returns?) Do you purchase direct?

49. In-store marketing, merchandising and support expectations?

50. Listing requirements and product positioning on shelves?

Appendix 3: Consumer survey form

australiancapers



Win a Hamper
South Australia's finest gourmet produce

The Australian Caper Company produces the only Australian grown alternative to imported capers and you have just bought one of the first jars available on shop shelves.

Influence the future of a new Australian Caper Industry by completing this survey. Send it back to us before 15th October 2005 and stand a chance to win a fabulous gourmet hamper filled with a tempting selection of exciting, taste thrilling treats!

Questionnaire

Alternately, go to **www.australiancapers.com.au/** to fill this questionnaire out online.

Name ____________________
Contact telephone number ____________________
Contact email/postal address ____________________
____

Please allocate a number between 1 to 10 that best describes your experience of Australian capers in the following areas (1 = not good, 5 = average, 10 = excellent)

___ Flavour ___ Texture ___ Appearance
___ Size ___ Overall experience

Comments ____________________

How did you learn about capers? ____________________
Are you aware of the health benefits of capers? ☐ yes ☐ no
What caper products do you usually buy? (tick box)
capers in salt ☐ yes ☐ no caperberries ☐ yes ☐ no
capers in brine ☐ yes ☐ no pickled leaves ☐ yes ☐ no
other ____________________

please continue questionnaire on reverse

How often do you use capers? (eg weekly/fortnightly/monthly/rarely) ____________________

What do you use capers for typically? (eg types of dishes – fish, pastas, sauces, hors de houvres, other)
____

Do you prefer any specific brand of caper products? (brand name) ____________________
Why do you prefer this brand? ____________________

Where do you buy your capers? (eg supermarket, gourmet distributor, ethnic retailer)
____

What category do you fall into: Age? circle one (>25, 25-34, 35-49, 50<)
Annual Income? circle one (>50, 55-99, 100+)
Ethnic group? ____________________

Do you have any perceptions of local capers vs. imported? (consider quality/price etc) ____________________
Will you buy Australian Capers again? tick box ☐ yes ☐ no
Why/Why not? ____________________

What factors rated 1–10 would influence you to buy Australian Capers (1 = not important, 10 = very important)

___ Organic ___ Freshness ___ Flavour
___ Appearance of capers ___ Packaging ___ Environmental benefits
___ Price ___ Healthy ___ Economic and social benefits for regional Australia

Any other comments? ____________________

How does our packaging rate (1-10) in conveying the image of Australian capers as

___ Organic ___ Healthy ___ Unique ___ Relevant
___ Interesting ___ Australian ___ Exclusive ___ Overall Appeal
___ Quality ___ Stylish ___ Modern

Any other comments? ____________________

Please name any magazines that you read or subscribe to: ____________________
____

Post your completed questionnaire to:

Australian Capers
PO Box 316
Mannum SA 5238

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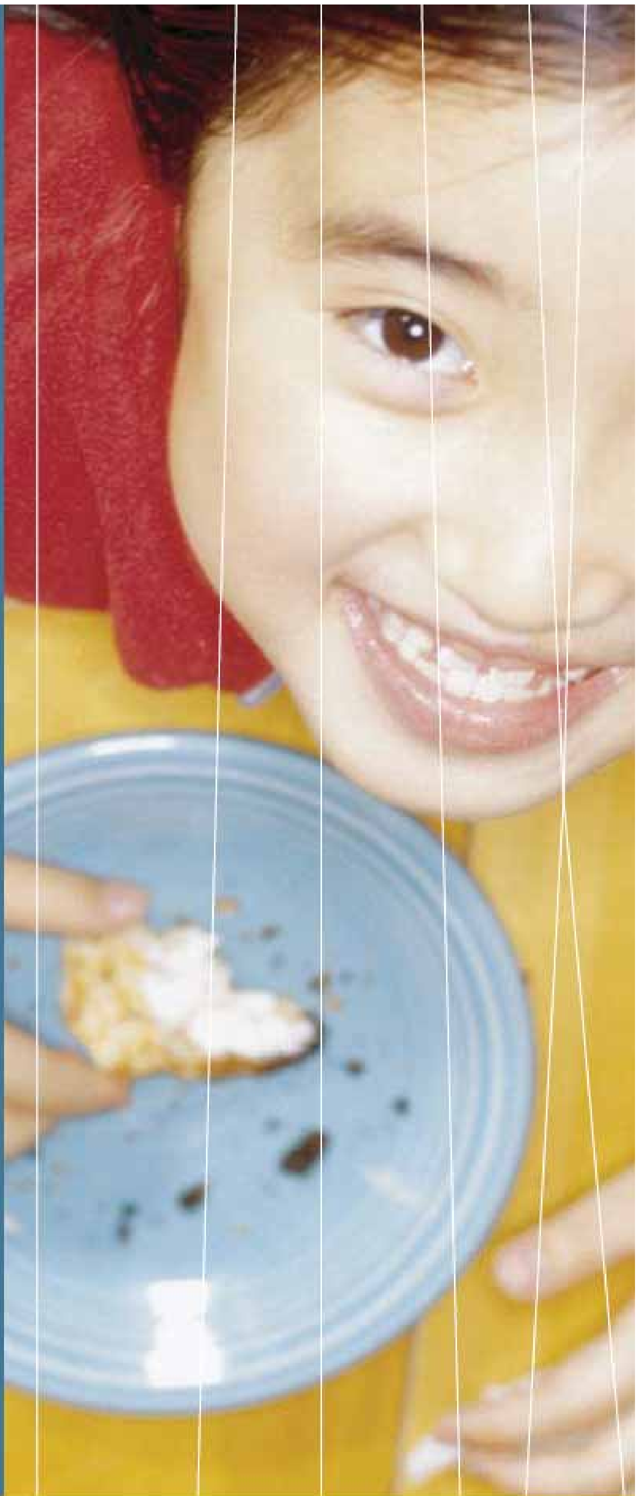
Appendix 4: RSSA caper market research results

CAPER MARKET RESEARCH

To identify market and product

opportunities for

THE AUSTRALIAN CAPER COMPANY



SURVEY RESULTS

To Jonathon & Samantha Trewartha

THE AUSTRALIAN CAPER COMPANY

RURAL SOLUTIONS SA

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CONTENTS

1 BACKGROUND

1.1 OBJECTIVES

THE AUSTRALIAN CAPER COMPANY is looking to develop a marketing plan for the commercialisation of Australian grown capers. A part of this process was to undertake market research to gain an understanding of perceptions, prices, markets, brands and product presentation in relation to capers in the Australian market place.

1.2 REQUIREMENTS

The brief for Rural Solutions SA was to cast an eye over the survey, and once undertaken, collate the information gathered and analyse results to form a market assessment. This assessment will underpin the basis for future decisions on commercialisation by THE AUSTRALIAN CAPER COMPANY. It will also form part of the report to be delivered to RIRDC in August 2005.

1.3 TASKS

As requested by the client, Rural Solutions SA undertook a quick desktop snapshot of the Australian olive industry to get a feel for the boutique market as a percentage of the total Australian olive oil market, and the effect on price. The Australian olive industry was viewed as a comparable industry, having grown and developed out of a market mostly serviced by imported product. See Appendix A for snapshot.

Provided critique / recommendations to the survey construction (questions and format) to assist the client in survey implementation, data collection and sample quality.

We also undertook a local caper pricing survey of competitor products to determine the range and type of products and prices available in supermarkets and delicatessens, to provide some comparison to the Australian Caper product in a retail sense. See Appendix B.

Extended the consumer survey to include non-foodie types to get a more realistic sample of typical consumer responses to the product. This included conducting 11 'consumer surveys' within PIRSA across a range of work groups. In addition to the standard survey, these respondents were also given the opportunity to do a blind taste test of both the local product against a similar imported product (salted capers). They were also asked to taste locally produced caper berries treated in two different ways, as a separate exercise to gauge public opinion. See Appendix C.

Collated and analysed all survey results (consumer, retailer, wholesaler) for the client, providing summaries of results, key messages and recommendations.

1.4 GROUPS SURVEYED

Group 1: Consumer Tasting

The client surveyed 15 consumers at Adelaide Central Market on Friday the 29th July, 2 of whom did not complete their surveys.

Group 2: Consumer Tasting

11 consumers were surveyed by RSSA at their workplace on Wednesday 10th August, 2 of whom did not respond. These consumers undertook a comparative blind tasting of local and imported product. The results from Groups 1 and 2 have been combined for the purpose of analysis.

Group 3: Consumer Promotion

This group consisted of consumers who purchased product and returned a promotional survey, and friends/associates of the client who were asked to assess the product and complete the promotional survey.

Group 4: Wholesale/Retail Tasting

7 Wholesalers / retailers were surveyed by the client in both South Australia and Victoria, over the months of July and August.

2 RESULTS FROM GROUPS 1 & 2 CONSUMER TASTING

Sample Adelaide Central Market shoppers/consumers
Primary Industries & Resources SA work colleagues/consumers
Size 22 completed surveys

2.1 EXPERIENCE

2.1.1 How would you best describe your experience with Australian capers in the following areas?

The results as rated by respondents are shown below:

Rank	Flavour		Texture		Appearance		Size		Overall Exp	
	No.	%	No.	%	No.	%	No.	%	No.	%
Not Good 1										
2										
3					1	4.3	1	4.3		
4	1	4.3	1	4.3			1	4.3	1	4.3
5			2	8.7	2	8.7	2	8.7	1	4.3
Indifferent 6	3	13			2	8.7	1	4.3	1	4.3
7	3	13	5	21.75	4	17.4	3	13.1	2	8.7
8	2	8.7	5	21.75	4	17.4	3	13.1	2	8.7
9	6	26.1	5	21.75	5	21.75	6	26.1	10	43.6
Excellent 10	8	34.9	5	21.75	5	21.75	6	26.1	6	26.1

Overall, respondents rated this question predominantly 7 to 10 (Good to Excellent). Most of the 10's occurred in 'flavour' (34.9%), and the 9's in 'overall experience' (43.6%). All factors (flavour, texture, appearance, size, and overall experience) received some lower rankings of 5 (indifferent) or less.

Particular comments from respondents included:
"No canned flavour"
"Important to educate consumers on caper uses"
"Wonder if the link with salt conveys health issues?"
"Packed in salt may make capers look smaller"
"Too small, too salty"
"Strong flavour would be useful for cooking or used sparingly in canapés"
"Colour OK, but too small. Overwhelming experience of salt, but the after taste was good"
"A little too salty but may go well with seafood"
"The flavour remains in the mouth for a longer period. However it is not as intense as imported product tried"
"Longer lasting after flavour with Australian Capers, with a slight aniseed and eucalyptus flavour. Liked the low salt level, would be interested where salt came from"

2.1.2 How did you learn about capers?

Of those who responded, answers included recipe books, restaurants, promotion, a first timer, European cooking, and the home environment.

Are you aware of the health benefit of capers?
Only 2 people were aware of the health benefits of capers, one of whom works for Maggie Beer at the Farm Shop (and stated she was educated to capers by Maggie Beer).

> *"Surely there can't be any benefits with that much salt on them"*.

2.2 PRODUCT PURCHASE

2.2.1 What type of premium gourmet foods do you usually buy?

There were a number of 'no-answer' responses to this question. Most say 'all types' of gourmet food. The bulk of respondents said 'the full range'. Some qualified this. For example, *"I get all because m husband is French"*. Another said, "*including bush foods*". And another said they get their "*meat for free"*. Those that nominated categories mostly identified cheese. Meat and fish also got a mention, as did olives, seafood, fruit, coffee, smallgoods, pickles, relishes and jams, pate, dips, seasonal products, oysters, and salami.

2.2.2 What caper products do you usually buy?

Some respondents gave multiple answers to this. The majority of respondents by a long way, purchase capers in brine. Capers in salt, and caper berries were on an equal footing. Pickled leaves rated zero.

2.2.3 Where do you buy your capers?

The majority of respondents said the 'supermarket'. Some nominated the 'Central Market' (assume this is a retail outlet rather than market stall). 5 people said 'gourmet distributor'; 1 said 'anywhere that has them'; 1 nominated 'DJ's or any deli'. Overall a range of outlets was nominated, but supermarkets tend to dominate.

2.2.4 Do you prefer any specific brand of capers?

Most respondents said 'no'. Someone said French 'Epicure' tiny capers. Another nominated 'Always Fresh' for taste texture, *"probably because there is not much choice at the supermarket where I shop"*. Someone else looks for Spanish ones because 'her husband spent some time in Spain'. *"No, but the Mannum ones would be great to buy"*.

2.3 PRODUCT USAGE

2.3.1 What do you use capers with typically?

Responses included smoked salmon, h'ors d'ourves, pasta, fish, cheese platters, lamb, chicken based pasta sauces, casseroles, salad, and sauces.

2.3.2 Would you use different size capers for different dishes?

As many people said 'yes' as said 'no', with 3 'unsure'. Of those who said yes, some nominated the small ones as being better for aesthetic reasons, eg. In salads, salsa and dressings. Larger capers were considered more suitable for cooking.

2.3.3 How often do you use capers?

Some respondents gave multiple answers to this question.
Most respondents used capers 'monthly' or 'rarely', but responses did range from 'weekly' to 'rarely'.

2.4 PERCEPTIONS OF AUSTRALIAN CAPERS

2.4.1 Do you have any perceptions of local capers versus imported?

As many said 'no' as said 'yes'. Some indicated they only knew there was a local caper as of now. A couple said they couldn't pick the difference, and a few respondents didn't answer at all.

2.4.2 Would you buy Australian capers again?

"Maybe, would buy Australian if they match price or exceed quality, or have some identifiable point of difference".

Most said 'yes' they would buy them again, but indicated price could be an issue. A number of these people indicated they would like to support a local product. *"Prefer to use quality Local products where available"*. Reasons for 'no' included *"too salty, too small"*, *"not enough caper flavour"*. One respondent who was in the highest earning bracket and uses capers fortnightly, indicated she prefers the local caper product, but said she *"would not buy them again because they were too expensive"*.

2.4.3 What factors would influence you to buy Australian capers?

The results as rated by respondents are shown below:
(1 = not important, 10 = very important)

	Organic		Fresh		Flavour		Appear-ance		Packaging		Environment		Price		Health		Eco Benefit	
Rate	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	4	18.1							2	10	1	5.3			2	10	1	5.3
2											1	5.3						
3	1	4.6							1	5								
4					1	4.6	1	4.8	1	5								
5	2	9.1					3	14.3	2	10	2	10.4	1	5.6	4	20	2	10.5
6	5	22.7	1	4.6					2	10	1	5.3	2	11.1	1	5	1	5.3
7	1	4.6					3	14.3	2	10	2	10.4	4	22.2	2	10	2	10.5
8	1	4.6	6	27.3	5	22.7	4	19	5	25	4	21.1	3	16.6	5	25	5	26.3
9	2	9.1	4	18.1	3	13.6			2	10	4	21.1	1	5.6	2	10	1	5.3
10	6	27.2	11	50	13	59.1	10	47.6	3	15	4	21.1	7	38.9	4	20	7	36.8

	Most Important (10)				Least Important (1)	
1	Flavour	59.1%		1	Organic	18.1%
2	Freshness	50%		2	Packaging	10%
3	Appearance	47.6%		2	Health	10%
4	Price	38.9%		4	Environment	5.3%
5	Eco Benefits regions	36.8%		4	Eco Benefits regions	5.3%
6	Organic	27.2%				
7	Environment	21.1%				
8	Health	20%				
9	Packaging	15%				

"A picture of capers and where they grow and what a plant looks like would add to the packaging"

Looking at each factor in turn:

Factor	Summary
Organic	6 respondents rated 'very important' (10); 12 respondents rated it 'not important' (6 or lower).
Fresh	11 out of 22 respondents rated it 'very important' (10); the remainder rated (6) and upwards – no one felt it was 'unimportant'.
Flavour	10 respondents felt flavour was the most important factor; the remaining 3 respondents rated it (8) or above. *Of all factors, 'flavour' was the most important.*
Appearance	10 respondents felt appearance was 'very important'. 4 felt it was 'unimportant' rating it (5) or below.
Packaging	Only 3 respondents felt packaging was 'very important'. 2 believed it was not important at all. The remainder of respondents were somewhere in between.
Environment	4 respondents thought it very important (10), with 12 respondents rating it (8) or more. 2 respondents rated it 'unimportant' (1) or (2).
Price	18 people responded to this factor, none of them felt it was unimportant. 7 respondents rated it 'very important'.
Health	Majority of respondents rated health (8) or above; 4 respondents thought it 'very important', 4 were indifferent, and 2 thought it 'unimportant'. *This appears to be a very personal thing.*
Economic Benefit	7 respondents felt it' very important', a total of 13 respondents rating it (8) or more. *Wonder if citizen/social expectations to 'say the right thing' has brought this result?*

2.4.4 Would you be prepared to pay a premium for an Australian caper product?

6 people didn't respond to this question at all; 3 said 'no' and 1 was 'unsure'. A further 3 responded by saying it either had to be 'comparable with others and value for money', or 'offer better value for money/quality'. The remainder said 'yes', with most qualifying this by saying 'within reason'. One person indicated they might be prepared to pay a premium *"if it provided a premium eating experience which is a tall ask for a tiny over salted green thing!"*

2.5 PACKAGING

2.5.1 What does the packaging for Australian Capers convey to you?

"Please note on the bottle that they are organic"
"Australian"
"Gourmet"
"Attractive, fresh, simple, not ostentatious". Says the value is in the jar, not on the jar.

"White lid is different and good, like the simplicity, like plastic as glass jar suggests price increase because of packaging cost, and the more the cost of the product the less the appeal"
"Exclusive, stylish, modern"
"Not great, not stand out. Bigger writing perhaps. Use brochures".
"Modern, unique"
"As I buy in bulk, not really noticed" (this person was probably a retailer)
"Clever marketing in this day & age (Australian customers need to know where the product is from"
"Looks like a face cream jar"
"Uniqueness. A bit like a medicine container. Unfortunately the label obscures the view of the capers"
"Cadbury's chocolate purple colour. Home brand. Mass produced"
"An unattractive label that does not allow you to see the contents"
"None of the above (prompters) – Reminded me of a jar of hand cream"
"Looks too 'medicinal' – doesn't convey anything Australian. Purple and green are the olive colours"
"Not particularly striking"

2.5.2 Please rate the overall appeal of the packaging.

A number of respondents rated it in the ' appealing' (7) to (10) mark. Five respondents were 'indifferent'. Two people rated it (4) and one person found it 'very unappealing' giving it a (2). One respondent noted there was 'no use-by date' and appeared concerned.

2.5.3 What sort of packaging would aid your storage and use of our product?

Most said glass or plastic jars. One respondent noted *'"the current packaging, as the long tall jars you can't get your spoon in"*. 'Re-usable, don't need to take out of the can'. A couple of respondents indicated they would like to be able to see the product. *"A picture of capers and where they grow and what a plant looks like would add to the packaging"*. Another mentioned a 'screw seal jar'.

2.5.4 What information would you be looking for on the label?

"Organic and reasons for product superiority"
"Clearly labelled for weight"
"Please note they are organic on the label"
"Eating suggestions…. Great with…Try capers with…."
"Suggested uses"
"Use by date after opening"
'Ingredients – where it's made, expiry date"
"Quality, health, Australian product"
"Made in SA"
"Label to be more Australian-looking"
"If you claim health benefits, what are they?"

"Caper picture"
"Fat, sugar content"
"Map showing location or website"

2.6 PERSONAL DETAILS

2.6.1 Age

Age	No.
Under 25	1
25 to 34	3
35 to 49	9
50 plus	9

2.6.2 Annual income

Almost half the respondents (6) chose not to answer this question.

Income	No.
Under $35,000	0
$35,000 to $55,000	9
$56,000 to $99,000	5
$100,000 plus	1

2.6.3 Ethnic group

Predominantly Australian, with 12 out of 17 respondents.
3 chose not to respond.

Ethnicity	No.
Australian	12
British / Scottish	3
Danish	1
Italian	1

"Depends on whose winning the cricket"

2.6.4 Magazines read or subscribed to

10 respondents said 'no subscriptions'.

Magazine	No.
Gardening Australia	1
Handicraft	1
Delicious	2
Vogue Entertaining	1

Gourmet Traveller	3
Sumptuous	1
Cuisine	1
Better Homes & Gardens	1
House & Garden	1
Burkes Backyard	1
Inside Out	1
Grass roots	1
Home Builder	1
Aust/NZ Grapegrower & Winemaker	1
Aust. Horticulture	1
Aust. Geographic	1
TV Week	1
New Scientist	1
Renew	1
BMW	1
Woman's Day	1
Unique Cars	1

2.7 CORRELATIONS

2.7.1 Commonalities by age bracket

One respondent over 50 earning above $100,000 wouldn't buy again because she considered the product too expensive. Can't assume that because people earn more they are prepared to spend more – money can still be an issue.

Over 50's:
Health has some importance for most, but was not as strong as the age bracket 35 to 49.
Most indicated price was very important.

35 to 49's:
This age bracket was split over the importance of organic. 3 out of 9 respondents in were indifferent to organic; I felt it was not at all important; two indicated it was moderately important; with a further 2 claiming it as very important.
Two didn't answer the price question; 4 gave it a 10 and the remainder gave it a minimum of 7 indicting overall that price is considered important by the majority.
Health appears to be considered important by this bracket.

25 to 34's:
Health was rated by all as 'undecided' or 'not important'.
Two of the three were willing to pay a premium provided it was within reason, one didn't answer.

Under 25:
Only one respondent.

3 RESULTS FROM GROUP 3 CONSUMER PROMOTION

Sample Shoppers who purchased the Australian Caper product
Client friends / associates who were invited to taste the product

Size 16 completed surveys

The results from this particular group have been collated and analysed separately from the other consumer groups because the survey was structured differently.

3.1 EXPERIENCE

3.1.1 How would you best describe your experience with Australian capers in the following areas?

The results as rated by respondents are shown below:

Rank	Flavour		Texture		Appearance		Size		Overall Exp	
	No.	%	No.	%	No.	%	No.	%	No.	%
Indifferent 5	1	7%	2	13%	1	7%	3	21%		
6										
7	2	13%	1	7%	4	29	2	14%	3	21
8	1	7%	4	27%	2	14%	1	7%	1	7%
9	2	13%	2	13%	1	7%	2	14%	4	29%
Excellent 10	9	60%	6	40%	6	43%	6	43%	6	43%

Comments from respondents include:
"Remove stem"
"Never tasted"
"My first experience with capers"
"Altogether A1"
"Never had another"
"Enjoyed them"
"Bee-uti-full"
"They taste fresh"
"Didn't know we had Australian capers"

3.1.2 How did you learn about capers?

Of those who responded, answers included recipes, family home, first experience, local industry, eating out, stand at Adelaide Markets.

3.1.3 Are you aware of the health benefits of capers?

All but one respondent said 'no'. (The respondent who said yes was a friend of the producer).

3.1.4 What caper products do you usually buy?

Some respondents gave multiple answers to this. Of the 15 respondents:

Product type	No.
Didn't buy capers at all	3
Capers in salt	7
Capers in brine	6
Caper berries	4
Pickled leaves	0

3.2 PRODUCT USAGE

3.2.1 How often do you use capers?

"Till they run out".

Frequency of use	No.
Fortnightly	1
Monthly	4
Rarely	3
No response	3

3.2.2 What do you use capers for typically?

Two didn't respond and 3 said they 'don't use them'. The remaining responses included sauces, pasta (as per the examples/prompters given), and salad and meat.

3.2.3 Do you prefer any specific brand of caper products?

10 respondents said they 'don't have a particular brand'; 1 said they bought the 'cheapest'; 1 nominated 'Alcaparra's because *"it was conveniently located on the shelf at the supermarket – don't like product, but little better available at supermarket"*.

3.2.4 Where do you buy your capers?

Caper purchase	No.
Supermarket	3
Supermarket or gourmet distributor'	2
Ethnic retailer'	1
Friend	1
No response	7

3.3 PERCEPTIONS OF AUSTRALIAN CAPERS

3.3.1 Do you have perceptions of local capers versus imported?

2 responded with ‘no’; 9 didn’t respond at all; 1 said the ‘local was more upmarket’; 1 nominated that the ‘quality and texture is better’ (of the local). 2 answered, ‘yes’ with no elaboration.

3.3.2 Will you buy Australian Capers again?

3 didn’t respond to this question. 1 said ‘no’ because they don’t use them. Of the 10 who said ‘yes’, some of the reasons given were, ‘supporting a local business’, ‘to try different dishes’, ‘support Australian producers’, ‘superior flavour and freshness’, ‘better quality product’, ‘love the taste’. One respondent did point out ‘it was a special product, not for everyday’.

3.3.3 What factors would influence you to buy Australian Capers?

(1 not important, 10 very important)

	Organic		Fresh		Flavour		Appear-ance		Packaging		Environ-ment		Price		Health		Eco Benefit	
Rank	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	1	8.3																
2											1	11.1						
3	1	8.3																
4																		
5	1	8.3	1	8.3					2	25					1	14.3	1	10
6			1	8.3			1	10	1	12.5			1	9			1	10
7	3	25	2	16.8	1	8.3	4	40			1	11.1	3	27.3				
8	3	25			1	8.3	1	10	3	37.5	4	44.5	3	27.3	3	42.8	3	30
9	1	8.3	1	8.3			2	20			1	11.1	2	18.2	1	14.3		
10	2	16.8	7	58.3	10	83.4	2	20	2	25	2	22.2	2	18.2	2	28.6	5	50

Most respondents were above 5 for ‘freshness’, ‘flavour’, ‘appearance’, ‘packaging’, price, health and economic benefits. The most emphatic response was for ‘flavour’ with 10 out of 12 respondents giving it a (10).

7 out of 10 respondents nominated ‘freshness’ as being very important.

The two categories considered less important (received less than 5) were ‘organic’ and ‘environment’.

Comments from respondents included:
“I ate mine while cooking the rest of the meal”
“What about the salt content?” (less fresh because of salt - note this is a non user)

"What are the environmental benefits?"
"What are the health benefits?"
"Unfortunately packaging was difficult to find on shelf - try larger jar."
"Personal preference for local product"

3.4 PACKAGING

3.4.1 How does our packaging rate in conveying the image of Australian Capers?

(1 not important, 10 very important)

	Organic		Healthy		Unique		Relevant		Interest-ing		Aust.		Exclus-ive		Quality		Stylish		Modern		Overall appeal	
Rank	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
0	2	25	1	12.5																		
1	1	12.5																				
2																						
3							1	14.3														
4																						
5			1	12.5	1	11.1			1	11.1	1	12.5	1	12.5								
6					1	11.1	1	14.3					1	12.5							1	11.1
7	2	25			1	11.1	1	14.3	2	22.2					3	37.5	1	12.5	2	25		
8	1	12.5	4	50	1	11.1	2	28.6	2	22.2	1	12.5	2	25			2	25	2	25	1	11.1
9					2	22.2			1	11.1	1	12.5	2	25			1	12.5	1	12.5	3	33.3
10	3	37.5	2	25	3	33.4	2	28.5	3	33.4	5	62.5	2	25	5	62.5	4	50	3	37.5	4	44.5

There was generally a positive response in relation to how packaging conveys the image of Australian Capers across all categories. The negatives were to be found in organic and health. In fact these three rated both categories a 'zero', two for organic and one for health, with the survey structured (1) to (10).

3.5 PERSONAL DETAILS

3.5.1 Age

Age	No.
Under 25	1
25 to 34	3
35 to 49	4
50 plus	4
No response	3

3.5.2 Annual income

Income	No.
Under $50,000	6
$55,000 to $99,000	1
$100,000 plus	0
No response	7

3.5.3 Ethnic group?

Ethnicity	No.
Australian	7
No response	6

3.5.4 Please name any magazines you subscribe to

Magazine	No.
Inside Out	1
Food Ideas	1
Earth Garden	1
The New Internationalist	1
Delicious	1
The Horse Magazine	1
Hoofs & Horns	1
Vogue	1
Harpers	1
In style	1
Gourmet Traveller	1

4 RESULTS FROM GROUP 4 WHOLESALE / RETAIL TASTING

Sample Wholesalers, one each from NSW, Victoria and SA
Retailers from Melbourne and Adelaide

Size 7 completed surveys

Note: One respondent was missing questions 4 through to 11 in their survey.

4.1 CURRENT SALES

4.1.1 Do you sell capers or caper products?

6 of the 7 respondents surveyed said 'yes'.

4.1.2 What types of caper products do you sell?

Product type	No.
Don't sell capers at all	1
Capers in salt	6
Caper berries	3
Capers in brine	3
Pickled leaves	
Capers in oil	
Other	

4.1.3 What sized capers do you sell?

Caper size	No.
'Lilliput' (less than 6mm)	1
Very small >7mm	5
Small 7-8mm	4
Medium 8-10mm	
Large 10<	
Caper Berry	1

4.1.4 Can you see product value adding opportunities for different sizes?

3 no answers (including the respondent who didn't sell capers), and 1 'no' with no explanation. Of the 3 who indicated 'yes', 1 said they would like to see larger jars having tasted the product; 1 said, *"possibly, we tend to sell best quality"*; and the third said *"…recipes call for different types of capers and most people like to follow exact to the recipe"*.

4.1.5 Who are your current suppliers/distributors of caper products?

Spain/own importer/distributor.
Australian Caper Company, Conga, and Exclusive Foods.
Australian Caper Company.
Australian Caper Company.
Various Italian importers.
Sienna, Bottega Rotolo.

4.1.6 How are the caper products that you handle packaged (size and type)?

Packaging type	30gm	40gm	45gm	75gm	100gm	1kg	4kg
Capers in salt	1(pouch)	1	2	1		2(pack)	
Caper berries					1		1
Capers in brine					1		

Unless indicated otherwise, jars were used.

4.1.7 Do you have a feeling as to the quality / price / popularity of the above products?

"Once we get customers to try salted capers, they buy them instead of capers in brine. Caper berries are very popular and very reasonably priced so sell very well".

"Unfortunately customers most often go for the cheaper caper. The quality of course is not so great".

"Tiny capers in salt less than 6mm (are for the) premium market. Small under 7mm and large (are for the) less discerning market. Food service industry is influenced entirely almost by price."

Two respondents gave some pricing information. 1 indicated 1kg packs of 'capers in salt' arrived bottled and labelled from Spain for $12 per kg (under 6mm) and $10 per kg (under 7mm).

4.1.8 What is your annual turnover (in kilos) in caper products (size and type)?

"Minimal"

Under 6mm capers in salt = 500kg.
Capers in salt = 52kg, Caper berries = 52 kg.
Capers in Salt = 10 kg estimated for 2006 (Australian Caper product).
Capers in salt = 103 jars (Australian Capers).

4.1.9 What is the retail price for these products?

Products	Retail Price $							
	30gm	40gm	45gm	65gm	80gm	100gm	1kg	4kg
Capers in salt	8.90*	4.00	11.30*		4.50		45.00 45.00	
Caper berries						3.80		25.00
Capers in brine				1.44		4.00		

* Australian Caper product

4.1.10 Wholesalers: What are your main markets E.g. 5 star restaurants, retail outlets?

Food service 55%
Retailers

4.1.11 Retailers: Apart from consumers do you supply to any other business (who, volume and regularity)?

All said 'no'.

4.2 CONSUMER PROFILE

4.2.1 Do you have a feeling as to the type of consumer buying caper products? (ethnic, culture, age, income)

"Foodie types, high income"
"High income, food oriented, flavour seeking"
"No"
"Generally not Italians as they will go for the cheaper ones. We sell to Australians interested in good food and cooking"
"Consumers interested in food, eg. Gourmet Traveller, Delicious magazine and SBS Food lovers Guide viewers"
"Higher income foodie types concerned with following recipes, following chefs, recipes and food magazines"

4.3 MARKET TRENDS

4.3.1 Are you able to identify any trends in the sale of caper products? (Seasonality)

No, but of those that said 'yes':
"Winter for puttanesca but more so for summer smoked salmon dishes"
"Sales do increase when our chef uses capers in one of our dishes"
"More in summer (smoked salmon)"

4.3.2 Have you noticed a change in demand in the last 5 to 10 years? Why?

Demand	No.
No answer	3
Increased	2
Decreased	
No change	2

4.3.3 Which products and businesses?

No one answered this question.

4.4 PRODUCT PERCEPTIONS

4.4.1 What incentives would encourage you to sell locally grown capers?

"Price!"
"Locally grown high quality"
"Being local"
"Only the fact that they are better flavoured and locally made"
"Guaranteed continuity of supply. Price closer to $50/kilo in bulk"
"Feel good factor (Australian, environmentally sustainable). Real difference between imported and local product (taste, flavour, etc)"

4.4.2 What strengths would locally grown capers provide?

"Current imports may not be pure (from unknown supply sources, contamination…) but they are big processors and the handling is meticulous, the supply reliable, the product standardised, and the trading relationship good".
"Product history, minimum chemical residues, consistent quality, short delivery lead time".
One respondent noted that there was no advantage in reduced administration or increased quality control. "Australian grown, no chemicals. Using Murray River salt would not be an advantage".

4.4.3 What is the likelihood that you would distribute Australian Capers? Level of interest?

Likelihood	No.
Highly likely/very interested	3
Maybe/somewhat interested	3
Unlikely/not interested	
No answer	1

Most felt this was price dependant.

4.4.4 What challenges or issues could you foresee?

"Price"
"Customers willing to pay the price"
"Australian Capers are more than 5 times the price"
"For our small volume, not many"
"Number 1 is price. Must compare with top priced imported. Australian product must differentiate from competition. Do not use expensive packaging, consumers view product as special and do not use everyday"
"Price"

4.4.5 What price do you think the market will bear for a locally produced product?

"People (retail) expect locally produced produce to be a lot cheaper than imported"
"$10for 75 gm of 7-8mm; $11 for tiny; 75 gm = good sized jar"
"Currently we sell capers for $4.50 per 100 grams. Local capers could sell for $6.50 to $7.00 per 100 grams"
"We would like to retail 30grams for under $5.00"
"Must compare with best quality imports"
"Under $10 for 45 grams retail, wholesale under $4,15 to distributor"

4.4.6 What quantities of capers would you be able to deal in?

Product type	Qty.
Don't sell capers at all	
Capers in salt	500kg 10kg
Caper berries	
Capers in brine	
Pickled leaves	
Capers in oil	
No answer	5

Respondents didn't seem to understand this question.

4.4.7 Would your customers pay a premium for sustainable, organic products? How much?

Premium	No.
Yes	4
No	1
No answer	1
No difference	1

Of those that responded 'yes' the following comments were given:

"Within reason. To claim organic and ask a premium price it is necessary to be certified"
"Yes, within reason"
"10% premium"

4.4.8 What do you think of our labelling and branding? Does it reflect product quality and market positioning?

"Labelling is clear and appealing"
"We only sell and promote under our own brand as we are selling to 250 specialty stores in Australia"
"Consider plastic packs to reduce cost. Colours are good, unique, artisanal and not bland. Front 1/3rd of panel must include weight. Add nutritional panel and use-by date and storage info"
"Like it, add nutritional panel. Use plastic resealable vacuum packs"
"Great labelling and branding and you (can) tell a great product is inside"
"Use inexpensive packaging, jars good, salt attracts moisture, therefore perception that plastic container means shorter shelf life. Resealable plastic vacuum packs may be good"
"Good packaging"

4.5 TERMS OF TRADE

Two respondents' surveys stopped at Question 20, leaving five respondents for the following questions.

4.5.1 Do you have any exclusivity agreements that would prevent you from selling other caper products?

3 responded 'no'.
2 didn't answer.

4.5.2 Retailer: What retail price do you think your market would bear?

Less than $10.00

4.5.3 Wholesaler: What price would your customer want to buy for?

$3.00 for 30 gram pack.

4.5.4 What wholesale price would be agreeable to you?

Only 2 respondents answered this question:
$50 per kilo.
$75 per kilo for 7-8 mm, $90-95 per kilo for under 7mm, (keep price point below $10).

4.5.5 What are your terms of trade? (Ownership/consignment/returns?) Do you purchase direct?

"All of the above"

"Ownership". (Does purchase direct)

"14 days is fine for a small producer"

"Payment in advance on proforma"

4.5.6 Marketing, merchandising and support expectations?

"All of the above"

"Information is provided and displayed with product"

"None"

5 KEY MESSAGES

5.1 SURVEY DESIGN & CONTEXT

This is less important in a project like this one where a strict sample size and statistically relevant results were not sought. However, it has somewhat reduced the value of the information gathered.

The survey design appeared to confuse some people and may have influenced some of the responses. I.e. highlighting examples (prompts), which lead the respondents thinking; greater-than and less-than symbols were shown in reverse confusing some; the age categories in the promotional (mailed-in) surveys were incorrect; and the annual income categories were poorly structured - the minimum of $50,000 was to high with the majority of people falling here. The wording of some questions lead people to an answer, and on other questions people had no space to respond, or directions on how to (eg. Do you have any perceptions of local capers versus imported?). One respondent entered the consumer promotional survey twice.

A blind tasting with a comparable imported product might also have uncovered some valuable insights across all the groups as it provides people with a point of reference and encourages unbiased feedback.

5.2 PRODUCT PERCEPTIONS

The areas considered most important by all consumers surveyed, were 'flavour', 'texture' and 'freshness', where the Australian Caper product rated really well.

In contrast, 'organic' and 'economic' factors rated poorly indicating consumers placed little importance here.

Interestingly, a number of respondents rated 'economic benefits to regions' relatively high. This could have been a reflection of the audience (a number came from regional places). It is worth bearing in mind that many consumers experience a social pressure in relation to economic, social and green type issues to 'say the right thing'. This doesn't always translate to 'doing it' though.

When prompted and presented with a possible influencing factor such as 'economic and social benefits for regional Australia', people will often say yes in recognition of the importance of the issue, but this doesn't necessarily affect purchasing behaviour (in other words it's not top-of-mind when shopping).

Most consumers indicated that they viewed the supermarket as their main point of purchase for capers, with supermarkets/deli's secondary. This may have implications for the distribution and price point of the Australian Caper product.

Most consumers who tasted the Australian Caper product gave fairly positive and encouraging responses. However, the comparative blind tasting using the imported product still received a positive response from those consumers who tasted. By contrast also, the PIRSA consumers surveyed were comparably less positive perhaps because they were not under the influence or pressure of being surveyed by a producer. It is thought that this might provide a balance to the "foodie" type consumer sample taken in the Central Market.

However, this makes it difficult to assess whether this range of responses will translate to commitment and purchase, and whether in fact consumers would prefer the local product to a similar imported one. Education, in-store tastings and shelf talkers at the point of sale will be important tools to encourage purchase.

5.3 CONSUMER EDUCATION

Education will continue to be a major issue. Consumers need as much information as possible about how to use the product, especially when more consumers are familiar with capers in brine.

While food interested people seemed more knowledgeable, increased awareness of possible uses might increase purchase frequency. Consider providing retailers with 'shelf-talkers' to both draw attention to the product on the shelf and provide consumers with serving suggestions and recipes. Some of the most effective shelf talkers would appear to be the 'tear-off' recipe style, which attract consumer interest even prior to the thought of purchase. You might also want to consider packaging like that used on Maggie Beer's pates and caramelised onions, where under the wrapping tips and recipes can be found. This technique is useful for educating existing caper consumers as the information is only accessed once the purchase has been made.

A number of consumers indicated a concern with the salt used to preserve the product. Questions were raised about whether this was 'healthy', whether it 'dissolved' in contact with moisture, and indeed how to use the product with or without salt. Some education on health benefits and usage will be necessary here.

5.4 PRICE

Price is going to be a major issue for The Australian Caper Company. It was an overwhelming theme across all respondents in all categories. The Australian Caper Company needs to consider how it can bring its price point closer to that of the best quality imported products that are available.

Obtaining economies of scale is a huge challenge for small companies in fledgling or new industries, but consideration needs to be given to all elements of the supply chain to reduce the price consumers are asked to pay. While the business's 'story', positioning and high quality product helps to set The Australian Caper Company's range apart and possibly secure a premium, if significant sales volumes are desirable the price must be closer to the competition.

5.5 PACKAGING

A recurring suggestion from some of the retailers and wholesalers surveyed was the use of a zip-lock pouch. This could be a way to improve convenience, set the product apart from the competition and possibly even reduce packaging costs. There might also be merchandising advantages as well, eg. Jones the Grocer in Sydney uses this concept hanging pouches from racks rather than stacking jars on shelves. Consumers also rated re-sealable and product visibility as important elements of packaging.

Other issues to be considered relate to the technical information on the packaging. Respondents noticed and questioned the lack of expiry date, whether it is required or not. In a marketplace where food safety is only going to become more and more of an issue – an expiry date is an important form of 'reassurance' for consumers and would allay any negative perceptions or scepticism about the product. Some people have an expectation that all products must have a limited life.

A nutritional panel also needs to be looked into as respondents noted its absence. The legal requirement for a nutritional panel needs to be investigated.

5.6 WHOLESALE/RETAIL DISTRIBUTION

There appears to be no consistency with trading terms, which means that these will need to be negotiated individually with wholesalers and retailers.

All wholesalers and retailers surveyed nominated the same type of target market – higher income 'foodies'. This means that if the Australian Caper Company maintains its current price point, the product will likely have a small and narrow target market.

6 APPENDIX A: AUSTRALIAN BOUTIQUE OLIVE INDUSTRY SNAPSHOT

6.1 AUSTRALIAN OLIVE INDUSTRY CONTEXT

6.1.1 Production

Many groves of varied sizes have been planted across diverse regions of Australia, the majority in the last five years. Using sales and order data from plant nurseries, it is estimated that there are over 9 million olive trees planted across Australia[1]. The majority of trees (approximately 70%) are managed as large groves by a small number of commercial entities. These groves are mostly funded by investments in tax-effective Managed Investment Schemes, and use technically efficient methods and technology, which lend them to high quality production[2]. It is now generally accepted that Australian growers can produce very high quality olive oils.

Australian production of olive oil is currently very low; in 2004 the Australian olive industry produced about 2500 tonnes of olive oil. It is expected to grow significantly; By 2010 Australia could be producing 30 000 tonnes and may reach in excess of 40 000 tonnes of olive oil by about 2015 before production levels out.[2] Therefore, by 2010, Australia should be producing as much as it currently imports.

6.1.2 Marketing

With such a focus purely on production, marketing and distribution are often overlooked. In extreme cases this can lead to commoditisation of products as producers fail to differentiate their products from those of other producers, causing a price-taking scenario. A select few businesses will succeed by focusing on value-added export and other forms of distribution. Other producers may supply bulk commodity oil to European producers for counter-seasonal blending and export.

Given the growth predictions of the Australian industry, the Australian olive industry has the opportunity to choose one or more of the following future directions to avoid a major oversupply problem:[3]

- Expand the total domestic market above projected levels and/ or
- Capture domestic market share from current importers
- Enter and increase selected export markets
- Capture export market share from current competitors

6.1.3 Imported product

Most olive oil is imported and Australian imports of olives and olive oil have been increasing by over $A13 million a year[3]. Olive oil imports were around 30,000 tonnes in 2000/01. Of this amount, approximately 21% was high quality extra virgin olive oils.

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[1] Australian Olive Association Ltd, Strategic Plan 2003-2008, 25th September 2003

[2] http://www.piquantblue.com.au/about.html

[2] Paul Miller, Australian Olive Association President.

[3] Gerry Davies and Venton Cook, Primary Industries and Resources South Australia. Olive Oil, Make it for Market (1999).

6.1.4 Consumption of oils

In 2004, Australia imported 32 629 tonnes of olive oil, valued at $148 million. Table 1 shows that imports and consumption of olive oil and table olives have doubled over the last 10 years.

The driving force behind the growth of the olive oil has been its health benefits, however most people are unable to articulate the benefits of olive oil over alternative oils – these people will seek out cheaper alternatives should prices increase. Despite its growth in popularity, olive oil still only represents around 6% of all oil consumed in Australia[4].

6.1.5 Distribution

Supermarkets account for the sale of about 50 per cent of imports of olive oil. Unilever and Goodman Fielder control 40 per cent of total supermarket volume and invest heavily on promotion of their Spanish and Italian olive oil brands. Australian producers will have to develop marketable and competitive brands that Australian consumers will select ahead of the well-known imported brands.

Most Australian produced brands are packaged in pretty bottles, tall and elegant, which are difficult to fit in a cupboard or pantry, and convey the message 'special occasion use only'

6.1.6 Table 1: Changes in Olive Oil and Table Olive Imports and Consumption in Australia. Period 1993-2004 (,000 t)

Crop Year	Olive Oil (,000 t)		Table Olives (,000 t)	
	Imports	Consump.	Imports	Consump.
1993/94	16.0	16.5	7.0	9.0
1994/95	19.0	19.0	8.0	10.0
1995/96	16.0	16.5	7.5	9.5
1996/97	21.5	21.5	8.5	10.5
1997/98	17.5	17.5	9.0	11.0
1998/99	23.5	24.0	9.5	11.5
1999/00	25.0	25.5	11.0	13.0
2000/01	30.0	31.0	11.5	14.0
2001/02	26.5	27.5	12.5	16.0
2002/03	31.5	31.5	13.0	17.0
2003/04	31.0	34.0	14.5	19.0

Source: International Olive Oil Council

[3] Olive Oil Market Report Australia, May 2003. The Loyalty Factor

[4] Olive Oil Market Report Australia, May 2003. The Loyalty Factor

6.2 PAUL MILLER, PRESIDENT AUSTRALIAN OLIVE ASSOCIATION

6.2.1 Market size

- Approximately 70 to 80% Australian olive oil sold through supermarkets.
- Remaining 20-30% is sold elsewhere, i.e. boutique, gourmet, food service.
- Australians consume 30,000 tonnes olive oil per year (30 million litres) – ABS/IOOC data. *Note: This doesn't separate imported from domestic product – imported product accounts for upwards of 95%. In fact the Loyalty Factor Research*[5] *estimates that Australian grown and produced oils has a 1% market share.*
- Therefore, could assume 21,000 to 24,000 million litres are sold through supermarkets, with 6,000 to 9,000 million litres sold in other outlets (boutique, gourmet, food service).
- Higher end extra virgin oils sold through supermarkets are increasing.
- Difficult to define what's meant by 'boutique' – may be easier to describe as supermarket versus non-supermarket. It tends to be a seamless graduation of volume.

6.2.2 Price

- Supermarket oils range from $3.63 per litre upwards. ($14.50 for four litre cans)
- Boutique will be priced above that (prices for a small 375ml bottle starting at $20)
- However, the best oils don't necessarily come from the boutique end. Larger companies have access to mechanisation, good labs, and good quality control on fruit supply, and consequently can turn out a good product. This is different of overseas where many larger companies source from small independent suppliers with different varieties, bringing with it quality issues.
- Some smaller players in the industry argue that they need a minimum of $10-12 per litre wholesale for production to be worthwhile.
- High volume end of the market is priced about $5 litre wholesale, while the low volume end is $10 and up per litre. It's the high volume end that will be exported, and the $5 per litre will be influenced by world supply (competition).
- A new product has emerged – the 'bag in box' 2-litre cask produced by Olive Oil Packaging Services (Hallett) in Riverton. This is moving extremely well through non-supermarket outlets. People find it a useful size and a convenient product. It has allowed a boutique product to be delivered more cost-effectively. May revolutionalise the boutique side of the industry.
- Jenny Birrell of OLIV (specialist olive oil retailer) has said that price is not really an issue for her, but the service provided by the supplier is, eg, delivery, tastings, in-store promotion, etc. This marketing service will increase costs at the up-market end.
- Hence, boutique tends not to be so price sensitive, but is sensitive to presentation and marketing effort.

[5] Olive Oil Market Report Australia, May 2003. The Loyalty Factor

6.3 OLIVE OIL MARKET REPORT AUSTRALIA 2003, THE LOYALTY FACTOR

Research conducted in 2003 by the Loyalty Factor, surveyed some 66 Australian olive oil brands. A summary of price ranges is shown below in Table 2. Certainly there is great variation in price for oil sized up to 750ml.

6.3.1 Table 2: Olive Oil Brands in Australia

Olive Oil Brands in Australia		
Size	**Min - Max $ retail**	**$ per litre (retail)**
50ml	$7.00 - $10.00	$140 - $200
200ml	$8.00	$40
250ml	$6.00 - $27.00	$24 - $108
375ml	$4.85 - $38.00	$13 - $101
500ml	$12.00 - $22.00	$24 - $44
750ml	$12.00 - $37.95	$16 - $50.60
2 litres	$14.98 - $30.00	$7.50 - $15
4 litres	$50.00 - $105.00	$12.50 - $26.25
5 litres	$94.00	$18.80
10 litres	$110.00	$11
15 litres	$225.00	$15
18 litres	$180.00	$10
20 litres	$200.00	$10
30 litres	$450.00	$15
50 litres	$750.00	$15

Table 3 shows the distribution channels being used by the 66 brands surveyed. It is worth noting that many of these brands use multiple distribution methods. While only 8 brands use supermarkets, it is important to keep the perspective that Australian olive oil only accounts for approx 1-5% of the total olive oil consumed, and that on volume, supermarkets account for 70-80% of sales.

6.3.2 Table 3: Distribution Channels

Olive Oil Brands in Australia	
Distributions Methods	
Supermarkets	8
On Line	20
Gourmet Retail / Fine Foods	56
Farm Gate / Market	8
Food Service	7
Exported	3

6.4 ANDREA COOK, COBRAM ESTATE

Andrea provides the following response to the question of % of boutique market:

"I would suggest supermarket sales now represent around 80% of extra virgin olive oil sold, if not more. Of course the total oil market is enormous, and of ALL the oils sold in Australian supermarkets, just under half of this is olive oil.

Our oils sell for around $7/375ml in supermarkets and from around $15/375ml to $28/500ml in gourmet stores.

There is an ever increasing range of Aust extra virgin olive oils available in Aust supermarkets, and I would suggest whilst this is leading to increased overall sales of oils, the sales in gourmet stores would be decreasing. I expect whilst people have been happy to pay a lot of money for Aust oils in the past, and may have even made a special trip to a deli, if you find a good one in your local supermarket for half the price...."

6.5 JENNY BIRRELL, OLIV

Jenny is a specialist olive oil retailer.

- She estimates that the boutique market accounts for 15-20% of the total market for olive oil. This includes farmers markets.
- Price can range from $10-$30 retail for 500ml.
- Average price is $18-$20 for 375ml.
- Retail margin is typically 60% at delicatessens such as OLIV but can range up to 80% at outlets such as David Jones.
- Jenny believes the current boutique market is very crowded.

6.6 FURTHER CONTACTS

- Piquant Blue (Perth) A leading supermarket supplier, but also sell boutique. Would also have access to AC Nielson data.

6.7 SUMMARY

Consumption: Australians consume 30,000 tonnes olive oil per year (30 million litres) – of which imported product accounts for upwards of 95%.

Size:	Boutique (non supermarket) makes up approx 20-30% of total olive oil sales in Australia.
	Equates to boutique (non supermarket) consumption of 6,000 to 9,000 million litres.
Price:	High volume (supermarket) oils priced around $5 per litre (wholesale).
	Low volume (non supermarket) oils are $10 and up per litre (wholesale)
	Boutique is not so price sensitive, but is sensitive to marketing effort.
	Introduction and acceptance of boutique 2-litre cask will change boutique product presentation and use.

7 APPENDIX B: PRICING SURVEY

Competitor caper products were surveyed at local Adelaide outlets to determine range and price. Results are as follows:

	Product	Size / Format	Origin	Retail Price	Price / 100gm	Most Expens.
Coles On-line	Hoyts Capers	170gm Jar	Imported Packed Australia	$2.11	$1.24	18
	Hoyts French Capers in Vinegar	265gm Jar	Imported Packed Australia	$3.17	$1.20	19
	Coles Campagna Capers	100ml		$1.72	$1.72	14
	Delicias Capers in Vinegar	100gm Jar		$2.16	$2.16	10
	Fletchers Capers	150gm Jar		$2.07	$1.38	16
	Sandhurst Baby Capers in Wine Vinegar	110gm Jar	Morocco	$2.00	$1.82	13
	Sandhurst Capers in Wine Vinegar	110gm Pack	Morocco	$2.00	$1.82	13
	Zuccato Salted Capers	100gm Jar	Italy	$4.50	$4.50	2
	Southern Pacific	60gm Jar		$2.29	$3.82	5
	Zuccato Capers in Wine Vinegar	100gm Jar	Italy	$2.52	$2.52	6
Woollies On-line	Aristocrat in Vinegar	150gm Jar		$2.05	$1.36	17
	Capers Salted Italian Caperi Di Pantelleria	200gm Packet	Italy	$7.95	$3.98	3
Foodland Mt.Barke	Figaro Capers in Vinegar	100gm Jar	Spain	$2.29	$2.29	8
	Aristocrat in Vinegar	150gm Jar		$2.19	$1.46	15
Coles Mt.Barker	Zuccato Capers in Wine Vinegar	100gm Jar	Italy	$2.35	$2.35	7
	Hoyts French Capers	170gm Jar	Imported Packed Australia	$2.05	$1.20	19

	Product	Size / Format	Origin	Retail Price	Price / 100gm	Most Expens.
Foodland Norwood	Hoyts French Capers	170gm Jar	Imported Packed Australia	$2.05	$1.20	19
	IL Contornelli Capperi Capers in Salt	140gm	Italy	$2.99	$2.14	11
	Zuccato Capers in Wine Vinegar	100gm Jar	Italy	$2.20	$2,20	9
	Sandhurst Capers in Wine Vinegar	110gm Jar	Morocco	$1.89	$1.72	14
	Figaro Caperberries in Vinegar	240gm Jar	Spain	$4.95	$2.06	12
	Zuccato Salted Capers	100gm Plastic container	Italy	$3.95	$3.95	4
DJ's	Vilux Capers in Vinegar	100gm Jar	France	7.50	$7.50	1
	Client Product	**Size / Format**	**Origin**	**Wholesale Price ***	**Price / 100gm**	
	Australian Capers <7mm	45gm Jar	Australia	$7.20	$16,00	
	Australian Capers <7mm	75gm Jar	Australia	$10.40	$13.86	
	Australian Capers <7mm	1kg Bag	Australia	$100.00	$10.00	
	Australian Capers 7 - 8mm	45gm Jar	Australia	$5.10	$11.33	
	Australian Capers 7 - 8mm	75gm Jar	Australia	$7.20	$9.60	
	Australian Capers 7 - 8mm	1kg Bag	Australia	$80.00	$8.00	
	Australian Capers 8 - 10mm	1kg Bag	Australia	$35.00	$3.50	
	Australian Capers 10+mm	1kg Bag	Australia	$25.00	$2.50	
	Caperberries – small	1kg Bag	Australia	$50.00	$5.00	

Key:
Colours show same product at different retail outlets.
Column 'Most Expensive' show products ranged on price from the most expensive (1) to least expensive (19).
*Australian Caper Product by comparison shows wholesale price instead of retail (as for the others). Doesn't include GST or postage and handling.

8 APPENDIX C: MINIATURE BLIND TASTING

10 colleagues took part in a blind tasting comparing Australian Capers with Zuccato Salted Capers (Italy). Participants were not provided with any information about the products they tasted, simply asked to compare them, give comments and nominate their preferred caper.

7 preferred the Australian capers while 3 preferred the imported product. However, it has to be noted that of the seven who nominated the Australian product, 2 only picked them when pushed to choose, finding it difficult to pick between them, 1 changed his mind at the last minute from the imported to local product and one indicated she preferred the Australian Capers when tasted on their own, but would prefer to cook with the Italian capers. Also, one of the three who preferred the imported capers suggested the reverse, that the Australian Capers would be better for cooking as they have a stronger flavour.

Some of the comments that were made include on the individual products were:

Re: Australian Capers

More aromatic
Milder
Not as much caper flavour
A bit more flesh
More pepper flavour
Less vinegar flavour
Flavour doesn't last as long
Resin-type taste

Re: Imported capers

Too salty
Nicer texture
Strong flavour
More flavoursome
Smooth

Some general comments were:

Too hard to tell the difference
Both too salty
Very similar
Both nice

8.1 CAPERBERRY TASTING

The first 7 participants tasted and compared the plain and spiced caper berries, with one unable to nominate one over the other and the remainder spit down the middle, with three preferring the plain and three preferring the spiced caper berries. This was a new experience for most.

Some general comments were:

Shame they aren't bigger for slicing to have with bread and cheese
Prefer to capers
Spiced ones taste more of spice than caper berry
Like firm texture
White spots on the spicy ones off-putting, looks like mould.
Gherkin-like
Would buy these

Commercial in Confidence, Rural Solutions SA Page 38 25/08/2005

Appendix 5: Shelf talkers

australian capers

environmentally sustainable hand-picked fresh firm fruity organic

"Australian Capers are fabulous!
I'm thrilled by the flavour and the presentation and
I look no further than my own doorstep for capers now!"

Maggie Beer,
Australian Chef and Food Writer

Maggie's Warm potato salad
with preserved lemon, pancetta and capers

Capers add colour, texture and a burst of flavour that make this salad the perfect accompaniment to anything from a sunday roast to a summer picnic or fish bbq.

Tip: *Depending on your taste you can leave the sea salt on the capers making it unnecessary to add extra salt to season this dish.*

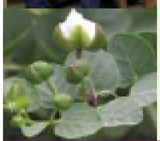
500g waxy potatoes (such as kipflers)
1 half preserved lemon
4 long thin slices of pancetta
50ml extra virgin olive oil
freshly ground black pepper
1 tablespoon australian capers (rinsed or not)
1 tablespoon freshly chopped flat-leaf parsley
sea salt to taste

Preheat the oven to 220°C. Remove the pulp from the preserved lemon and cut the rind into long strips. Wash and dry the potatoes thoroughly, then cut them in half lengthwise. Toss immediately with the lemon rind, pancetta, olive oil and pepper in a large, shallow, heavy-based baking dish and roast for 20-35 minutes. The potatoes should caramelise and the pancetta become deliciously crisp. Remove the baking dish from the oven and shake to loosen the contents. Add the capers and parsley and taste to check whether it needs extra seasoning. Serve immediately.

Serves 4

Other Ideas

Rinse or soak salt off a handful of capers; and sprinkle over tomato or leaf salad, mash with potato, scatter over smoked salmon, blend in pesto, toss with roast tomato pasta sauce, rub into meat for roasting, roughly chop over fish or add to scrambled egg for extra breakfast zing.



"Australian capers are grown with minimal water on the dry rocky slopes of the River Murray - the tiny unopened flower buds of the caper plant are picked daily at first light throughout the hottest months of the year - now for the first time Australians can enjoy the delicate, fruity flavours, sweet, herbal aromas, fresh, firm crunch and natural health benefits of locally grown, organic capers."

Sam and Jonathon Trewartha

australian capers

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