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Quinoa and the Australian Consumer

by

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Foreword

Quinoa (*Chenopodium quinoa*) belongs to the Chenopodiaceae family whose members include Sugar Beet, Table Beet Spinach and Swiss Chard. There are three main varieties of quinoa that are cultivated, white, dark red and a purple or black. It is considered a cereal and the small seed when cooked has a slight crunchy, with a fluffy consistency and a mild, delicate nutty flavour. Quinoa is high in protein, calcium and iron and is a relatively good source of vitamin E and several of the B vitamins.

This report presents results on the size and value of five key food categories that may produce a business opportunity for quinoa. With a possibility of quinoa being produced in Australia it was important to assess its overall market potential.

The research is aimed at establishing the size, in terms of volume by way of Stock Keeping Units (SKU - which is an identifier that is used by merchants to track products), as well as the overall dollar value of the proprietary bread, cereal, snack food, savoury biscuit and pasta categories within five Australian food retailers namely Coles, Woolworths, Aldi, Healthy Life and Macro Wholefood Markets. The project also gathered insight on how each of the categories competes on product attributes and their positioning within the stores.

The key finding that emerged was the trend of Australian food retail towards ‘mainstream healthy’ within all five categories. More products were showing a health attribute at point-of-sale than not. The majority of these highly attributed products were found in mainstream grocery aisles. The categories are growing towards competing on healthy attributes within the mainstream. This is a positive sign for a product such as quinoa, and possibly others like it. Many of the attributes which quinoa possesses are seen heavily in many of the categories. In 2006 the combined value of the five categories was \$2.89 billion. This market is lucrative and holds many opportunities.

This project was funded by the RIRDC core funds, which are provided by the Australian Government. This report is an addition to RIRDC’s diverse range of over 1700 research publications, forms part of our Quinoa Investment R&D program, which aims to establish the retail opportunity of a quinoa in Australia. Most of our publications are available for viewing, downloading or purchasing online through our website:

- downloads at www.rirdc.gov.au/fullreports/index.html
- purchases at www.rirdc.gov.au/eshop

Peter O’Brien

Managing Director

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Abbreviations

SKU 'Stock Keeping Units' is an identifier that is used by merchants to track products.
POS 'Point of Sale', where the consumer first meets the product in a retail store.

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Executive Summary

What is the report about?

Rural Industries Research and Development Corporation (RIRDC) is investigating the commercial potential of quinoa (pronunciation: keen-wa) in Australia. Quinoa (*Chenopodium quinoa*) belongs to the Chenopodiaceae family whose members include Sugar Beet, Table Beet Spinach and Swiss Chard. There are three main varieties of quinoa that are cultivated, white, dark red and a purple or black. It is considered a cereal and the small seed when cooked has a slight crunchy, with a fluffy consistency and a mild, delicate nutty flavour. Quinoa is high in protein, calcium and iron and is a relatively good source of vitamin E and several of the B vitamins.

In 2006, RIRDC invested research resources into a project which investigated the health food market for a range of gluten free grains¹. Quinoa was identified in this initial study as a grain worthy of further investigation due to its popularity overseas and some interesting production characteristics (stress tolerance to drought and saline conditions). This new project was commissioned to assess the size and value of the domestic food retail market in which quinoa may compete. This research assessed the size and value of the proprietary bread, cereal, snack food, savoury biscuit and pasta categories within five Australian food retailers namely Coles, Woolworths, Aldi, Healthy Life and Macro Wholefood Markets. The research attempts to highlight trends that are emerging between mainstream and health product positioning in the Australian food retail industry, providing evidence to suggest whether development of quinoa products will be beneficial in terms of its potential retail impact.

Who is the report targeted at?

The recommendations in this report will assist RIRDC and other interested private investors in their assessment of the initial viability of quinoa at the retail level. The report also aims to highlight areas where more targeted research towards retail category development of quinoa in Australia is required.

Background

The scientific backing of quinoa is overwhelming in its suggestion that quinoa has a nutritional makeup that provides consumers with a product high in protein, fibre, vitamins, iron and the eight amino acids. It has been discussed that quinoa has the potential to be grown in Australia as it appears to have a tolerance to dry conditions and salty soils. However, if Australia were to begin a quinoa farming program, there are a number of crucial questions that need answers. Would the retail sector sell a product with attributes such as those associated with quinoa? What is the current market value of related categories? How are products with similar attributes to quinoa currently positioned? This report aims to answer these questions and to identify the retail industry trends in relation to mainstream and health products, and use this information to make recommendations for the retail positioning target for quinoa.

Aims/Objectives

This report is a category analysis of five product categories, (proprietary bread, cereal, snack food, savoury biscuit and pasta) within five Australian food retail outlets, namely Coles, Woolworths, Aldi, Healthy Life and Macro Wholefood Markets. The project analyses each category market value, stock keeping unit (SKU) total, in-store shelf space, product in-store positioning and total product health attribute. This analysis will assist in establishing the opportunity that may exist for quinoa in the Australian retail sector and where further research is required.

Methods used

The project researched 1479 Stock Keeping Units (SKUs) across the five categories throughout the five retail outlets. At point of sale (POS) surveys were completed which provided data on the total number of products per brand in each category, a description and count of all point of sale (POS) attributes per product (many products showed more than one product attribute), total shelf space dedicated for each brand and a description of the store positioning of each product. To gain information on the dollar value of each category secondary research methods were implemented.

¹ *Gluten Free Grains*, Vinning & McMahon, Sept 2006, RIRDC publication no. 05/011

Results/Key findings

In Australia, the proprietary bread, cereal, snack food, savoury biscuit and pasta categories are worth a combined \$2.89 billion. Proprietary bread in 2006 is worth around \$792 million, the cereal category is worth \$982 million, the pasta category is worth \$167 million, snack food category is worth \$494 million and savoury biscuit category is worth \$460 million. Proprietary bread, cereal and pasta categories have seen substantial value growth from 2005. At point of sale (POS) the pasta category was the largest in terms of stock keeping unit (SKU) count, followed by cereal, savoury biscuits, snack foods and proprietary bread.

Four out of the five categories saw the majority of product positioning displayed in the mainstream grocery aisle. The exception to this was the cereal category, which saw a large number of private label products from Healthy Life and Macro Wholefood Markets competing in this category.

In all five categories there was more shelf space dedicated within the mainstream aisle, this was even true within the cereal category despite the fact that there were more health positioned products in terms of stock keeping unit SKU numbers present, the space dedicated to health positioned cereal still does not match that of the mainstream positioned aisle.

The following will summarise key findings that came out of the category analysis. Each summary will include points on health attribute percentage seen as a whole category, which are the top three attributes that drive the category at point of sale (POS), where these attribute products are positioned in-store and the shelf space dedicated to each category for both market positions (mainstream or health).

Proprietary Bread

Out of the 204 proprietary breads researched, 92% showed one or more product attributes at point of sale (POS). The top three attributes within the category included no preservatives with 49% of breads showing this attribute, low Glycemic Index (GI) with 20% and high fibre with 22% of breads claiming this attribute. The positioning of these attributes all showed a high majority (over 65%) in mainstream grocery aisles. In relation to shelf space, mainstream grocery aisles were significantly larger, with 70% more shelf space for mainstream positioned bread over that of health positioned bread.

Cereal

There were 345 cereals researched at point of sale (POS), with 76% showing one or more attributes. The top three attributes in the cereal category included high fibre with 26% of cereals showing this attribute, low fat with 12% and added vitamins with 11%. There were also a relatively large percentage of cereals that showed no attributes (24% in total), this however is largely due to the number of private labels found in this category that do not display product attributes at point of sale (POS). Out of the top three attributes all were predominately found in mainstream grocery aisles (over 65%). Due to the large private label presence in the cereal category the shelf space dedicated to the category was more evenly split. Health aisles are close to the same shelf space found in mainstream grocery aisles (there was only a six and a half metre difference between health and mainstream aisle space in one case).

Snack Food

The project covered 240 snack food products of which 79% showed one or more attributes. The top three attributes found in the snack food category included no artificial colours with 37% of products showing this attribute, followed by low fat with 27% and high fibre with 18%. Out of the top three attributes all were predominately found in mainstream grocery aisles (over 70%). In relation to shelf space, health aisles do not compete in the snack food category with a difference in shelf space footage of around 23 metres in one case.

Savoury Biscuits

Out of the 263 savoury biscuits research 96% showed one or more product attributes at point of sale (POS). The top three attributes in the savoury biscuit category included fat free with 35% of savoury biscuits showing this attribute, followed by gluten free with 21% and high fibre with 16%. Out of these top three attributes all were dominated in the mainstream grocery aisles (over 94%). As with the snack food category, health aisles do not compete in the savoury biscuit category with a difference in shelf space footage of around 40 metres in one case.

Pasta

There were 427 pastas research in which 60% showed one or more attribute at point of sale (POS). The top three attributes in the pasta category included no preservatives with 27% showing this attribute, followed by gluten free with 12% and wheat free with 6%. The no preservatives attribute was dominant in the mainstream grocery aisles, where both the gluten free and wheat free attributes dominate in the health aisle. As with many of the other categories, health aisles do not dominate space in the pasta category with a difference in shelf space footage of around 17 metres in one case.

Implications for relevant stakeholders

From the category analysis undertaken in this project the success of a quinoa product in Australia will depend on how it is positioned. From the results it is evident that there is a trend occurring towards mainstream healthy. Out of all five categories there were more products showing health attributes than none at all. There is a clear movement to introduce mainstream healthy products, and the surprising result is when combining the attribute result and the positioning results, it shows that four out of the five categories were also dominant in the mainstream grocery aisle. Cereal was the only exception with only a small 2% differential between product numbers found in health versus mainstream grocery aisles. The main conclusion from the research is that mainstream products are competing in the health attribute arena. In positioning quinoa, according to the data, to promote quinoa only in a small health niche market will stifle its potential. With quinoa possessing attributes such as protein, fibre, vitamins, iron and the eight essential amino acids, this presents the real opportunity for market penetration. Each category is already competing on health attributes in mainstream grocery aisles, including attributes which quinoa possesses. There is potential for quinoa as a stand alone product or a complementary ingredient to other products. This could allow quinoa to fill attribute gaps that may exist within categories or enhance existing products with attributes within the category.

The project has also found the large growth in private label products (those products branded under the retailers brand name) throughout all categories. The private label point of sale (POS) market share of Coles and Woolworths alone can attribute between 2% and 8% depending on the category. This could also provide an opportunity for quinoa, as private label is competing with traditional manufacturer brands. Retailers are looking for the next competitive edge and in some cases more so than traditional manufacturers. This growth is purely due to the fact that to grow food retail sales, retailers need to innovate their product range. With a private label product, not only is their prospect for innovative products but it also demands larger shelf space as retailers strive for higher margin products. The results have shown attribute gaps in the market which quinoa could fill and assist not only retailers, but also manufacturers, in developing innovative products to fill such gaps.

Recommendations

This project was aimed at identifying the market size and value of categories where quinoa could compete and attempt to discover the way the market is set up in relation to competition and positioning. Certain questions need to be asked of consumers, suppliers and retailers to give investors enough information to develop a robust business case. The types of questions to be asked are;

Consumer's perspective;

- how the market is segmented
- who would buy the attributes of quinoa
- what is the consumer appeal and unique selling point of quinoa

Supplier's perspective;

- suppliers within the category
- stand alone quinoa products versus quinoa being a complementary ingredient
- supplier buy-in (business case analysis via category management)
- Capital investment analysis
- end-to-end value chain assessment

Retailer's perspective;

- private label analysis
- category management analysis
- market/category positioning strategies.

With the completion of such research a business case could be developed which incorporates all relevant stakeholders. The business case would be needed in order to gain buy-in from suppliers and retailers, but also required to develop a robust marketing strategy.

1 Introduction

It is generally recognised that quinoa has been cultivated in the Andes since about 3000 BC. Production appears to have been widespread until the Spanish conquest in the 1500s, after which it declined. Two main reasons have been put forward for this decline;

- The introduction of wheat and barley
- A Spanish prohibition based on depriving the Incas of a nutritious food source and the crop's association with Incan religious and social rights.

Production declined to the extent that quinoa consumption became restricted to peasants in remote areas. In Ecuador, production virtually ceased. Thus arose an association between quinoa and the peasantry, which caused the grain's popularity to further wane².

Current mainstream production occurs in the traditional Andean regions of Columbia, Ecuador, Peru, Chile, Bolivia and Argentina. With its adaptation to cold, dry climates, frost resistance, short growing season, and good nutritional qualities make a quinoa crop of considerable value to highland areas around the world which have limited opportunities to foods of comparable nutritional value and crop diversity.

This research has been commissioned in order to establish the potential retail prospect of quinoa in the Australian market place. The main question behind this project is 'will it sell in Australia?' This research is attempting to provide some initial findings on the prospect of quinoa, a grain that is high in protein and fibre among other attributes, being able to develop a retail market in Australia.

2 Objectives

Looking at point-of-sale (POS) in the Australian food retail industry this research is designed to establish the following,

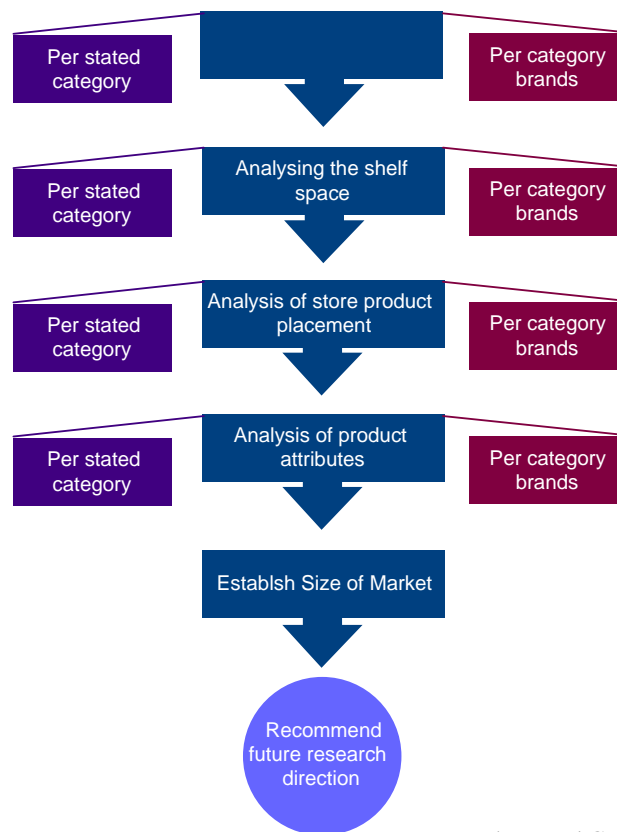
- What is the size of the research categories in the food retail sector at POS (the research categories include cereal, pasta, proprietary bread, savoury biscuits and snack foods)
- How are the research categories managed within the store plan-o-grams (mainstream grocery aisles versus health aisles)
- To highlight movements to "healthy" attributes within the specified research categories
- Identify areas where quinoa could go 'mainstream'
- To provide RIRDC with recommendations for future research investment.

3 Methodology

The method implemented to successfully meet the research objectives was one of both primary and secondary research methods. The overall methodology was directed by the following project plan:

²² *Gluten Free Grains*, Vinning & McMahon, Sept 2006, RIRDC publication no. 05/011

Figure 1



The Vogel Group©

After viewing a number of websites (quinoa.net, agmrc.org, incaorganics.com, planeta.com, viewed in December 2006) dedicated to quinoa and reading the RIRDC commissioned report titled “Gluten Free Grains” (Vinning and McMahon, 2006) the research was defined to looking at five key retail categories where quinoa could be marketed on its own or as a complementary ingredient to other products. The five categories included,

- Cereal – sub categories of Ready to Eat, Hot and Add On cereals
- Pasta – sub category of Dry pastas including Wheat, Rice, Corn and Specialty based pasta
- Proprietary Bread – sub categories of White, Wholemeal, Multigrain, Rye and Specialty breads
- Savoury Biscuits – sub categories of Wheat, Rye, Rice and Corn savoury biscuits
- Snack Foods – sub categories of Muesli Bars, Fruit Bars and Savoury Dippers.

The food retail industry is a large area to research, in-order to obtain robust data on the categories within the industry, five food retailers were chosen as the benchmark for answering the research objectives. The Vogel Group studied the following Australian food retailers,

- Woolworths
- Coles
- Aldi
- Healthy Life
- Macro Wholefood Markets.

Woolworths and Coles were chosen as a research case study due to their market positioning within the Australian food retail industry. Aldi was researched due to its discount positioning within the market. It also runs a differentiating format strategy (eg roll-in roll-out pallet display and its private label philosophy). Healthy Life is a franchised 'health' retail outlet that stocks grocery items, which goes beyond the traditional vitamin and supplement store. Macro Wholefood Markets is a boutique health grocery and fresh food store that imports many of its product lines to cater for those customers wishing to purchase more specialised (perceived) "healthy" products.

Once the five product categories and food retail chains were chosen groundwork was conducted on the data required. The Vogel Group initially visited one Woolworths and one Coles store and viewed each category to establish how the data would be most efficiently collected. After this initial work was reviewed a list of attributes that were associated with products within each category was established. It also allowed us to establish how the categories were set up into sub categories.

From the list of attributes and an understanding of the categories makeup, two surveys were built to gather data. One survey was built for proprietary bread, pasta and biscuits. Another type of survey was built for cereal and snack foods. From the initial groundwork the way the categories' were marketed was fully understood, this lead to the requirement for two different surveys. The two surveys asked the same questions in a different way; this was for the sole purpose of reducing surveying time while still gaining the required data (the two surveys can be viewed in Appendix A and Appendix B).

It was found to be necessary to formulate two surveys as nearly all products that showed a product attribute under this study usually had multiple attributes. To be able to conduct the research with this in mind required that the data collection stage take two survey formats. The total number of products and the total number of attributes will not add up to the same amount. As there are products with multiple attributes this must be taken into account when viewing all results. This will become more evident within the results as many graph percentages do not add up to a total of one hundred.

Once the surveys had been piloted, analysts went to the five food retail stores and gathered data on the five research categories at POS. Within the five-food retail stores the survey was conducted in both the mainstream aisles and the health aisles of the stores. The survey results were inturn entered into a Microsoft Excel workbook that allowed for easy data analysis. The research was conducted over two Woolworths stores (one large and one medium sized), two Coles stores (one large and one medium sized), one Aldi store, two Healthy Life stores and one Macro Wholefood Markets store.

Further investigation was undertaken to gain necessary information in relation to the dollar size of each of the product categories.

4 Results

The results chapter will be structured by providing results from the overall research. This will then be followed by the results gained from each of the product categories.

4.1 Overall Research Results

The following is a presentation of detailed results from the study which is broken down into the main study topics.

4.1.1 Market Value per Category

The following table indicates the dollar value attributed to each food category within the food retail industry for 2006. The table also indicates the growth/decline percentage between 2006 and the 2005 market value.

Table 1:

Category	Value (\$M)	2006/05 % Change
Savoury Biscuits	460.7	-0.2%
Pasta	167.0	4.7%
Cereal	982.0	4.6%
Snack	494.8	-0.3%
Proprietary Bread	792.0	7.3%

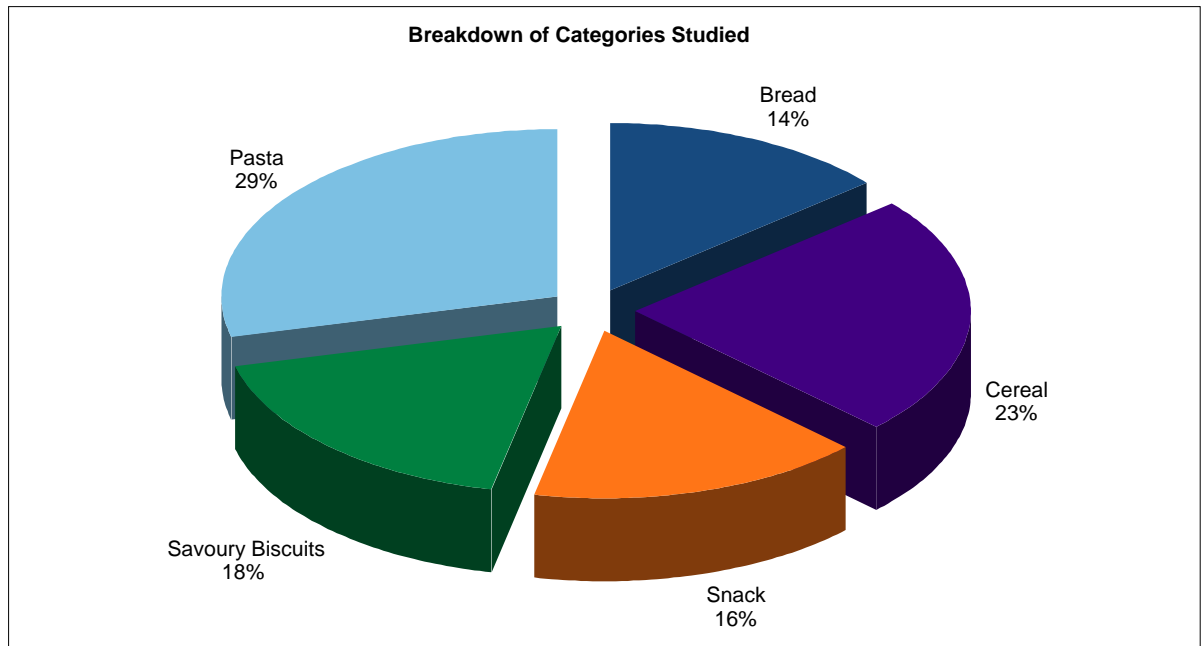
(Source: Retail Media Annual Report 2006)

Table 1 clearly indicates that the cereal category is by far the largest in terms of dollars within the food retail industry, tallying \$982 million in 2006, and proprietary bread being the second largest category tallying \$792 million in 2006. Bread is the largest growth area, increasing its total dollar value by 7.3% from last year. This growth could be largely due to current inflation. Cereal and pasta categories are also seeing strong positive growth. The savoury biscuits and snack food categories are in minimal negative growth, but still pull in large value in dollar terms.

4.1.2 Size of Market – Number of Items within Research Categories

The research collected data on 1479 products across the five categories and over the five retail outlets. The percentage attributed to the category size is shown in graph 1.

Graph 1:

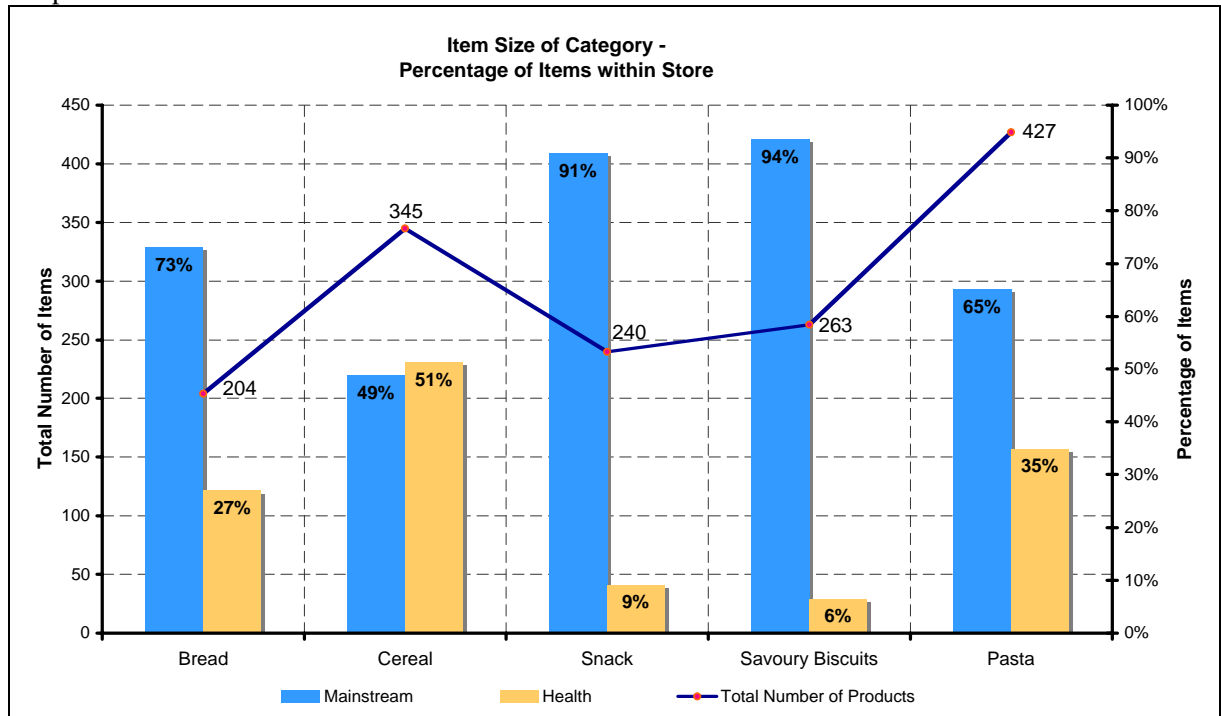


As seen in graph 1 the research showed that the pasta category had largest total number of products with 29% of the sample followed by cereal with 23%, savoury biscuits with 18%, snack food with 16% and bread with 14%. Taking into account table 1 it must be noted that these percentages do not relate directly to the market value of each category.

4.1.3 In-Store Market Positioning of Categories

The researched products were broken up into the five categories, then further divided into the percentage of items within a store position, either mainstream grocery or health sections. Graph 2 displays the results.

Graph 2:



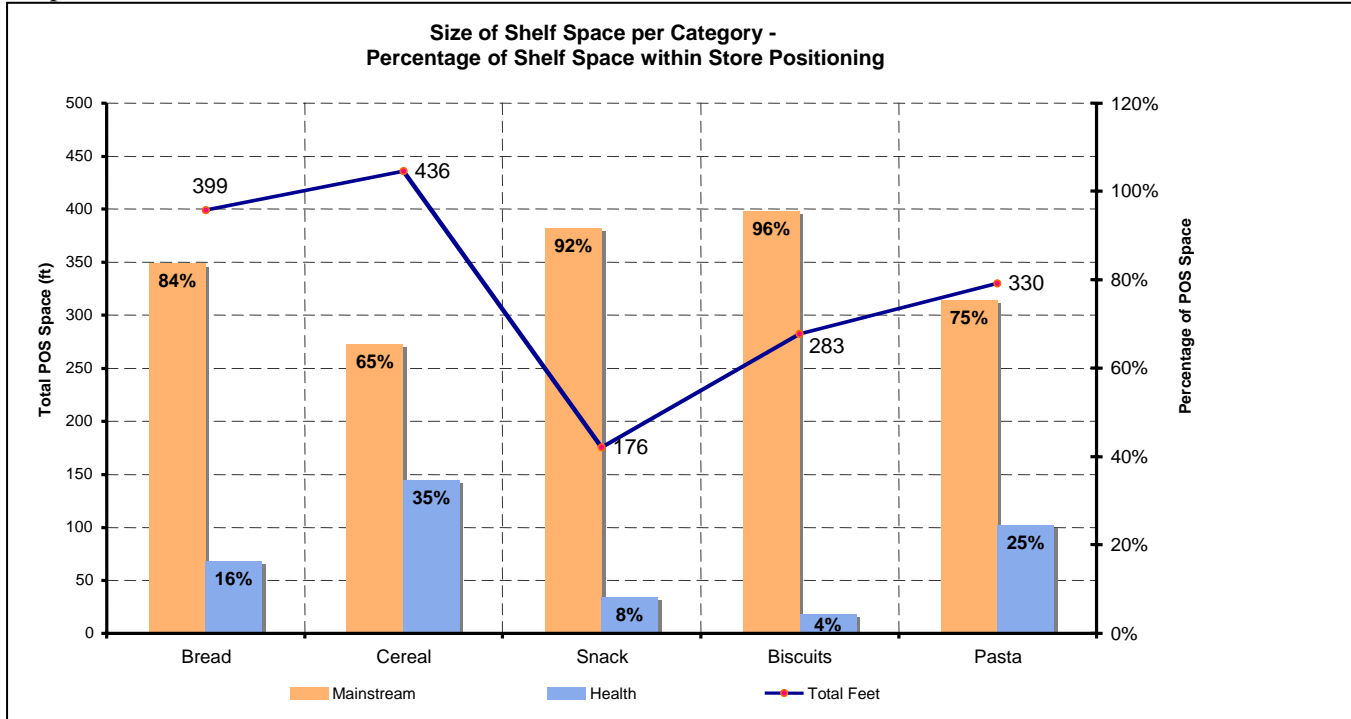
The above graph indicates the total number of products researched within each product category. This total number is then broken into a percentage of items viewed in each store position.

Bread, Snack Food, Savoury Biscuits and Pasta categories all have a large presence in the mainstream store position. Cereal is the only exception to this, where there is close to a fifty-fifty split between mainstream and health sections. However, closer inspection of this result, data is slightly skewed due to the high number of Macro Wholefood Market private label products, which were categorised as having 'health' store positioning.

4.1.4 Shelf Space Store Positioning of Categories

Within the research objectives, establishing the size of shelf space dedicated to each category was important. This would indicate those categories that attributed to the largest POS space. Graph 3 displays findings of the overall shelf space dedicated to each category over all five retailers.

Graph 3:

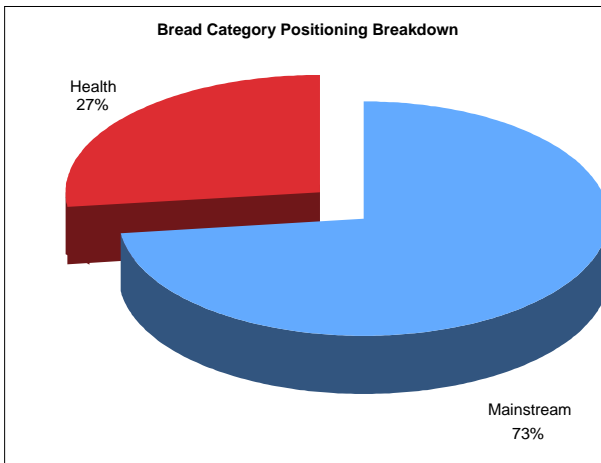


There is no surprise that retail stores attribute larger shelf space to mainstream grocery sections within the store. The main finding from graph 3 is the total feet attributed to each category overall. Graph 3 indicates that out of the total footage of 399 in the bread category 84% was seen in a mainstream grocery aisle positioning and 16% seen in a health aisle position. It also shows, as a total, the cereal category requires the most footage, with bread a close second. Further explanation of the shelf space of each category will be presented in the results of each individual category that will now follow.

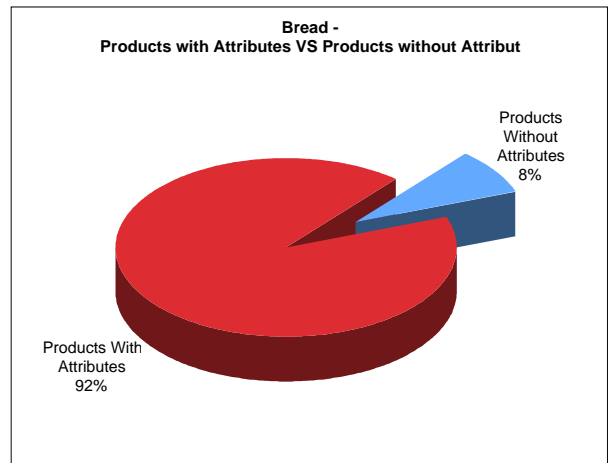
4.2 Proprietary Bread Category Results

Within the proprietary bread category 204 products were researched at POS. Graph 4 indicates the in-store positioning percentage of products. Graph 5 indicates the percentage of breads that showed one or more attributes versus the percentage that did not show any attribute.

Graph 4:



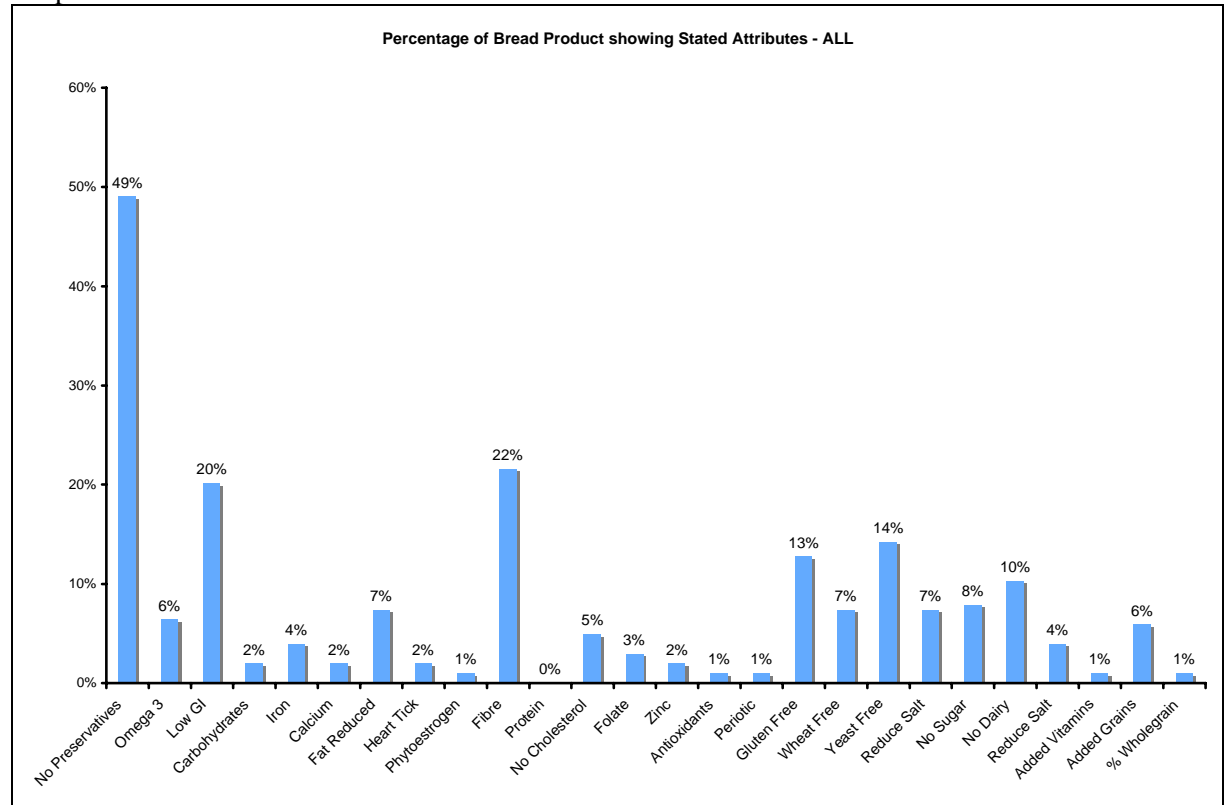
Graph 5:



The majority of breads were viewed in the mainstream grocery aisle, which would be the assumption. The more surprising result is that 92% of breads viewed showed one or more attributes.

The results of the attributes found on the breads at POS provide a clearer picture into what attributes bread companies are competing on. Graph 6 indicates the results of these attributes as a percentage of the total number of items viewed.

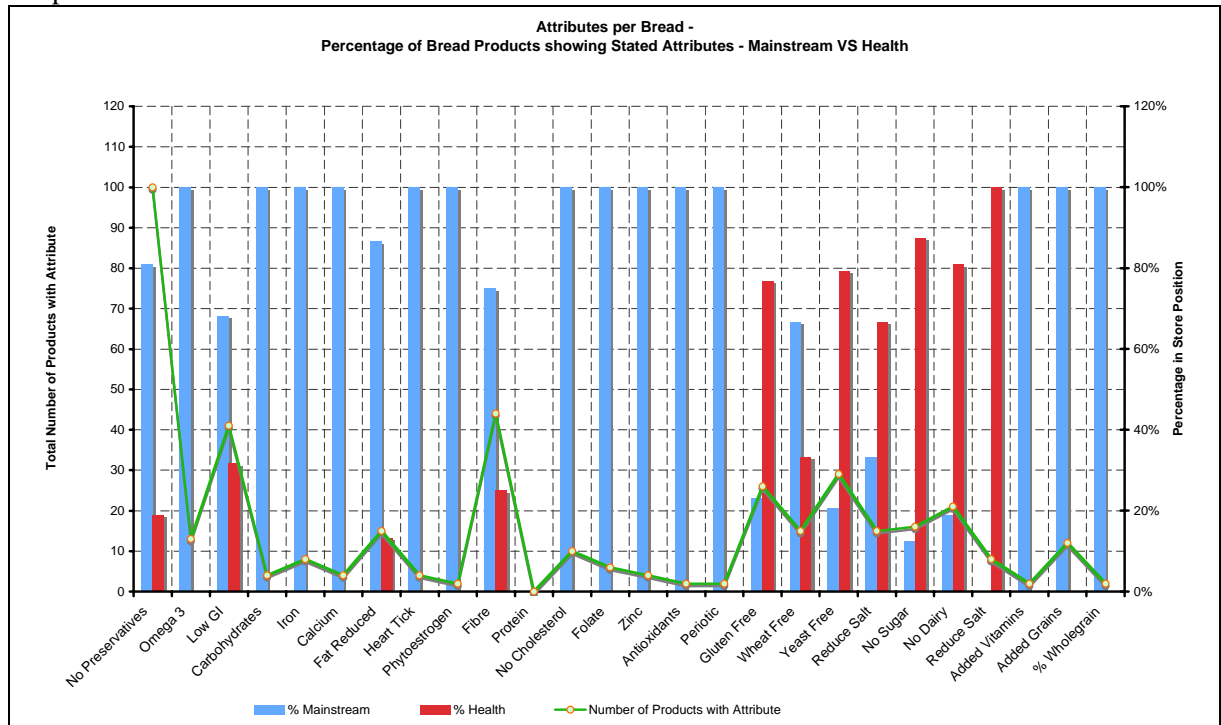
Graph 6:



Graph 6 clearly indicates that there are a number of attributes that stand out on proprietary breads at POS. Breads claiming no preservatives attributed to 49% of all breads viewed. High fibre breads made up 22% of the total and 'low GI with 20%. Yeast free breads accounted for 14%, gluten free for 13% and dairy free for 10% of the total number of breads viewed. One of the surprising findings was that an attribute of protein was not seen on any proprietary bread at POS.

To further understand what was gained from graph 6 further analyses took place to establish the store positioning of these products with the stated attributes. This analysis also shows the total number of breads that claimed the attribute to provide an understanding of the weight behind the percentages. Graph 7 provides the results.

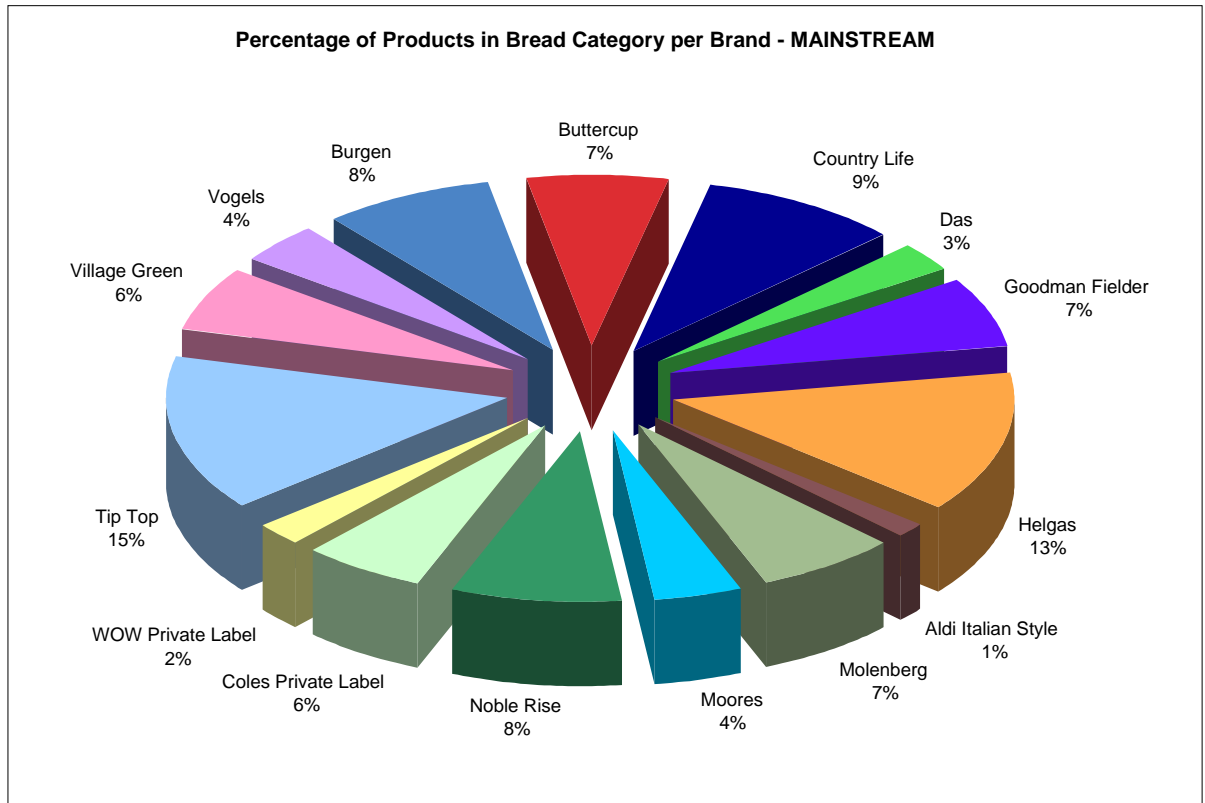
Graph 7:



The results show that out of the 100 times the no preservatives attribute was seen, 81% of them were seen in the mainstream grocery aisle. There were 44 breads showing the high fibre attribute with 75% of them seen in the mainstream grocery aisle. The low GI attribute was seen on 41 products, 68% were in the mainstream grocery aisle. On the other hand the two other major attributes within the bread category yeast free and gluten free were seen 79% and 77% respectively in the health aisle of the stores. The bases of these percentages were 29 yeast free and 26 gluten free breads seen at POS.

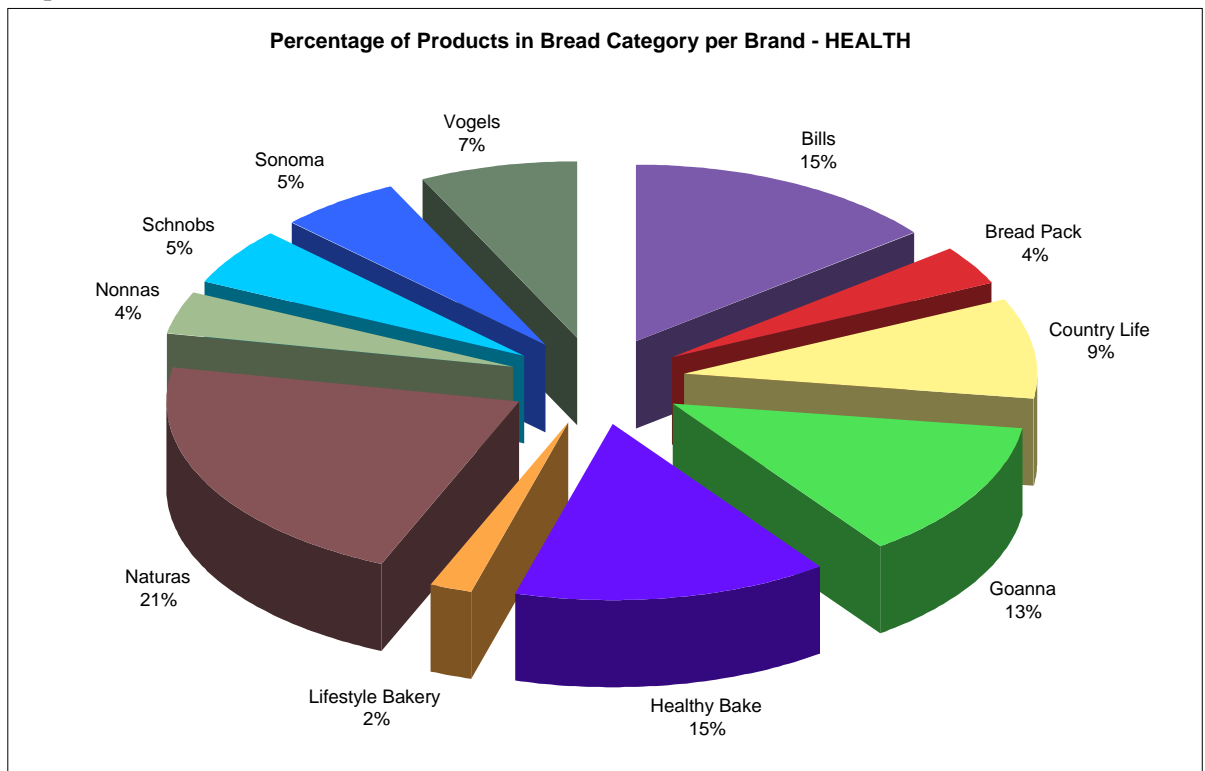
From the analysis of the attributes that are driving the bread category it was necessary to find the brands that were attributed to the POS market share of the category. Graph 8 displays the POS market share of those brands positioned in the mainstream grocery aisle, and graph 9 displays the POS market share of those brands positioned in the health aisle.

Graph 8:



These percentages are calculated from the 149 breads positioned in the mainstream grocery aisle.

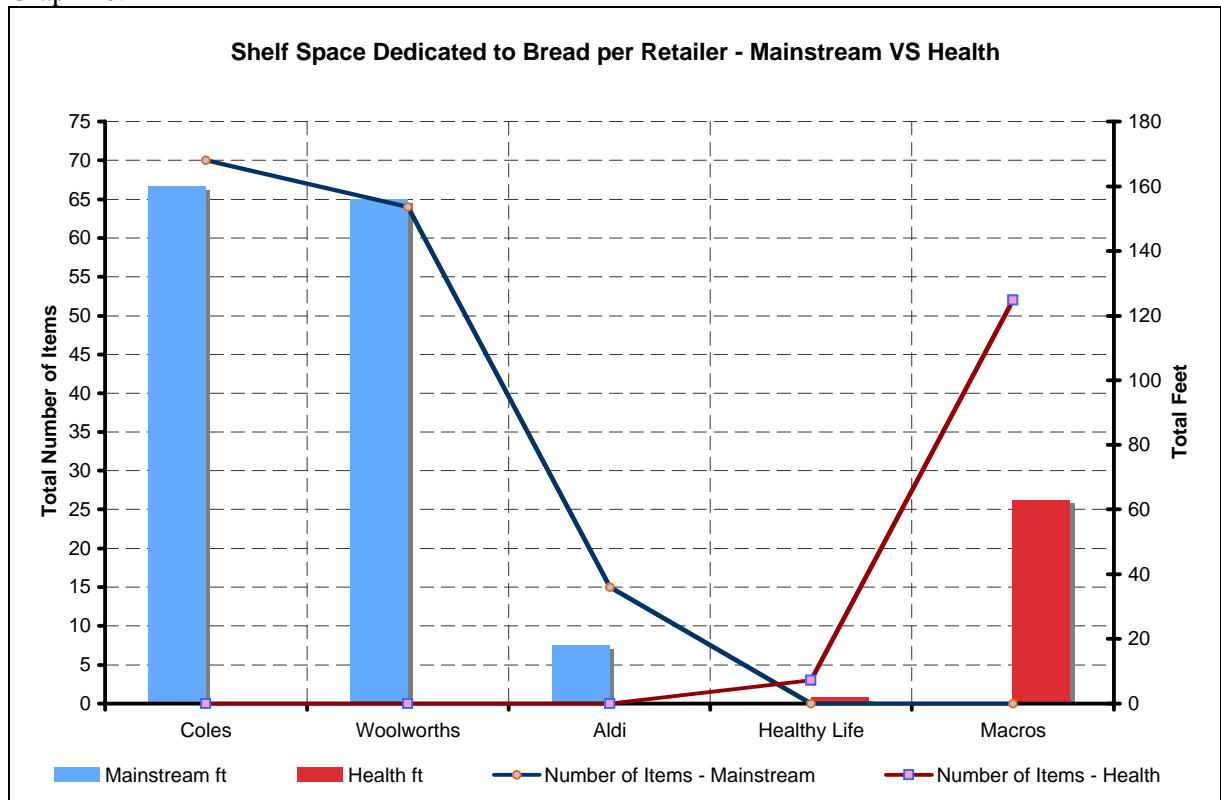
Graph 9:



These percentages are calculated from the 55 breads positioned in the health aisle.

Further analysis was conducted to discover the shelf space dedicated to bread category for each of the five food retailers. Graph 10 shows the findings of the shelf space dedicated to the bread category.

Graph 10:

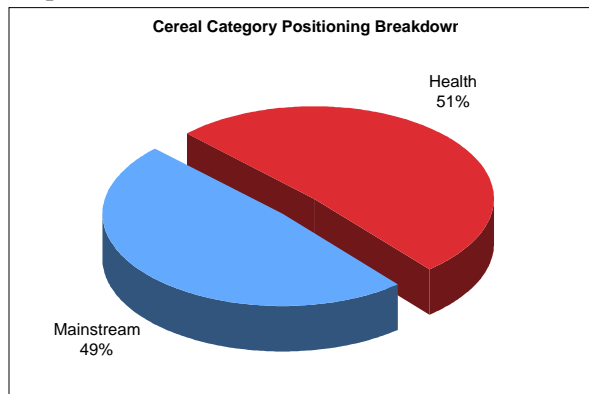


Graph 10 indicated the total number of breads carried by each retailer in both the mainstream and health positions. The bar graph indicates the total footage dedicated to each of the store positioning per retailer. The overall results show that Coles, Woolworths and Aldi do not carry any proprietary bread in the health aisle.

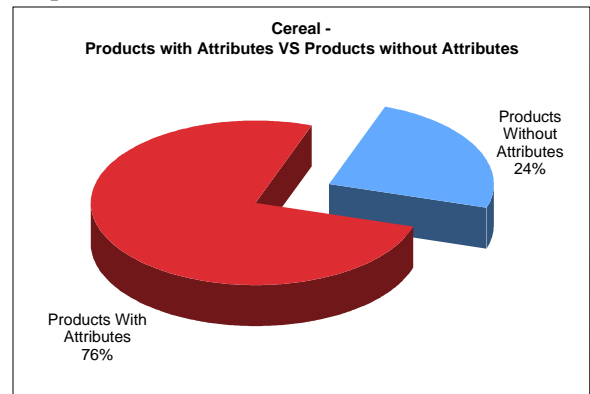
4.3 Cereal Category Results

Within the cereal category 345 products were researched at POS. Graph 11 indicates the in-store positioning percentage of products. Graph 12 indicates the percentage of cereals that showed one or more attributes versus the percentage that did not show any attribute.

Graph 11:



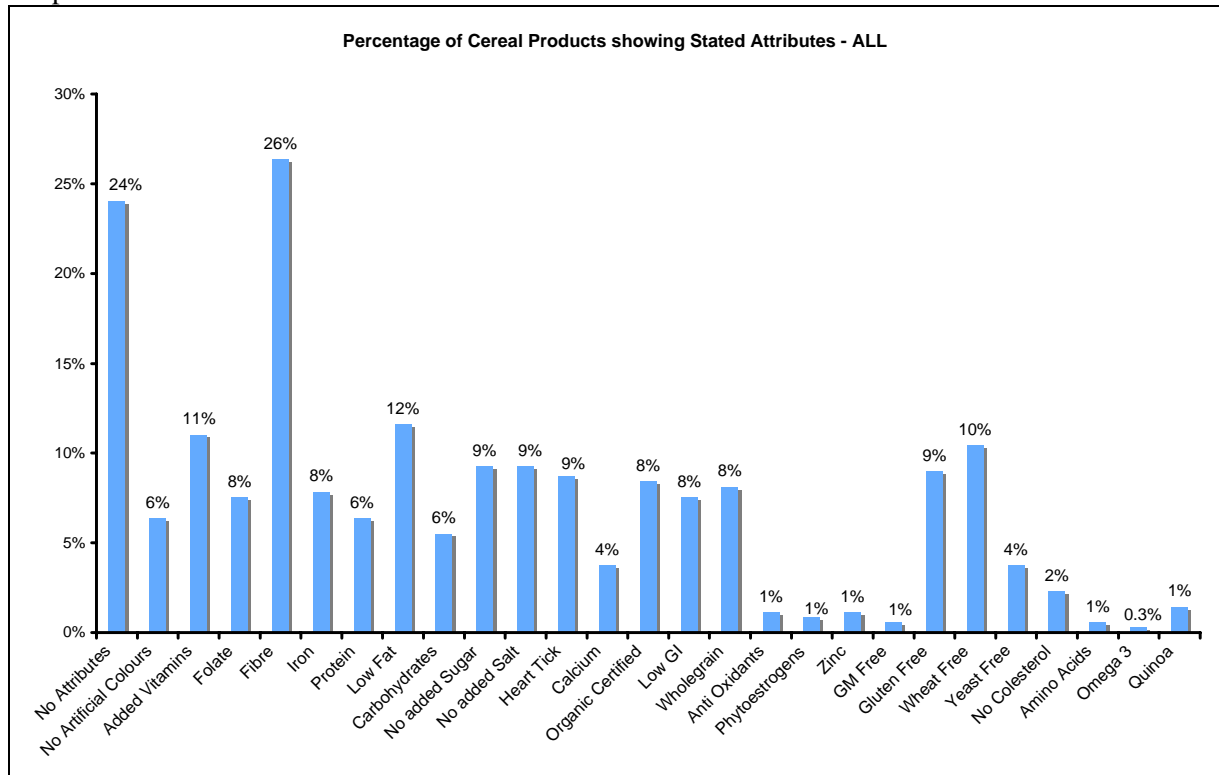
Graph 12:



The most interesting factor shown in the above analysis is that within the cereal category the health positioning is slightly larger than that of mainstream grocery. This is strongly due to the fact that Macro Wholefood Markets have a large private label, as well the fact that they carry many smaller producers, which outweighs the total number of products within the mainstream grocery position. Many of the cereals within the health position however, as will be shown in proceeding analysis, do not show many, if any, attributes on its packaging.

Overall, a large majority of the cereals claim attributes more times than they do not. Graph 13 indicates the percentage of products claiming the stated attribute.

Graph 13:

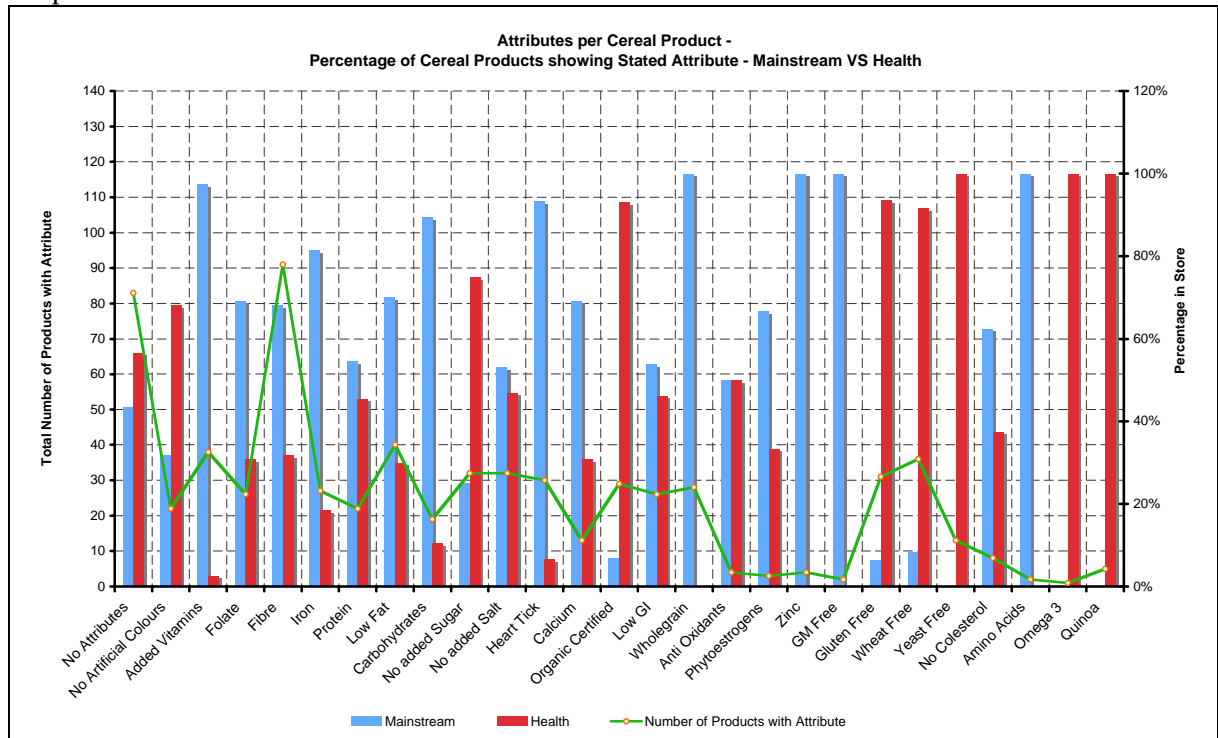


High fibre attribute is by far the most stated on cereal products, with 26% of cereals stating it at POS. Low fat was seen on 12% of all products with cereals with added vitamins attributing to 11%. Wheat free is seen on 10% of cereals with gluten free and no added salt attributes being seen on 9% of the cereals. A main attribute of quinoa, protein, was seen on 6% of the cereals studied. It was also found that there were 5 quinoa cereals at POS, which accounted

for 1% of the total sample. Out of the five-quinoa cereals seen, two were imported from USA, two from Germany and one Macros Wholefood Markets private label.

Further analyses took place to establish the store positioning of these products. This analysis also indicates the total number of cereals that showed the attribute to provide an understanding of the weight behind the percentages. Graph 14 provides these results.

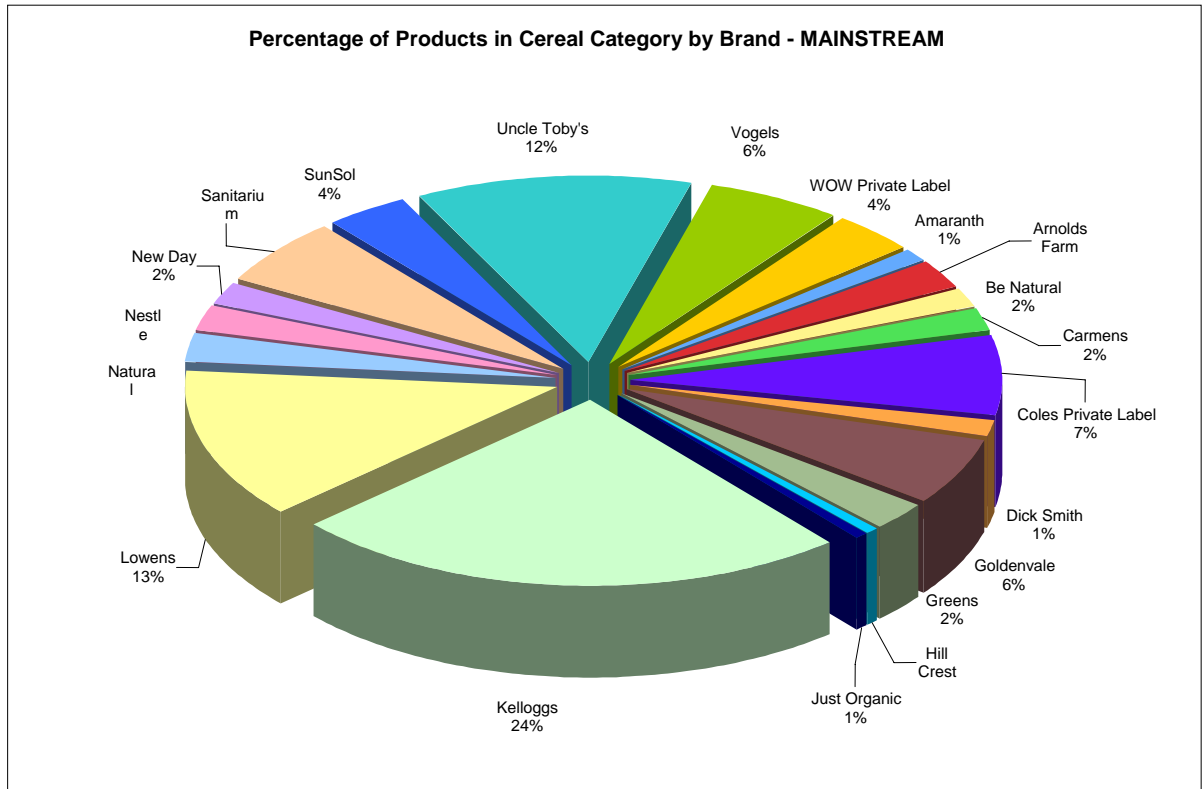
Graph 14:



Out of the 83 products that had no stated attribute, 57% were seen in the health aisle position. This is largely due to the private label of each of the retailers in this position, which do not claim many attributes. There were 91 cereals claiming high fibre, 68% of these were positioned in the mainstream grocery aisle. The low fat attribute also showed a majority placement in the mainstream grocery aisle with 70% with a total product base of 40, as did the added vitamins attribute with 97% with a total product base of 38. Wheat free and gluten free cereals were strongly positioned in the health aisle with 92% (total product base of 36) and 94% (total product base of 31) respectively.

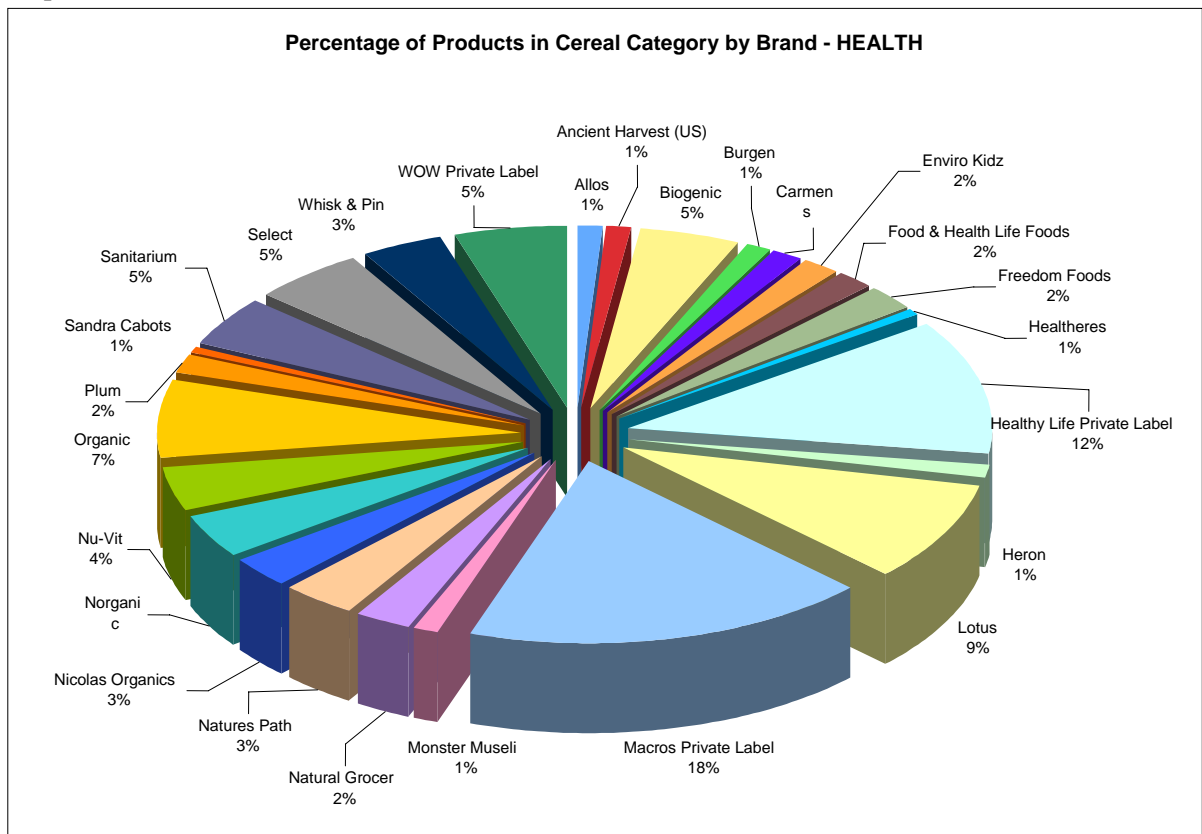
Once it was understood which attributes were driving the cereal category it was necessary to find the brands that were attributed to the POS market share of the category. Graph 15 displays the POS market share of those brands positioned in the mainstream grocery aisle, and graph 16 displays the POS market share of those brands positioned in the health aisle.

Graph 15:



These percentages are calculated from the 161 cereals positioned in the mainstream grocery aisle.

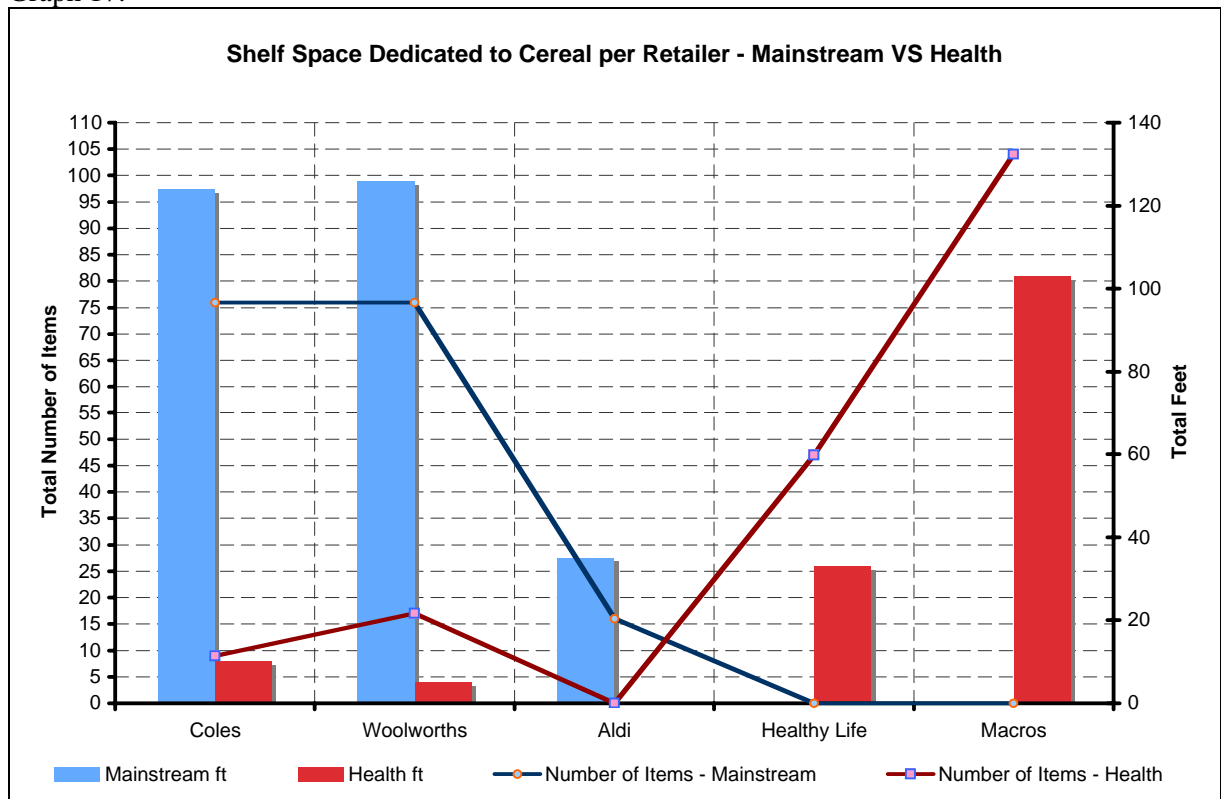
Graph 16:



These percentages are calculated from the 184 cereals positioned in the health aisle. From graph 16 it can be seen that Private Label dominates the health position. However as seen in previous analysis these cereals do not show many attributes (Macro Wholefood Markets account for more than a quarter of the 'no attribute' count in the health positioning).

Further analysis was conducted to discover the shelf space dedicated to the cereal category for each of the five food retailers. Graph 17 shows the findings of the shelf space dedicated to the cereal category.

Graph 17:

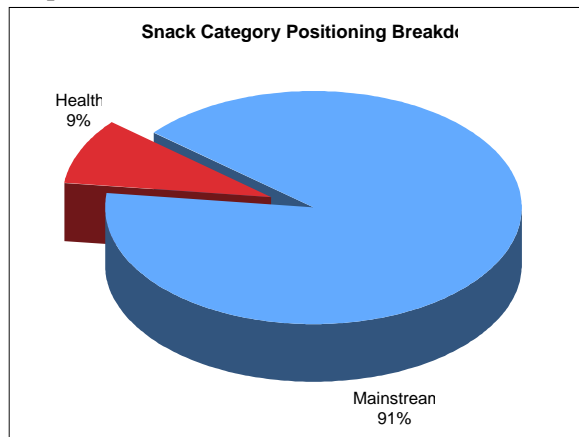


Graph 17 indicated the total number of cereals carried by each retailer in both the mainstream and health positions. The bar graph indicates the total footage dedicated to mainstream and health item positioning by retailer. The overall results show that Coles and Woolworths do have a relatively small shelf space dedicated to cereals they position as health. Surprisingly is the space in which both Healthy Life and Macros Wholefood Markets dedicate to the category despite their relatively small store size. Healthy Life private label takes up 48% of its cereal category shelf space, while Macro Wholefood Markets private label takes up 27% of the category shelf space, which is still the largest dedicated space for the category within the store.

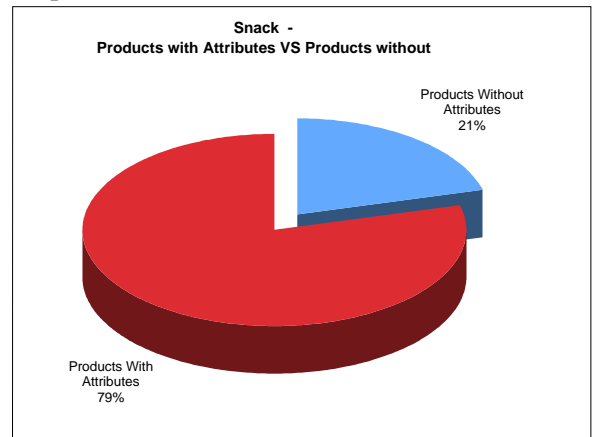
4.4 Snack Food Category Results

Within the snack food category 240 products were researched at POS. Graph 18 indicates the in-store positioning percentage of products. Graph 19 indicates the percentage of snack foods that showed one or more attributes versus the percentage that did not show any attribute.

Graph 18:



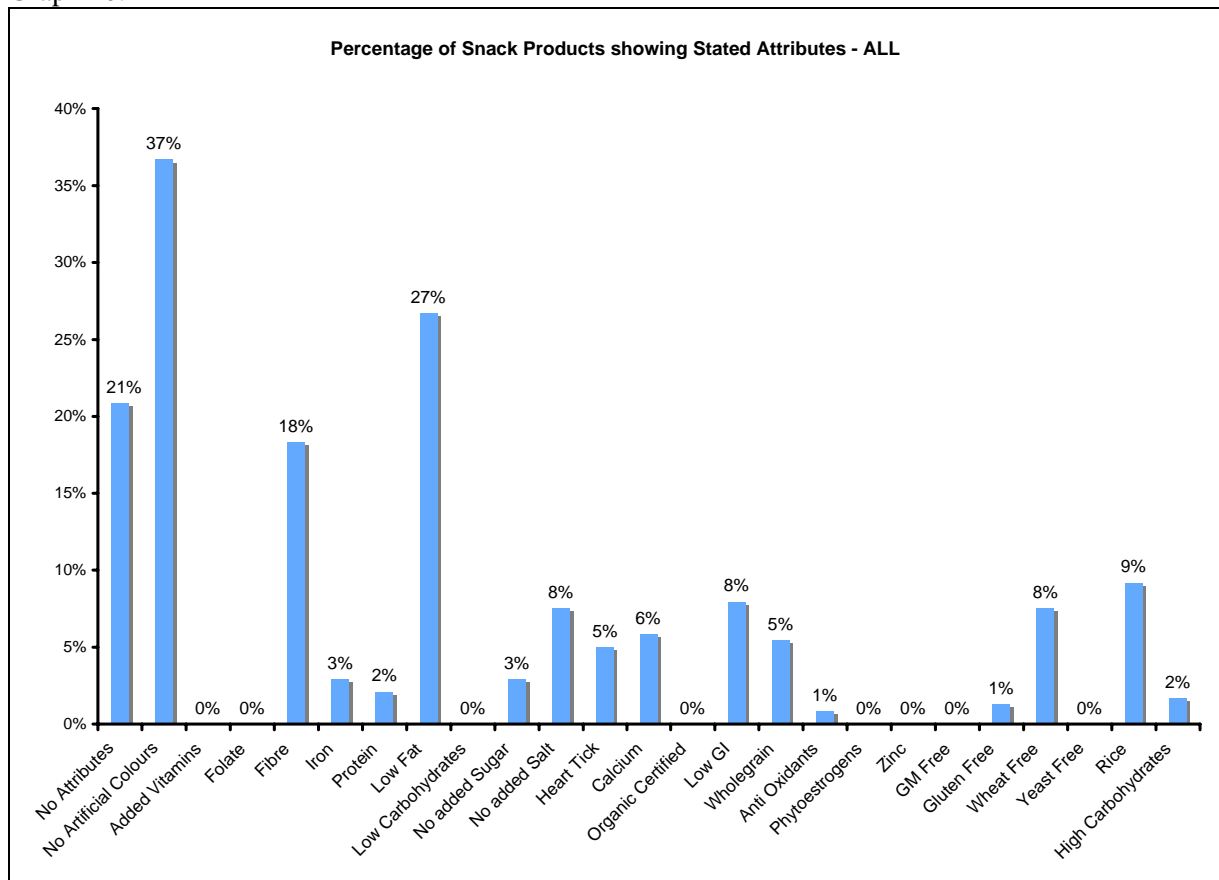
Graph 19:



It is evident that the large majority of the snack food market resides in mainstream grocery aisles. However it is surprising given the historical product positioning being that of an indulgence, that 79% of the snack foods studied had at least one product attribute, going against the historical product positioning assumption.

The attributes that the category was claiming can be seen in Graph 20.

Graph 20:

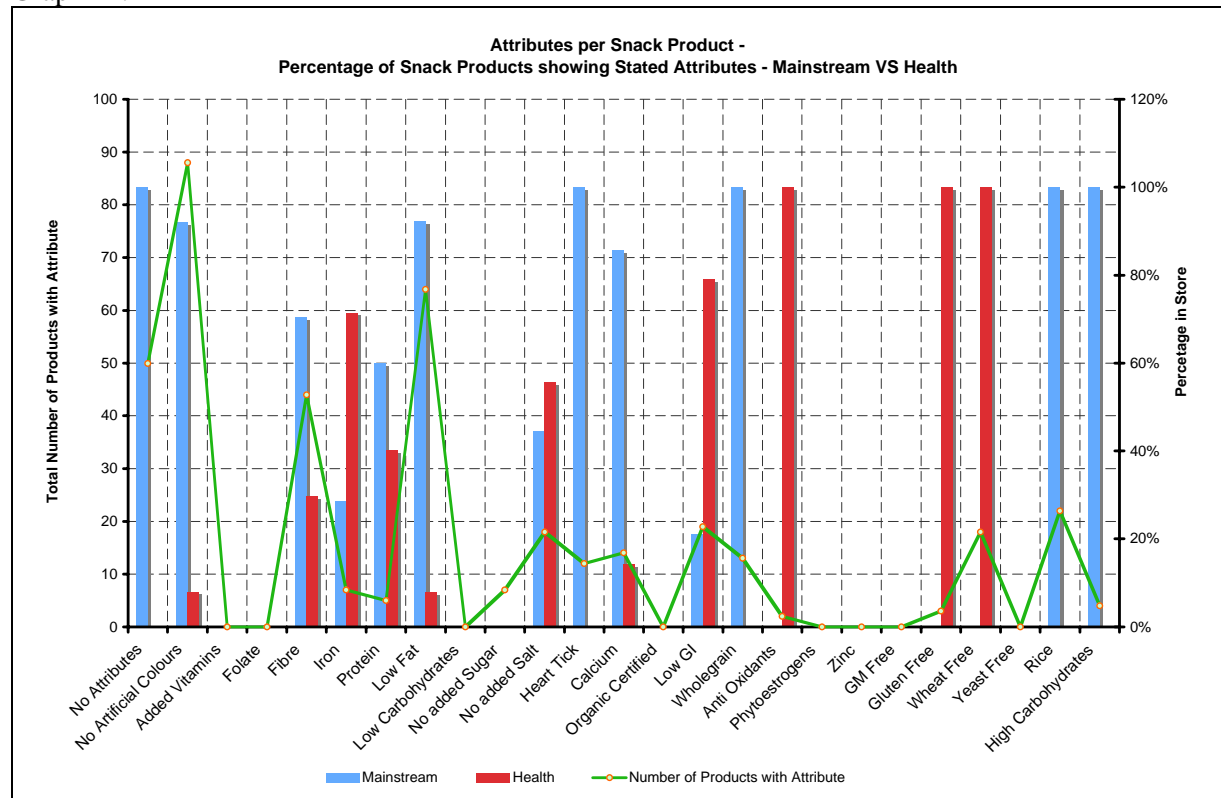


The most viewed attributed was that of no artificial colours, with 37% of snacks claiming the attribute. Low fat was the next with 27% of snacks with this attribute, followed by snacks with high fibre at 18% of the sample. The next competing attributes rounded out between 9%

and 1% of the market. The most evident of this rounding group was that of the rice, no added salt, low GI and wheat free snack foods.

On further analysis it was shown where in the store these attributes competed the most, this is seen in graph 21.

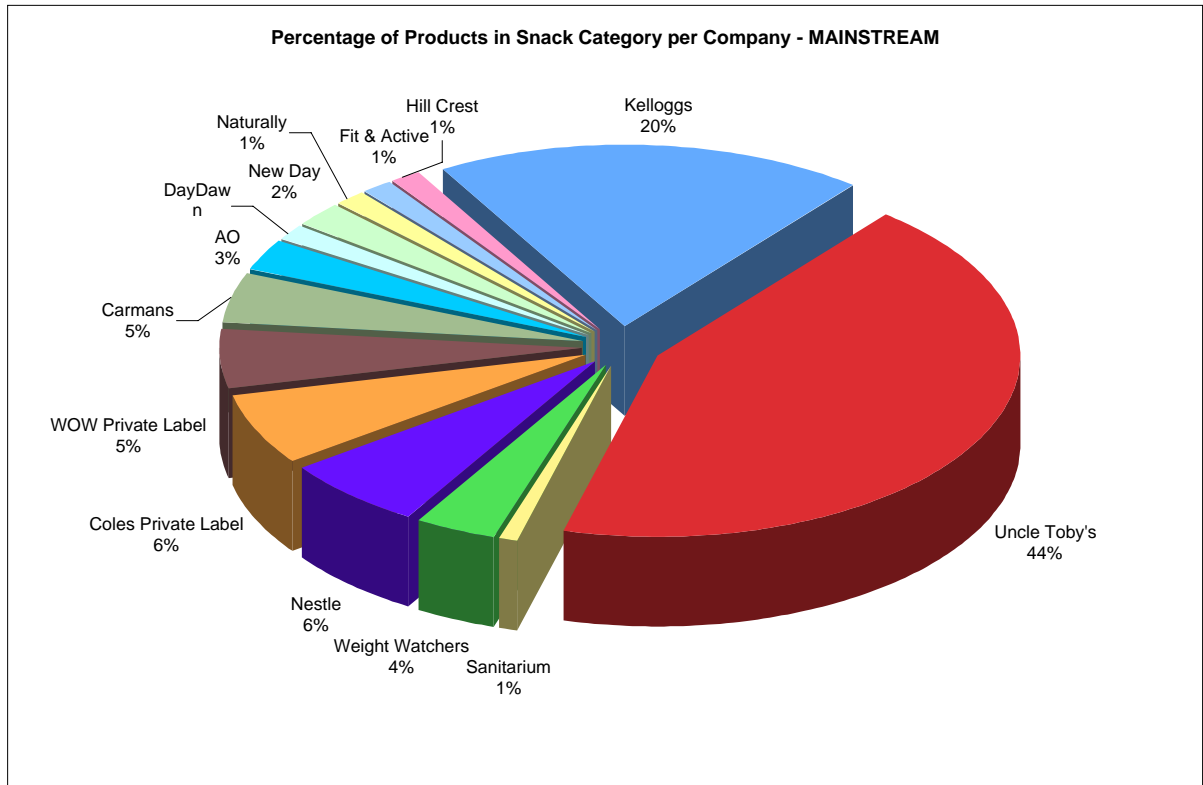
Graph 21:



Amongst the products claiming the no artificial colours attribute, in which there were 88, 92% of them were seen in the mainstream grocery aisle. Low fat snack foods totalled 64, 92% were positioned in mainstream grocery aisles. The high fibre attribute is still dominated in the mainstream grocery aisles with 70% of the 44 snacks viewed in that store position. On the other hand many of the top rounding out attributes, no added salt, low GI and wheat free snack foods were more dominant in the health aisles. It must be noted however that the total number of products claiming these attributes is relatively small compared to those dominated in the mainstream grocery aisle.

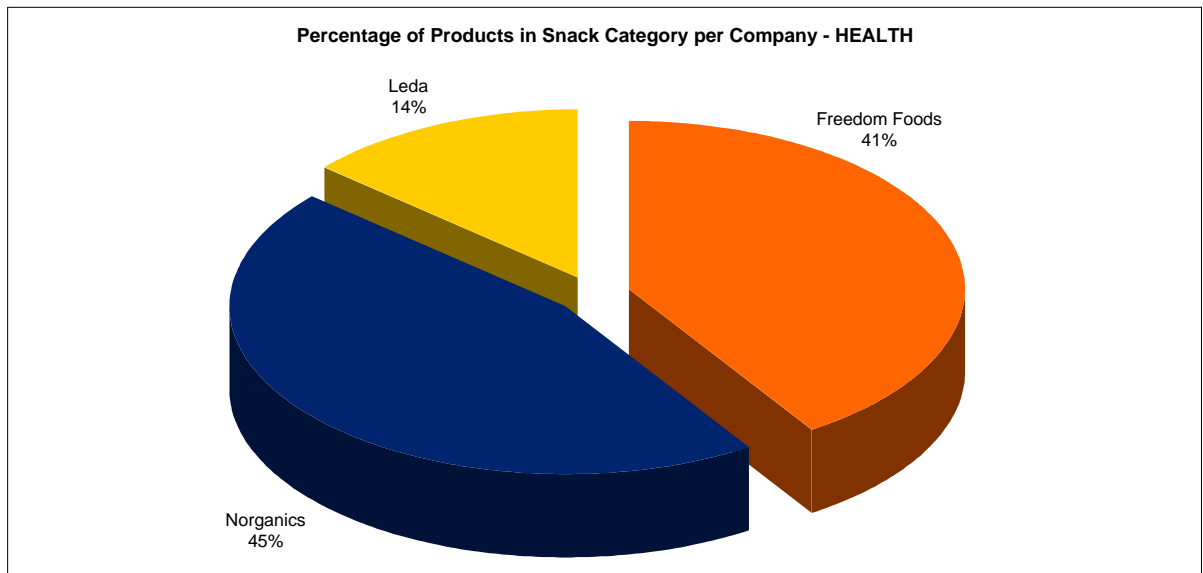
Now knowing which attributes were driving the snack food category it was necessary to find the brands that were attributed to the POS market share of the category. Graph 22 displays the POS market share of those brands positioned in the mainstream grocery aisle, and graph 23 displays the POS market share of those brands positioned in the health aisle.

Graph 22:



These percentages are calculated from the 218 snack foods positioned in the mainstream grocery aisle.

Graph 23:

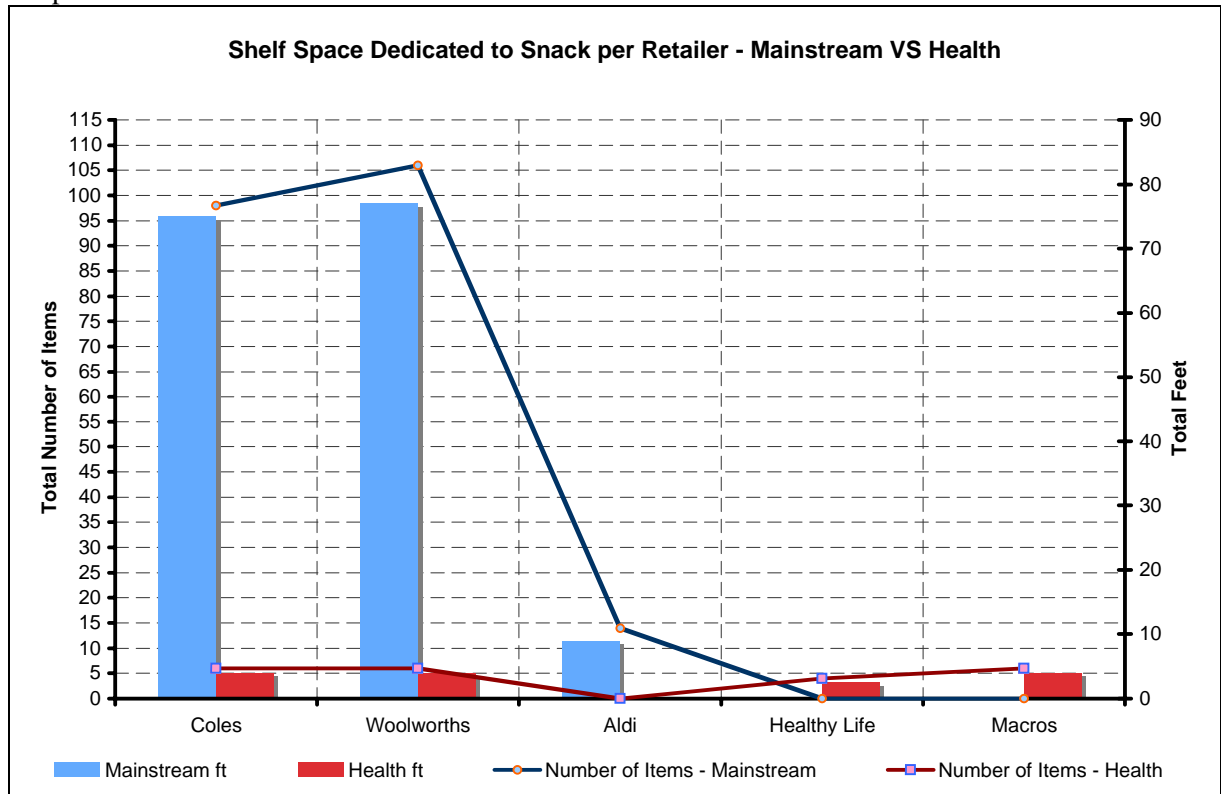


These percentages are calculated from the 22 snack foods positioned in the health aisle.

The health positioning of the snack category would seem to be going against the grain of the above analysis. As mainstream grocery snack food positions itself as providing more products with attributes, it would seem that the health position is falling behind a trend that may exist. People may still feel that a snack food is an indulgence but they will want a healthier alternative.

Further analysis was conducted to discover the shelf space dedicated to the snack food category for each of the five food retailers. Graph 24 shows the findings of the shelf space dedicated to the cereal category.

Graph 24:

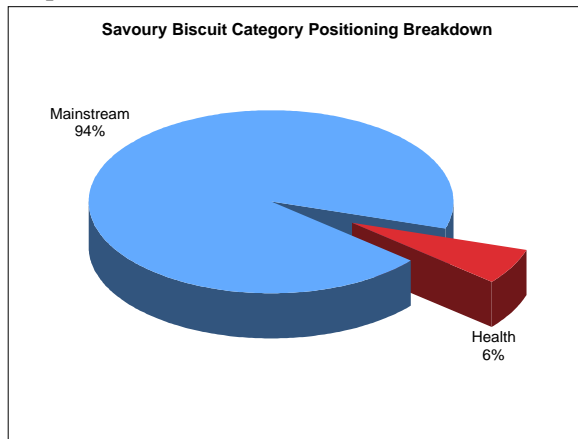


Graph 24 reiterates the dominance of the category by the mainstream grocery positioning. The product numbers are higher. It also shows that those retailers competing on health positioning (Healthy Life and Macro Wholefood Markets) hold the same number of products and shelf space as Coles and Woolworths does.

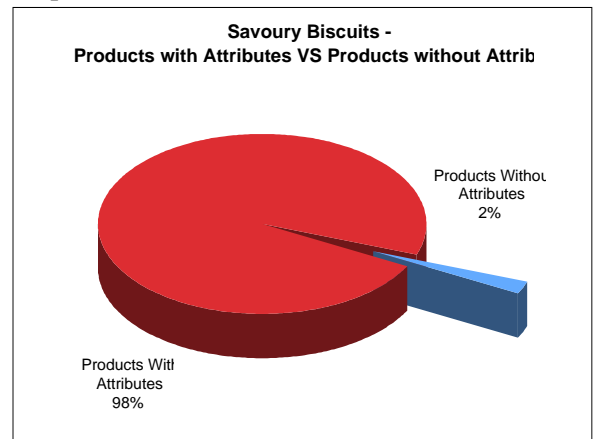
4.5 Savoury Biscuit Category Results

Within the savoury biscuits category 263 products were researched at POS. Graph 25 indicates the in-store positioning percentage of products. Graph 26 indicates the percentage of snack foods that showed one or more attributes versus the percentage that did not show any attribute.

Graph 25:



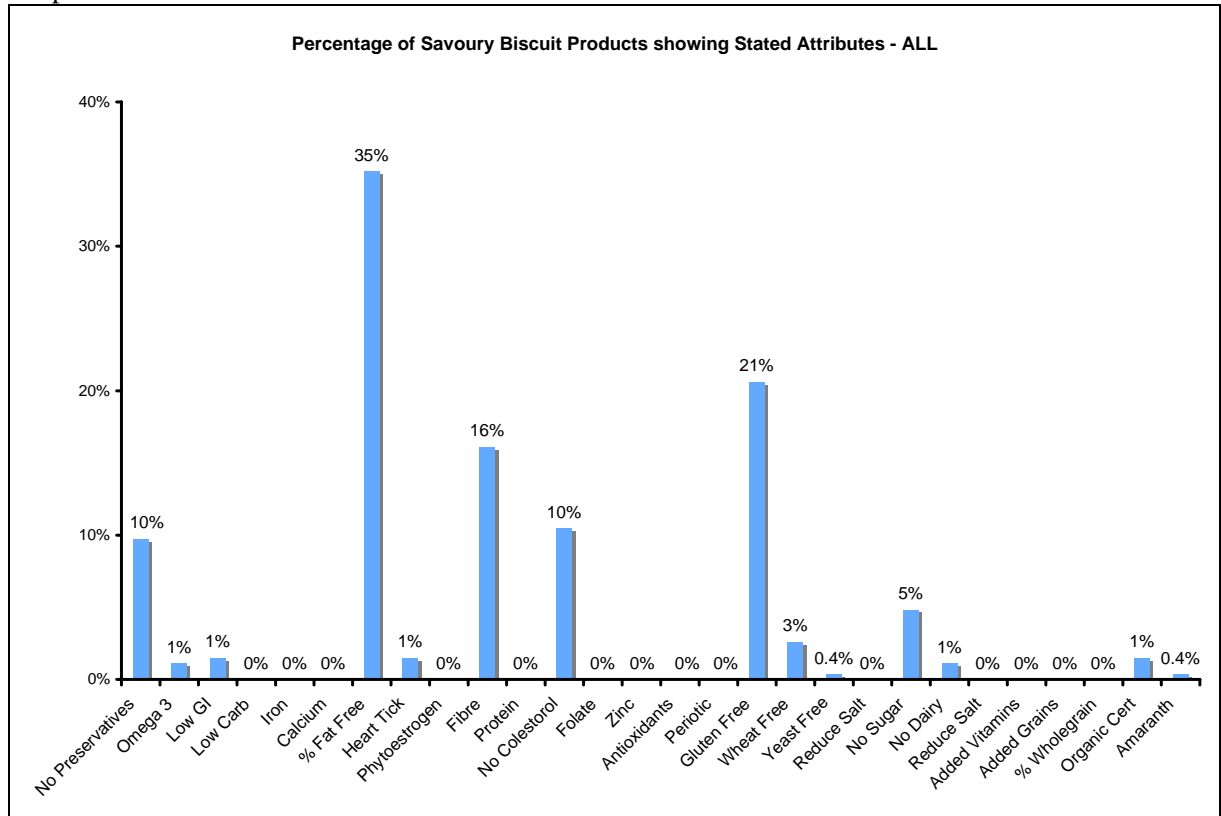
Graph 26:



The savoury biscuit category is dominated by the mainstream grocery positioning. Of the 263 items viewed 98% of them showed one or more product attributes. This is quite a large percentage by any standards. On a macro overview there is strong evidence that consumers are looking for healthier products within the mainstream grocery savoury biscuits aisle.

With further analysis of the most evident attributes within the category can be seen in Graph 27.

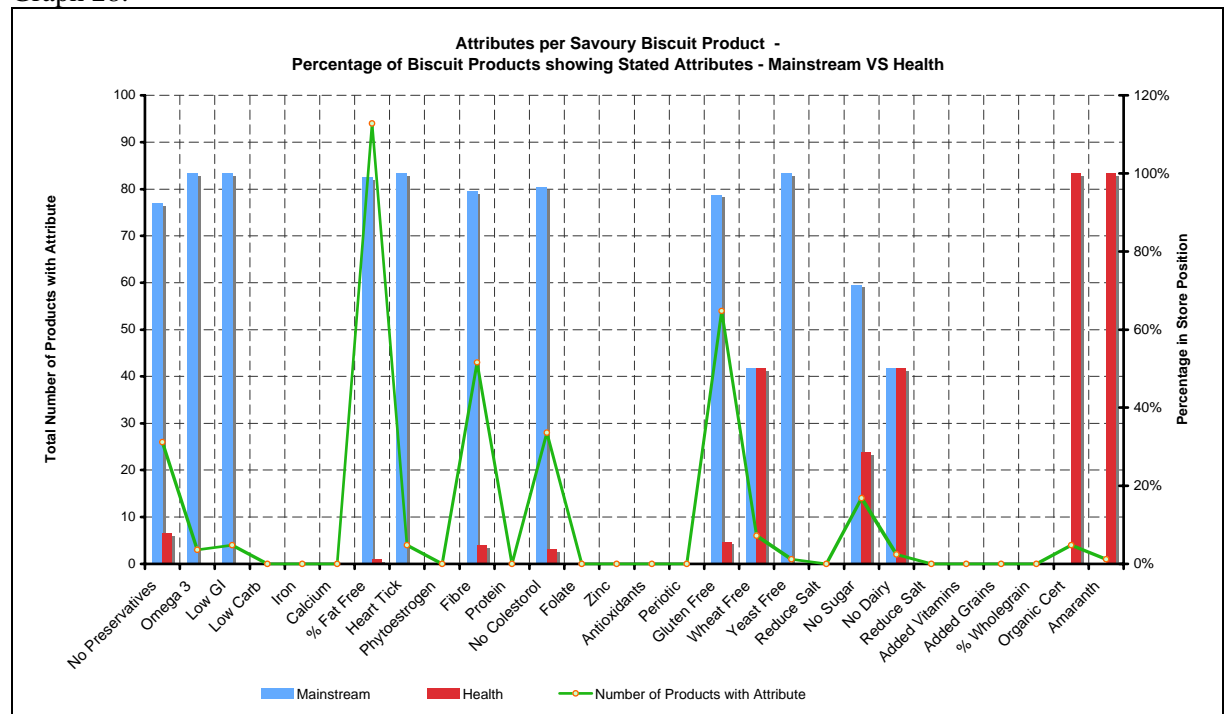
Graph 27:



Savoury biscuits with the attribute fat free dominant the category, with 35% of all biscuits viewed claimed a percentage fat free. Surprisingly the second most viewed attribute was that of gluten free, which saw 21% biscuits claiming this attribute. Next in line was the high fibre attribute with 16% of biscuits with this attribute. There were 10% of biscuits showing the no cholesterol attribute and 10% showing that the biscuits had no preservatives.

On further analysis it was shown where in the store these attributes competed the most, this is seen in graph 28.

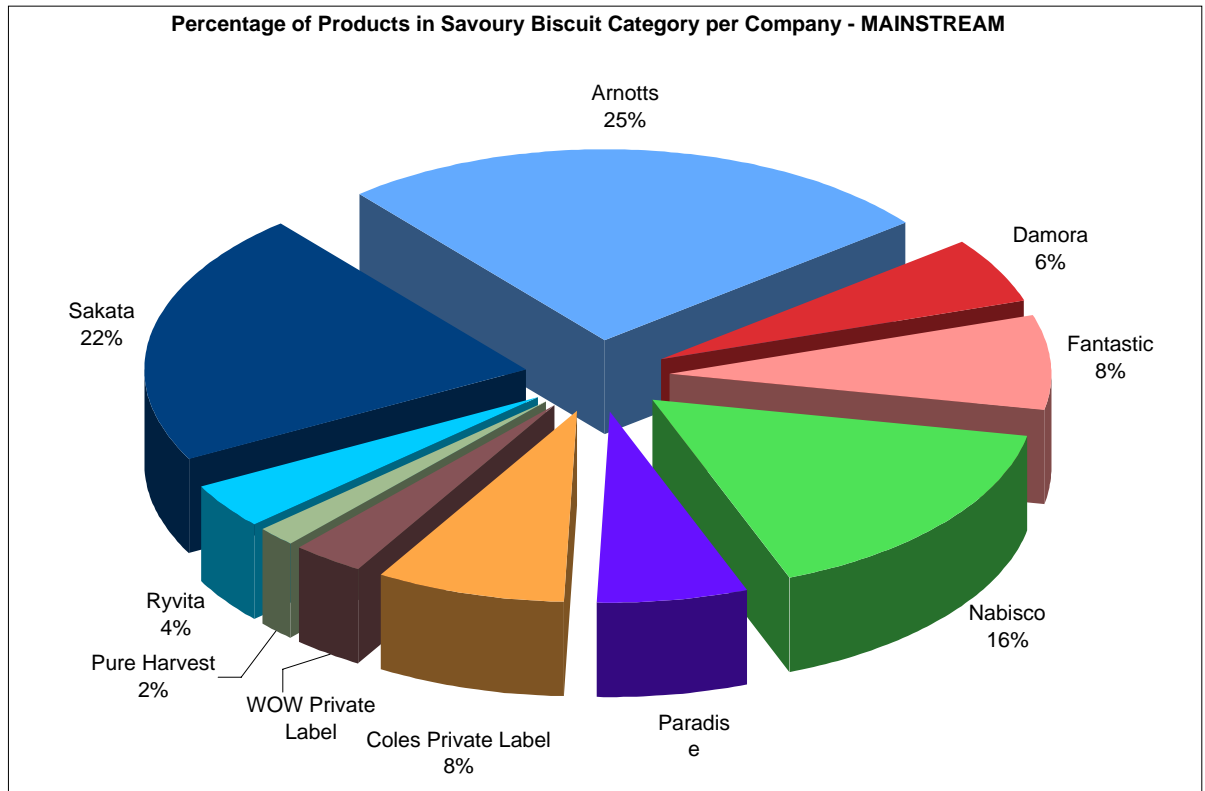
Graph 28:



The fat free attribute had a total product base of 93. Of these 93 product 99% of them were viewed in the mainstream grocery aisle. For the gluten free attribute, 94% of the products claiming this attribute were seen in the mainstream grocery aisle. There was a product base of 55 for gluten free biscuits. This is surprising as gluten free is traditionally seen as an attribute that is associated with the health positioning. High fibre biscuits had a product base of 43 in which 95% of these were positioned in the mainstream grocery aisle. With the no cholesterol and no preservatives attributes the story is similar, products with these two attributes are seen by a high percentage in the mainstream grocery aisles.

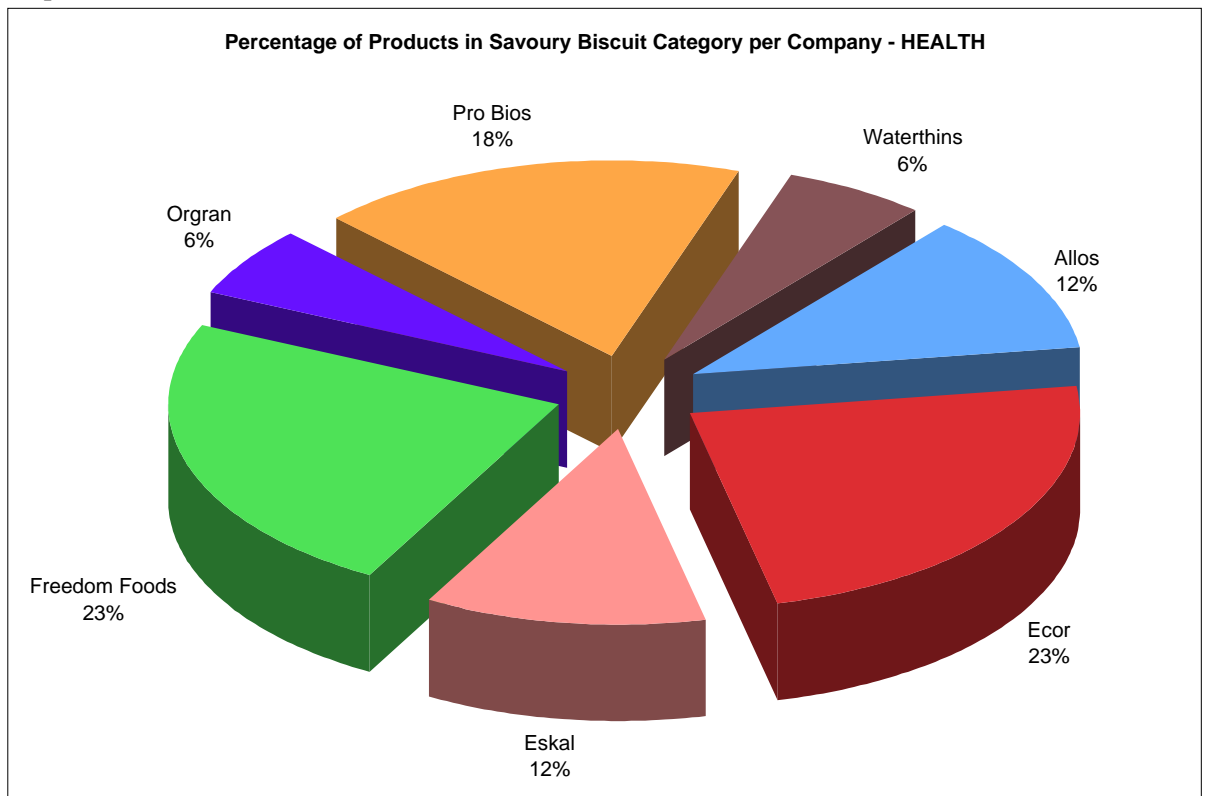
The next step in the data analysis was to find the brands that were attributed to the POS market share of the category. Graph 29 displays the POS market share of those brands positioned in the mainstream grocery aisle, and graph 30 displays the POS market share of those brands positioned in the health aisle.

Graph 29:



These percentages are calculated from the 250 savoury biscuits positioned in the mainstream grocery aisle.

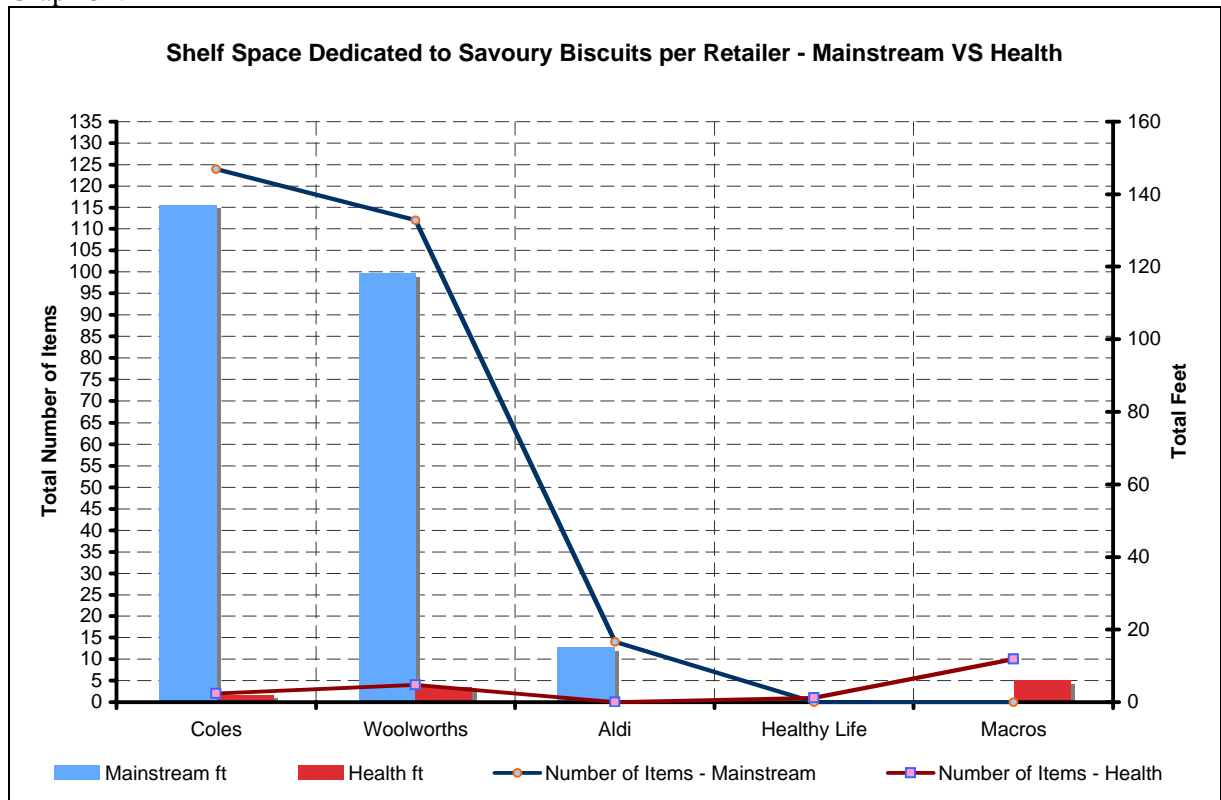
Graph 30:



These percentages are calculated from the 17 savoury biscuits positioned in the health aisle.

Further analysis was conducted to discover the shelf space dedicated to the savoury biscuit category for each of the five food retailers. Graph 31 shows the findings of the shelf space dedicated to the savoury biscuits category.

Graph 31:

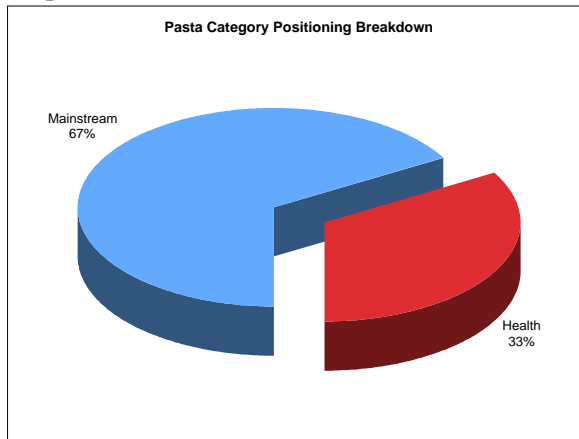


It can be seen from graph 31 that savoury biscuits barely compete in the health positioning. This is despite the fact that POS 98% of products seen had an attribute.

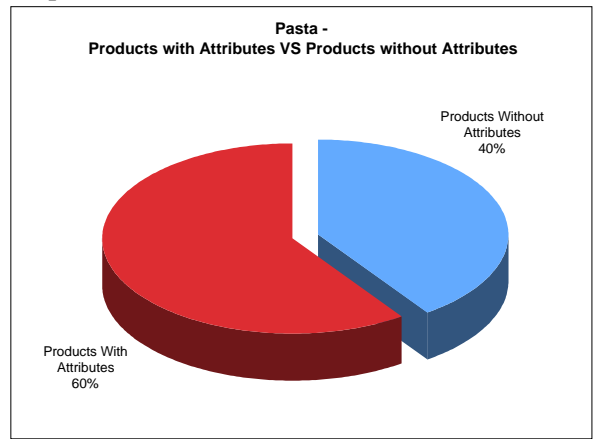
4.6 Pasta Category Results

Within the pasta category 427 products were researched at POS, the largest category in terms of product numbers of this research. Graph 32 indicates the in-store positioning percentage of products. Graph 33 indicates the percentage of snack foods that showed one or more attributes versus the percentage that did not show any attribute.

Graph 31:



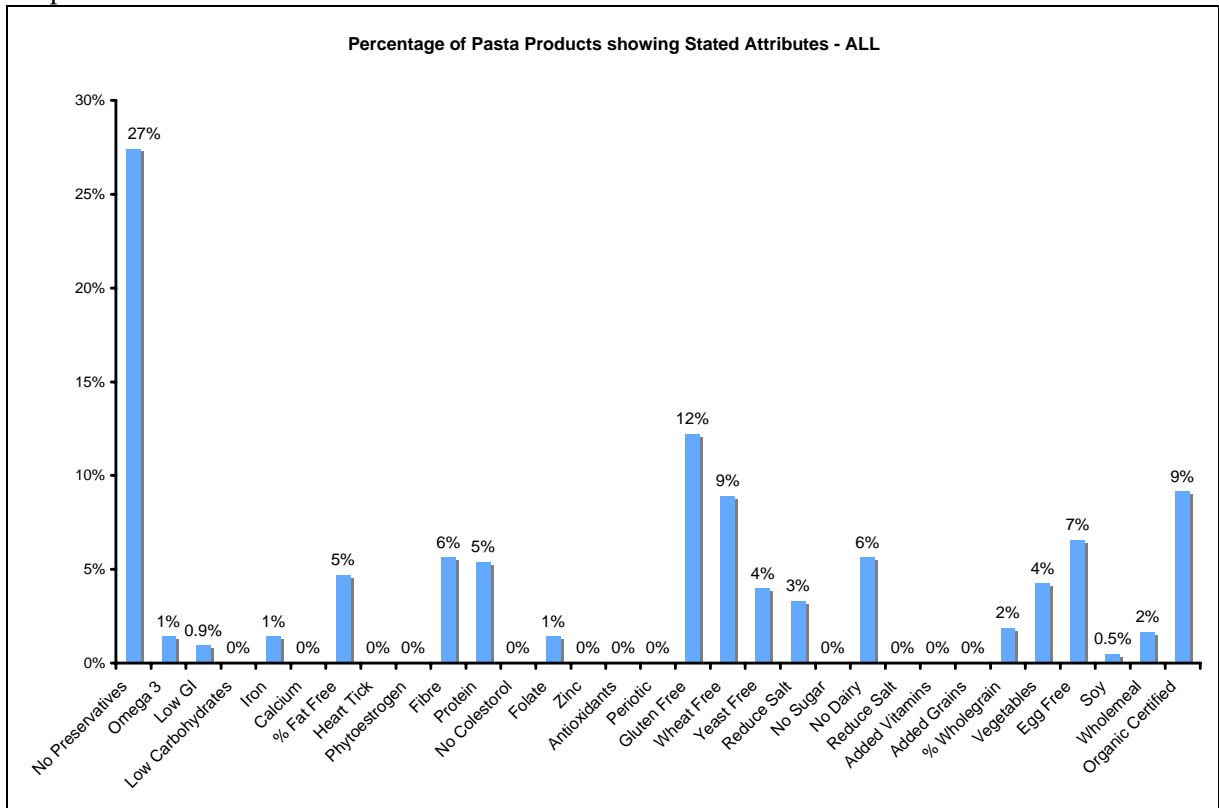
Graph 32:



As per the majority of the categories studied in this research the pasta category is positioned more in the mainstream grocery aisle. However going against the trend, the percentage gap of products that have attributes compared to those that do not is narrower with 60% of the pastas viewed having attributes and 40% without attributes. Of the 40% of products without an attribute 81% were found in the mainstream grocery aisle. Looking into those products with attributes it is found that of the 60% of all products showing an attribute 58% of attributed pastas are found in mainstream grocery aisles.

With further analysis of the most evident attributes within the category can be seen in Graph 34.

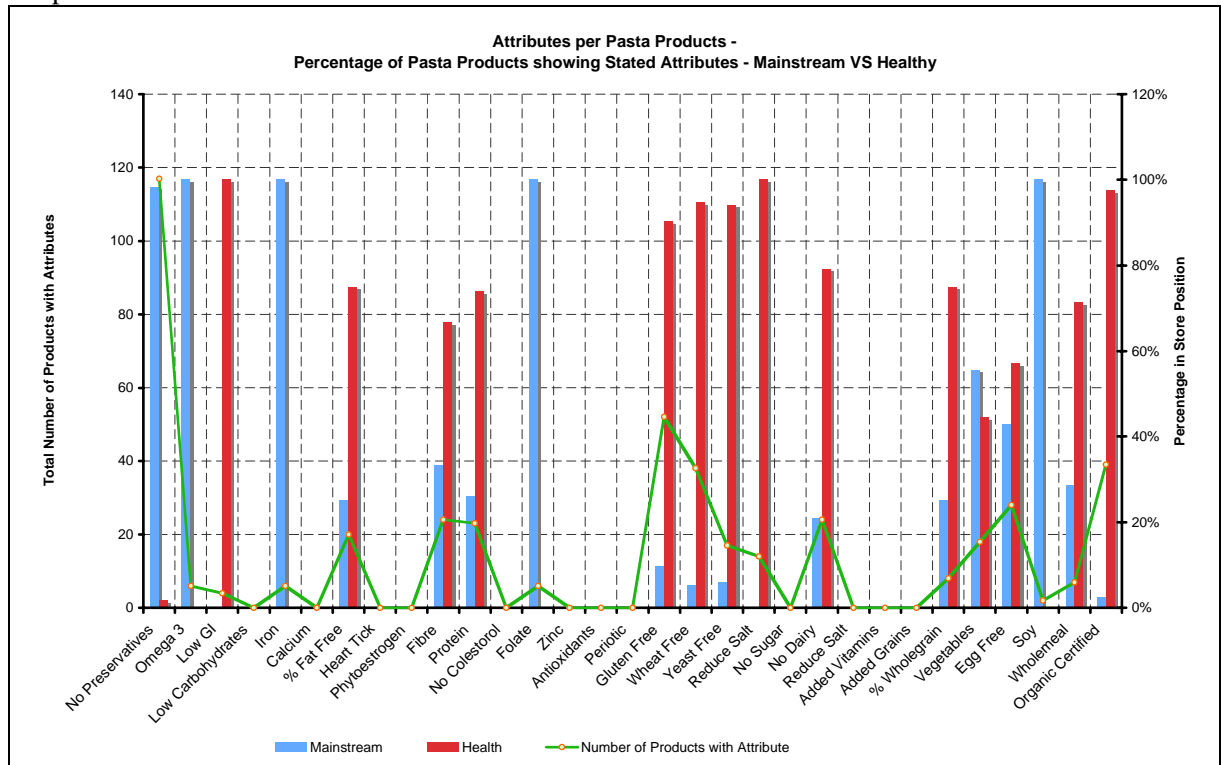
Graph 34:



Out of the 427 pasta products viewed 27% stated the no preservatives attribute. The gluten free attribute was shown on 12% of the products viewed. Wheat free closely followed with 9%. Then there are a number of interesting round up attributes namely egg free at 7%, no dairy at 6%, high fibre at 6%, protein at 5% and fat free at 5%. Despite these percentages the fact remains that the pasta category has the highest rate of products that show no product attributes at POS.

On further analysis it was shown where in the store these attributes competed the most, this is seen in graph 35.

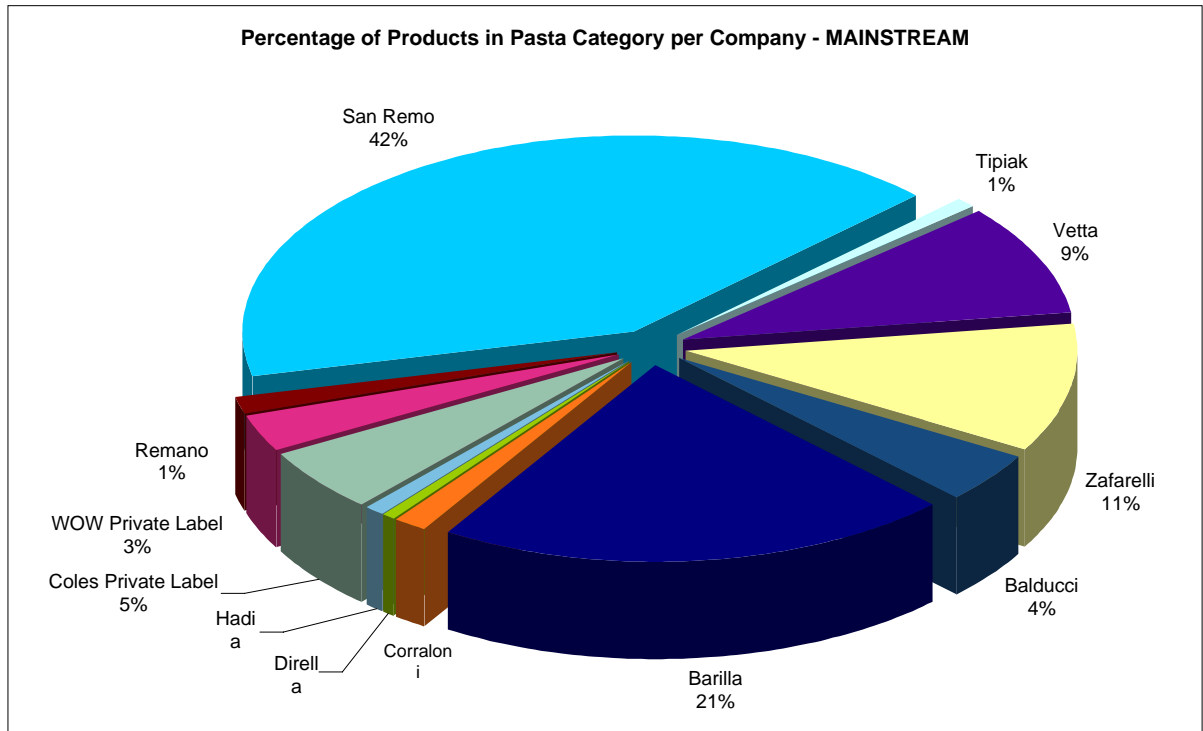
Graph 35:



The established analysis that positioning of the pasta category is close in terms of percentage of items in each position shows in the findings of graph 35. The top attribute of no preservatives is largely seen in the mainstream grocery aisle with 98% of the 115 products showing with attribute being displayed in that position. Gluten free on the other hand is dominated in the health aisle, with 90% of products viewed having this attribute being in that aisle. It must be noted however that the product base attributed to that 90% is markedly lower than that of the no preservatives, with there being 47 products with gluten free compared to the 115 with no preservatives. The wheat free attribute is similar to that of the gluten free attribute, with 95% of wheat free pastas being in health aisles.

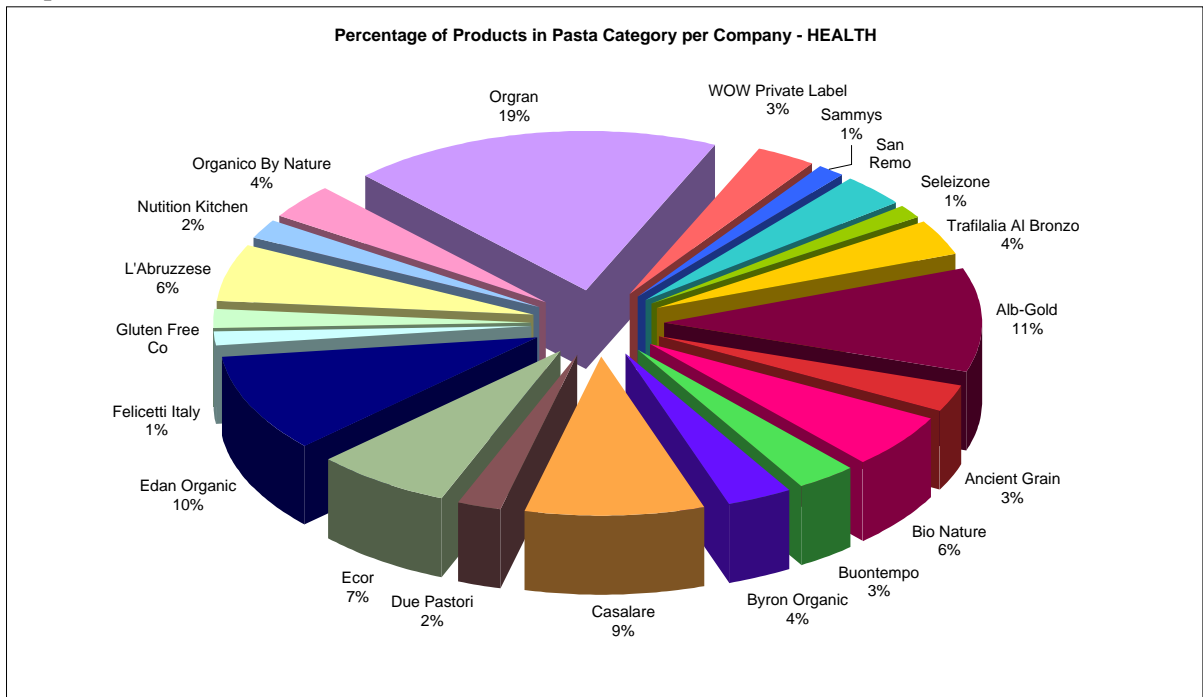
The next step in the data analysis was to find the brands that were attributed to the POS market share of the category. Graph 36 displays the POS market share of those brands positioned in the mainstream grocery aisle, and graph 37 displays the POS market share of those brands positioned in the health aisle.

Graph 36:



These percentages are calculated from the 278 pastas positioned in the mainstream grocery aisle.

Graph 37:



These percentages are calculated from the 149 pastas positioned in the health aisle.

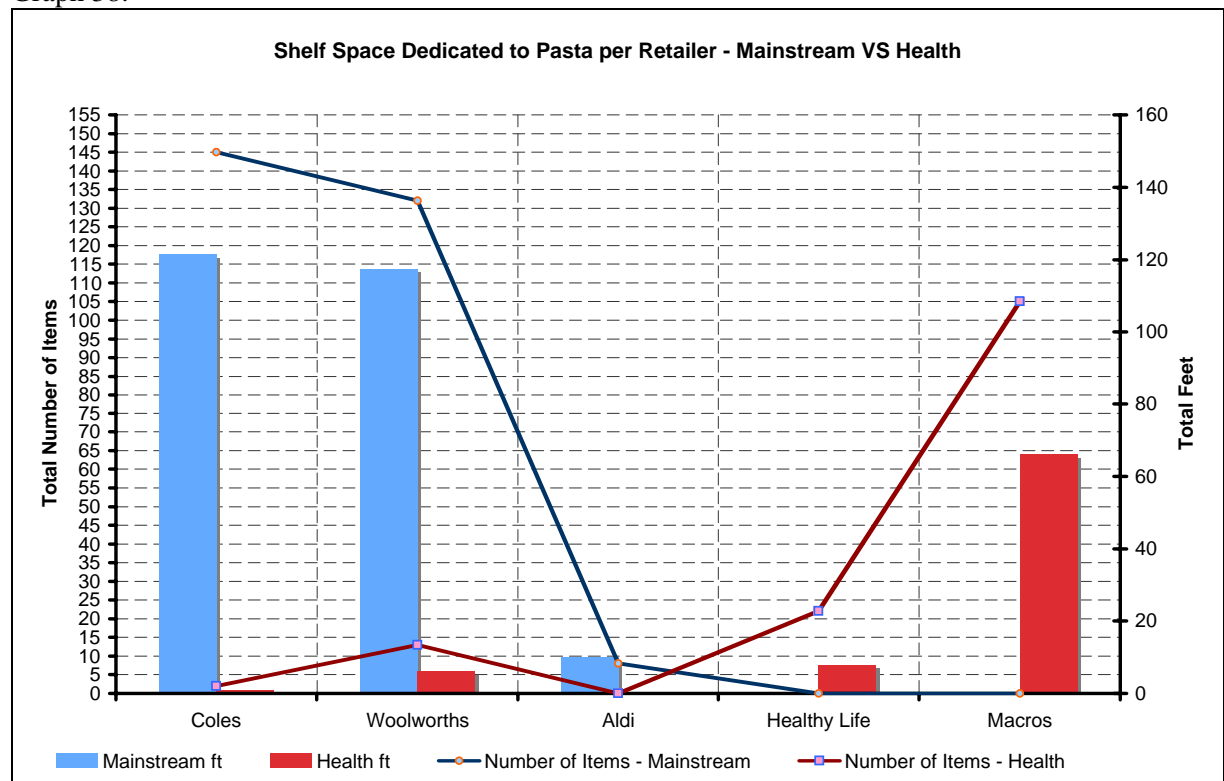
Looking at both positioning graphs shows that some brands are attempting to hit both POS store positions, notably San Remo and Woolworths Private Label. The Woolworths Private Label POS market share is 3% in both store positions. San Remo has a large POS market

share in the mainstream grocery aisle and is also looking to capture those consumers that shop for pasta in the health aisle by producing very specific products, namely gluten and wheat free pastas.

The mainstream positioning is not as large in terms of brand numbers as that of the health positioning. The number of brands competing in the health position is quite large when compared with the mainstream aisles. With 25% of all products in the health aisle not showing any attribute, it would seem many that are competing in the health aisles compete on the products store positioning alone.

Further analysis was conducted to discover the shelf space dedicated to the pasta category for each of the five food retailers. Graph 38 shows the findings of the shelf space dedicated to the pasta category.

Graph 38:



The dedicated space for pasta is quite similar between Coles and Woolworths, however Woolworths have attributed more space to the health aisle. This is largely due to the fact the Woolworths stock it's own Private Label line of pasta in the health aisle. Relative to other categories Healthy Life's shelf space allocation is only second to cereals with them stocking 22 pasta products. This is more of a surprise as none of the 22 products are private label, which may have been a logical assumption to make in providing reasons for number of products they carry. This also is evident in Macro Wholefood Markets in that none of the 105 pasta products they carry is private label.

5 Discussion

The research has shown that the five categories researched were worth a combined \$2.89 billion in 2006 (Retail Media Annual Report, 2006). It must be noted that these market dollar value figures are only taken from three major food retailers in Australia, namely Coles, Woolworths and IGA (IGA was not researched for this report). These top three stores account for an estimated 80% of the total Australian food retail industry.

This market value figure is an astonishing amount (please refer to table 1 for a category breakdown), however the more surprising point that has arisen is that at POS all categories show a large majority of products claiming to have ‘healthy’ attributes. Within the proprietary bread, snack food, savoury biscuits and pasta categories the majority of the healthy attributed products were viewed in mainstream grocery aisles. One can therefore see that there is a trend occurring in Australian food retail and Australian manufacturing in relation to ‘healthy’ blending into mainstream. Considering that the five categories are worth a combined \$2.89 billion this trend has a significant impact on future retail strategies in relation to what products are placed in mainstream grocery aisles. Within this study it is evident that the health aisle may be getting smaller in the larger retailers as many healthy products are being seen more and more in mainstream aisles. There is not a large significance associated with in-store positioning but rather there is more emphasis put on product attribute positioning.

As a discussion point table 2 outlines those attributes that are clearly evident in quinoa compared to the percentages of that attribute on products seen in each category.

Table 2:

QUINOA ATTRIBUTES	PROPRIETARY BREAD	CEREAL	SNACK FOOD	SAVOURY BISCUITS	PASTA
PROTEIN	0%	6%	2%	0%	5%
FIBRE	22%	26%	18%	16%	6%
IRON	4%	8%	3%	0%	1%
AMINO ACIDS	0%	1%	0%	0%	0%
VITAMINS	1%	11%	0%	0%	0%
CARBOHYDRATES	2%	6%	2%	0%	0%
GLUTEN FREE	13%	9%	1%	21%	12%
Total Number of Products	204	345	240	263	427
Other attributes driving the category	No Preservatives Low GI Fat Reduced Yeast Free	Low Fat Wheat Free Low GI	No Artificial Colours Low Fat Low GI	Low Fat No Preservatives No Cholesterol	No Preservatives Fat Free

Majority seen in mainstream grocery aisle
 Majority seen in health aisle

Table 2 shows that quinoa can compete on attributes in every category; quinoa could potentially be a part of breakfast, lunch, dinner and snacks. It also clearly suggests that to position quinoa solely on being a gluten free product would stifle its potential and dramatically limit its growth as a product. As is stated in the RIRDC commissioned report titled “Gluten Free Grains” (Vinning and McMahon, 2006, p20), “mainstream retailers stock mainstream products, and at present mainstream food manufacturers are not manufacturing gluten free products”. In the current research it was shown that within the proprietary bread category 23% of the gluten free breads were found in the mainstream grocery aisle, with 6% of the gluten free cereals, 94% of the gluten free savoury biscuits and 10% of the gluten free pastas found in the mainstream grocery aisle. It is becoming evident that mainstream is looking more and more for the health attribute on products. Even the gluten free attribute (which is traditionally only seen in health aisles and the healthy speciality stores such as Healthy Life and Macro Wholefood Markets) is blending into the mainstream aisles in

categories such as bread, savoury biscuits and pastas in particular. One of the main positives of quinoa is that it has many of the healthy attributes that would potentially compete in the mainstream. How well it competes would all depend on how the product attributes are marketed and positioned. As data shown in table 2 indicates within the proprietary bread category, quinoa could be used to increase fibre and iron content. In the cereal category quinoa could be used to increase the fibre content, vitamins, protein, iron, amino acids and carbohydrates. Within the snack food category quinoa could add to a products protein and fibre content. Within the savoury biscuits category quinoa could increase a products fibre content. These are all attributes, which are already seen in mainstream grocery aisles.

Table 2 has also shown a number of gaps in relation to no products indicating an attribute which quinoa possesses. This shows current trends on how products are competing at POS. It also indicates potential opportunities for a product such as quinoa.

The question that arises from such analysis is “could quinoa compete as a stand-alone product?” Considering the analysis, implementing a stand-alone product strategy would be stunting any growth that the product would have. The prospect to complement other products with quinoa would open up the prospects for growth. As is shown in the research results and table 2 there are many attributes that currently exist in the market that quinoa can complement. There are also a number of areas where quinoa can open up attribute markets, namely protein and amino acids, the issue is the way in which the product proposition is communicated. If quinoa just remains a gluten free product then the percentage gained of the \$2.89 billion market will be quite low. If quinoa is communicated as a product which is high in protein, fibre and has the eight essential amino acids then the market scope is considerably larger and increases the chances of the market opening up. This could likely be done with quinoa as a stand-alone product or as a complementary ingredient to existing branded products.

Through the analysis the results have established that the POS market share in which private label possesses is a relatively large percentage. Within all of the categories Coles and Woolworths private label possess between 2% and 8% POS market share. Category range found in Aldi is all private label, with the exception of one or two competing researched products; therefore its private label POS market share is similar to that of Coles and Woolworths. The potential for market growth of these products is high, as the retailer carrying the private label will incorporate a large shelf space area for the product. There is clearly a potential for quinoa to enter the private label arena as a way of penetrating the attributes into the market with the best chance of success. This would also ring true when looking into a Healthy Life or Macro Wholefood Markets retail concept. Although when considering a private label strategy with such specialty retailers the best targeted category would be cereal, as the private label strategy of these two retailers does not extend to the other four categories.

As the trend to mainstream healthy continues the potential for a product such as quinoa that has high number of significant attributes is large. More and more traditional suppliers within all five categories are competing on health attributes, many of which quinoa possesses in large amounts. To only penetrate the market into a niche such as the gluten free attribute will stifle any potential quinoa has in any of the categories. To get the full potential out of quinoa, it would be more beneficial for it to compete on mainstream attributes such as protein, fibre, vitamins, iron and amino acids as well as its gluten free attribute. The potential for quinoa to become a complementary ingredient to existing products is also promising. For example, not only does quinoa have the ability to add fibre to a cereal (high fibre cereals already exist in the market), but it also can add protein and amino acids, which are two underdeveloped attributes in the cereal category. Taking up such a strategy would fill a gap within the category and provide a potential for such a product to lead the competition on such attributes. Only until further research into consumers and suppliers is conducted will it be known if such an example could compete profitably.

6 Implications

According to the results shown in this research it would be most beneficial for quinoa to position itself in the private label products within all five of the studied retailers, as well as positioning in branded products of traditional suppliers. In relation to private label, quinoa could be sold as a stand-alone product within the cereal category or a complementary ingredient within products of all five categories. Quinoa also has the potential to be incorporated into traditional supplier brands within the Coles and Woolworths retail concepts. According to the results, it would be more likely that the traditional suppliers take up quinoa due to its protein, fibre and amino acid content rather than its gluten free status. This assumption is made due to the fact that protein, fibre and amino acids are some of the attributes that currently reside in the mainstream grocery aisles in and which these traditional suppliers compete on.

The potential for quinoa to become a profitable part of the five categories studied will be based upon its ability to drive products on its attributes. Whether incorporating quinoa to increase a product's fibre percentage or whether it drives a new product through its attributes will need further research. According to the data gained under this research the attributes which quinoa possesses sells products. Fibre is an attribute seen significantly in all five of the categories. Protein is seen in cereal, snack foods and pasta categories. Quinoa could be introduced to increase the content of those attributes in the respective categories. It is also highlighted from the research that there are a number of areas where quinoa could be introduced to fill an attribute gap, for example products claiming the eight essential amino acids, protein, iron and vitamins is relatively underdeveloped through the five categories.

The stand out point from this research is that there is a trend occurring in the Australian food retail industry towards "mainstream healthy" product lines. Items that claim attributes such as gluten free, wheat free and yeast free, still currently remain predominately in the health aisle. However the data has shown that there are more products in the mainstream grocery aisle claiming one or more attributes than do not. This is the reason why there is an evident trend to mainstream healthy occurring. Critics may claim that there is a mainstream healthy attribute and then there are true health attributes (those seen in the health stores and health aisle). The point still remains that the prominent attributes seen in mainstream grocery aisles such as high fibre, no preservatives, no artificial colours, protein, low GI, fat reduced etc will more times than not be seen as a healthy attribute, despite the in-store positioning the product takes. For a grain such as quinoa this is a positive trend to develop. Not only does quinoa have the potential to be positioned in the health aisle and compete, but also it has the potential to compete in the mainstream grocery aisle also on its inherent attributes.

6.1 International Trends

The trend seen in this research towards mainstream healthy is even more evident in the USA. There has been historical evidence shown through the Wholefoods Markets product offering, which shows that the demand for products with healthy attributes within the food retail industry is rapidly increasing. This consumer demand drove the larger mainstream food retailers into action, where they have built strategies to meet this demand. For example Safeway (USA) have tested and developed integrated healthy attribute products into their mainstream supermarkets. This strategic development has led to a US\$1.3 billion capital investment into their stores. Supa-Value (USA) has integrated fresh and healthy attribute products in an attempt to target mainstream consumers and have allocated US\$1.2 billion to the strategy. Wal-Mart (USA) over the past 12 months have integrated an organic and healthy attribute food strategy into their stores to become the largest retailer by sales and volume in these products in this very short period of time.

Most countries around the globe have or are developing the health product segment into mainstream retailing, restaurant, fast food or the food service sector. The change is

significant, as has the sourcing of food products on a global basis to fill the needs of the consumer.

If Australia maintains this trend it can only be positive for a product such as quinoa. The market is large enough in terms of dollar value, SKU numbers and attribute numbers. What remains is who is the market, how is the market segmented and how to build a robust business case to suppliers and retailers to carry such products.

6.2 Private Label

The philosophies of private label brands or house brands are that these brands are developed and owned by the retailer. All retailers in Australia have a private label program, which is being rapidly developed for two key reasons, the profit margins are 5% to +10% higher for the retailer, and the name on the product supports the retailers corporate image through quality, price and attributes of the products. Examples of private label branding in Australian retailers are as follows,

Table 3:

COLES	WOOLWORTHS	FRANKLINS
You'll Love Coles	Woolworths Fresh	No Frills
Coles Finest	Woolworths Select	
Coles Organic	Naytura	
	Home Brand	
	Woolworths Organics	

The key differences with manufacturers brands are that they are solely owned by the manufacturers and are marketed through mass media in all forms of communication. Therefore, the manufacturers marketing spend is a significant portion of the cost of the product (5% to 10% additional cost to product). This marketing cost is not part of the cost structure of private label brands, which enables the retailer to have a cost advantage over the manufacturers brands.

Examples of some of the most recognisable manufacturers food brands, many which are global brands, are as follows,

Table 4:

Nestle	Global Brand
Kellogg	Global Brand
Kraft	Global Brand
Uncle Toby's	Regional Brand
Arnotts	Regional Brand
Sanitarium	Regional Brand

A common goal for both the retailer's private label and manufacturers brands is to increase sales and profit through new product development (NPD). For the development of strategies for new products such as quinoa it is important to understand the approach towards brands by both the retailers and manufacturers, as the strategy for the same product can be very different from a negotiation agreement to how the product will look like at POS. The different strategies may include areas such as,

- Price
- Position on Shelf
- Pack Size
- Quality
- Marketing
- Trading Terms.

Many manufacturers of brands will not produce or tentatively support the private label products for retailers. In a majority of cases, the private label brand is directly competing with the manufacturers brand. Some manufacturers however do support both their own and the retailers brands by producing the private label product for the retailer.

In the categories of pasta, cereal, biscuits and bread the dynamics differ in how the relationship between retailer private label brands and the manufacturer brands co-exist, however the common trend is that private label brands will continue to grow in market share as highlighted in this report were between 2% and 8% of products are private label brands within the mainstream retailers.

6.3 Category Management

Understanding the category management of the retailers can be a vital piece of the puzzle in relation to seeing where the potential for quinoa lies. In relation to this research it is evident on what attributes the studied categories compete on, it is also clear where the gaps lie within each of the categories. To highlight this point two case studies have been written to show how category management philosophies can differ between retailers, and how they can benefit in building product penetration strategy.

The Aldi retail philosophy is to provide consumers with quality products at discount prices. In the main they carry this out by selling private label product lines. They have very definitive category management theory that attempts to provide customers with private label products that meet their needs or wants. It was interesting to see this theory being slightly bent to ensure consumers were able to get what they needed or wanted. Within the Aldi private label cereal range there are products, which claim attributes such as added vitamins, high fibre, iron, no added salt or sugar among others. In Aldi's mind, one attribute that they lacked in their private label range was protein. Customers may have been demanding such a cereal, however through their private label program they were unable to produce a product to meet customer demand. Therefore Aldi stores now carry Kellogg's Nutri-Grain®, which is a cereal high in protein. The consumer demands have now been met. Kellogg's Nutri-Grain® will remain in place until Aldi have been able to produce a private label product that meets such demand.

The flip side to the Aldi way of conducting category management is the strategy in which Macro Wholefood Markets implements. Their strategy resides around the low volume high margin theory. The total number of different brands within the proprietary bread, pasta and cereal categories is relatively greater than that of say Coles. Macro Wholefood Markets attempts to provide customers imported and premium domestic products that are a healthy alternative to products found at Coles or Woolworths. Gaps in the category are not necessarily filled unless a premium margin can be associated with filling the gap with a product.

Within the Aldi business it is easy to see category management working to fill gaps in the category ranging. In the Macro Wholefood Markets business it is more about what is the potential margin on products. In order for quinoa to be able to take full advantage of its inherent attributes this type of retail and category understanding is vital. Through this research it has been shown that gaps exist in products not claiming attributes such as amino acids and high protein which quinoa has the potential to fill. So it should be noted that quinoa could compete on its gluten free attribute within the niche retail outlets such as Healthy Life and Macro Wholefood Markets, but it also has the attributes (such as protein, amino acids, iron and fibre) to compete in the mainstream aisles of Coles, Woolworths and Aldi.

7 Recommendations

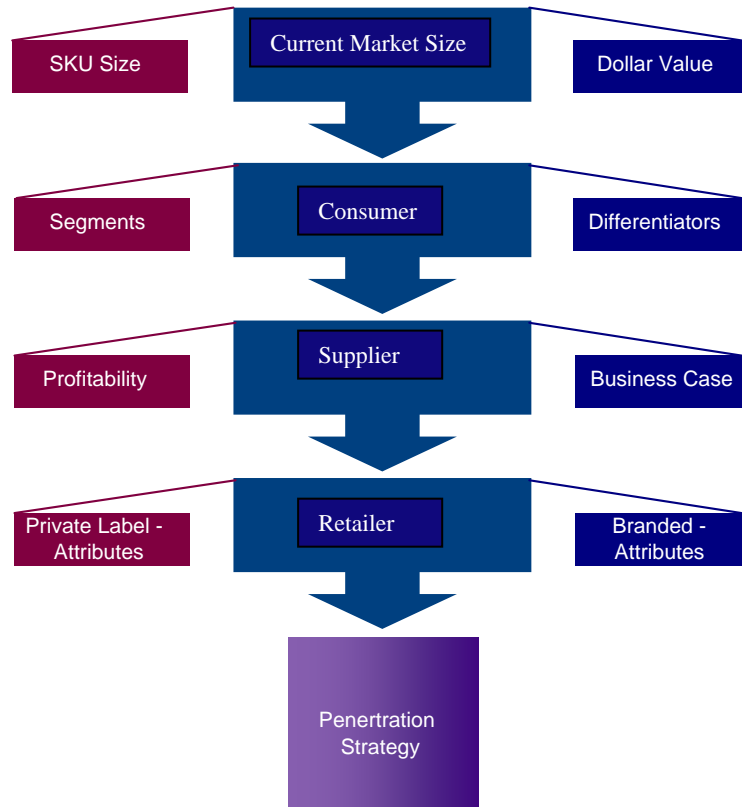
This research was aimed at providing an assessment of the categories in which quinoa could penetrate either as a stand-alone product or a complementary ingredient to existing products. Understanding the category size, make-up of the categories, how they compete on attributes, category store positioning and the potential for mainstream quinoa is only the beginning. To ensure that quinoa be embraced by consumers, suppliers and retailers there are number of research areas that will need to be investigated. Going through the research results and operationalising these into areas for discussion and market implications has lead to a number of questions being developed for further research.

Within the domestic market the following research still remains;

- Consumer Insight and Uptake Analysis
 - Market Segmentation Analysis
 - Product, Price, Position, and Promotion Analysis of potential Australian products
 - Are the current products meeting consumer needs and/or wants?
 - Who are the current and likely consumers
 - Would consumers purchase products that had quinoa as a key ingredient
 - Within specified categories which quinoa attributes are the marketing tools
- Supply Chain Analysis
 - Stand alone quinoa products versus quinoa being a complementary ingredient
 - Supplier buy-in – business case analysis via category management - what will it take?
 - Capital investment analysis
 - End to end value chain assessment
- Retailer Analysis
 - Business case analysis
 - Profitability
 - Marketing Strategy
 - Format strategy and positioning
- Overall Product Profitability Analysis
 - Retail Sector
 - Manufacturing Sector
 - Farming Sector
- Pilot Studies.

The essential research process most likely required to build a business case for the development of quinoa in Australia would follow a process such as shown in figure 2:

Figure 2: Building a Business Case



If such research takes place the entire story will be known. Not only would such research lead to a definitive decision on the marketability of quinoa being established, but also if a positive decision is made to proceed further, it will enable the development of a robust marketing strategy for the future of quinoa in Australia.

Looking further down the track the most likely opportunity for an Australian grown quinoa grain would be to establish its export potential. In relation to the export potential research into the following areas would be most beneficial in developing a sound export strategy:

- Category Analysis
- Retail Structure
- Consumer Analysis and Trends
 - Is there currently demand for any one quinoa product over any other?
 - Trends in pricing, consumption and consumer purchasing of differing quinoa products
 - Market positioning
- Key Supplier Analysis
 - Discussion on the supply chain and value chain model
 - Analysis of management towards profitability
- Industry Environmental Analysis
 - Current international production trends and any new areas going into production
 - Main issues being faced in these overseas markets in relation to health products
- Case Study Analysis that would enable stakeholders to leverage previous knowledge in relation to exporting a grain such as quinoa.

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Appendix B Research Survey B

QUINOA RETAIL RESEARCH PROJECT - SURVEY

Chain / Store									Date	
Research Area										
Brand										
Sub Category	Attributes Tally									
Total										
Total										
Total										
Total										
Total										
Total										
Total										
Shelf Space										
Location										
Other Comments										

The Vogel Group©

Appendix C In-Store POS Display

Savoury Biscuit Category



Gluten Free in mainstream aisle



Cereal Category



Macro Wholefood Markets Cereal aisle



Imported Quinoa Product with Macro Wholefood Markets

