



# THE SHOPPER'S PICK

Understanding Australia's new village green

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**PART OF THE WOOLWORTHS TROLLEY TRENDS SERIES**



Research and visualisation by

**mccrindle**  
FORECASTS • STRATEGY • RESEARCH

 **QUANTIUM**

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## FOREWORD

Woolworths has been in the hearts and lives of the local community for more than 90 years. We are intrinsically linked to the fabric of our society. We have around 18 million visits to our supermarkets each week, two million shop with us online and we have more than 110,000 team members.

With these figures in mind, it's no surprise that Woolworths has well and truly established itself as the new village green – a place for connection and engagement with the wider community.

The latest report in the Trolley Trends series, 'The Shopper's Pick', reveals that a record number of people (44%) consider the local shopping centre to be central to community life, and perhaps more so than the pub, school or community centre.

We are passionate about the position we hold within our local communities and relish the opportunity to fundraise alongside our team members and loyal customers, who both believe in the key role we play. A timely example is the latest fundraising drive to help send the Australian Paralympic team to Rio this year.

Our commitment to local doesn't stop at sporting talent and charities; it means building on our shared commitment to support and nurture Australian made products and local growers. There are more than 3,400 products on our local sourcing program, which have increased by over 450 product lines since September 2014.



It's also why we source 100% of our meat from within Australia and 96% of fruit and vegetables from across the country.

Bringing local even closer to home, we know that many people this winter will want to stay indoors, wrap up and stay warm by cooking hearty meals for family and friends.

We know our customers enjoy preparing and cooking meals, and we ensure we meet all of their meal choice demands by reducing the price of fresh meat like lamb legs as part of our Price Dropped campaign. This year, we're investing \$45 million into the meat category to make meat more affordable for everyone.

Our customers have also told us they are increasingly health conscious and aware of the foods they consume. Over the past two years sales of health foods have risen dramatically, with the Woolworths Macro range becoming popular among a broader range of community and customer segments.

Initiatives like The Odd Bunch - imperfect fruit and vegetables that taste just as great - have saved more than 30 million kilograms of fresh produce from being wasted, whilst

also saving consumers money and helping local suppliers to sell more produce.

Our national Free Fruit for Kids program also makes the most of the delicious and seasonal fresh fruit we stock. In stores nationally, we give away hundreds of thousands of apples, bananas and other seasonal fruits to kids to eat in store, helping our younger generation to get more of their daily intake of fresh fruits whilst keeping mum and dad happy along the way.

It is the theme of local which is clearly the key message of 'The Shopper's Pick', the third report in the Trolley Trends series which provides a unique look into modern Australia's living, eating and shopping habits today. In addition to our own team members' expertise and insights, the report has been developed in conjunction with social demographer, Mark McCrindle.

We are excited by the findings and look forward to being part of the local community for many years to come. Happy reading.

**Brad Banducci**

Woolworths Chief Executive

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## MEDIA

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## INTRODUCTION

Australia is changing. Surpassing the new population milestone of 24 million in early 2016, our communities are undergoing significant transformations. From horizontal suburbs to the growth of vertical communities as people rent more, move more frequently, and transition across more communities

Our grocery shops and errand runs are at the crossroad of our modern existence, fitting into the ebb and flows of life, facilitating community and connection.

than ever before, we are growing, moving, diversifying, ageing, and transitioning.

These changes in the Australian community have significant effects on our connection with food and the supermarket experience. Our grocery shops and errand runs are

at the crossroad of our modern existence, fitting into the ebb and flows of life, facilitating community and connection. 1 in 5 (20%) Australian supermarket customers go to the supermarket at least once a week. Woolworths has around 18 million visits per week.

In the midst of a fast-paced lifestyle, our families and households show a desire for traditional, family-centric values exemplified at meal times through home-cooked meals, a growing preference for fresh, and the desire to know more about where our food comes from.

Our households are more concerned about the origin of food than ever before, and 82% of grocery buyers say that purchasing fresh food is an extremely or very important part of their grocery shop. This is coupled with spending more time reading product labels as nearly 3 in 5 Australians (57%) say they are spending more time reading labels than ever before.

As a nation, we are for the people who grow and produce our food. As shoppers, we are inspired by local staff and local suppliers who are passionate about the food they grow and the products they produce.

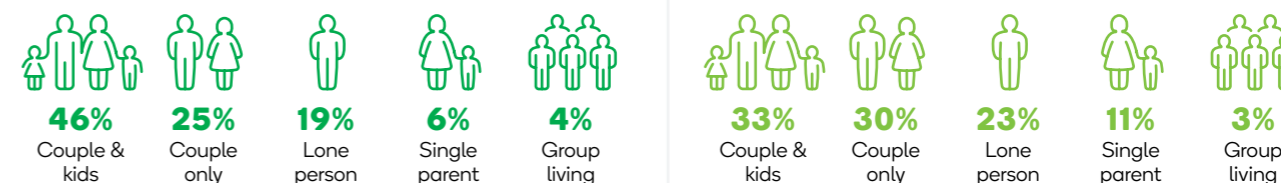
## TRANSFORMING AUSTRALIAN COMMUNITIES

# 1986

# 30 YEARS OF CHANGE

# 2016

### HOUSEHOLD TYPES\*



### HOME OWNERSHIP\*



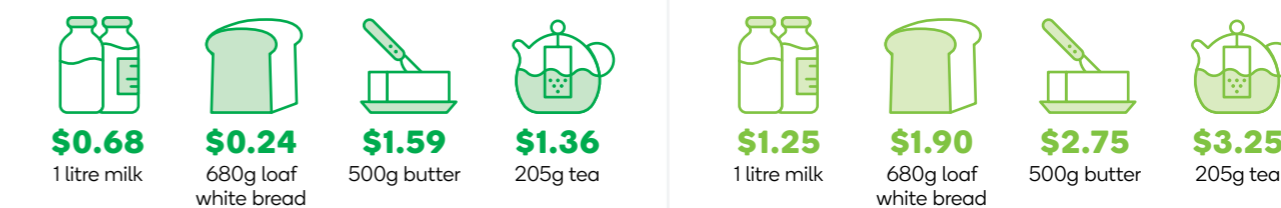
### HOUSING TYPE\*



### FULL-TIME EARNINGS AND HOUSE PRICES



### GROCERY PRICES

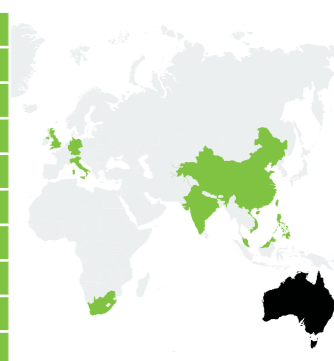


### TOP 10 COUNTRIES OF BIRTH OF AUSTRALIANS BORN OVERSEAS<sup>†</sup>

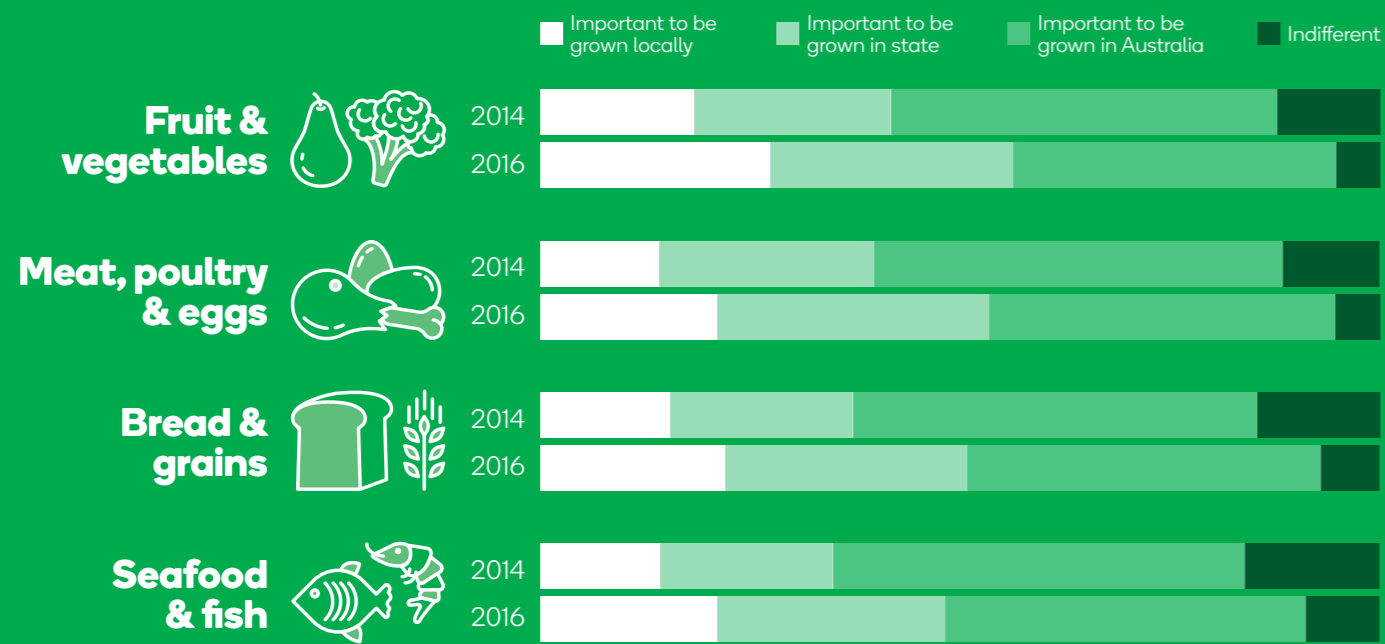
UK	6.8%
Italy	1.7%
New Zealand	1.4%
Yugoslavia	1.0%
Greece	0.9%
Germany	0.7%
Netherlands	0.6%
Vietnam	0.5%
India & Sri Lanka	0.5%
Ireland	0.5%



UK	5.1%
New Zealand	2.6%
China	2.0%
India	1.8%
Philippines	1.0%
Vietnam	1.0%
Italy	0.8%
South Africa	0.8%
Malaysia	0.7%
Germany	0.5%



## AUSTRALIANS ARE INCREASINGLY WANTING TO BUY LOCALLY SOURCED FOOD



## A GLOBAL NATION WITH A PASSION FOR LOCAL

When asked to define our nation's new village green in 2014, 39% of Australians chose their local shopping centre as the most important gathering place for their community. They indicated that their local shopping centre is central to community life and perhaps more so than the pub, school or community centre. In the latest 2016 study, this figure had risen to 44%.

The local shopping centre is not only a central gathering place but a central point of employment for local families. 7 in 10 Australians (71%) consider it important for local residents to be employed by local businesses. Woolworths is currently employing more than 110,000 Fresh Food People,

seeing this as critical to their contribution to local communities. Woolworths is also committed to employing and training the youth of today with 53,000 of their team members under the age of 25, equating to almost 43% of Woolworths' workforce. Further to this, Woolworths have committed to employing 1,600 new Indigenous team members.

As Australia becomes increasingly connected to global economies and new technologies, there is an equal if not stronger desire among shoppers to support Australian-made products and local growers. It is increasingly important to Australian shoppers to know where their food comes from.



More than half of Australian shoppers (52%) state that buying local food is extremely or very important to them. In fact, around a quarter of shoppers prefer to purchase meat and poultry, bread and grains, and seafood and fish that are sourced locally in their own region rather than sourced further afield in their own state or within another region in Australia. Woolworths caters for Australians' desire for local, sourcing 100% of their meat from within Australia, and 96% of their fruit and vegetables are grown in Australia.

## SOURCING AND DELIVERING LOCAL PRODUCTS

Australians are active in their search for tasty, healthy and affordable food, seeing the local grower as integral in this process. Over 4 in 5 (85%) Australians have in the past or do currently purchase seasonal fruit and vegetables to save money.

### Seven Fields Oranges

Seven Fields is a 100% Australian, family-owned company that grows premium fresh produce on over 1,000ha in Victoria, South Australia, and the Northern Territory. Their oranges are grown in Sunraysia, Victoria, and Seven Fields has been a significant supplier of citrus and mangoes to Woolies nationally for the last eight years. The fruit is picked into 400kg bins, then taken to a pack house, washed, graded and waxed before being dispatched to a distribution centre. Locally grown produce ensures quicker delivery time to stores and the freshest produce for Woolworths customers.



### Online Shopping

Online shopping has made products accessible to more local people than ever, especially those living in isolated areas. Woolworths is able to deliver to 96% of Australia through online shopping, including to islands such as Magnetic Island and Macleay Island, where Woolworths trucks board ferries and barges to reach customers, bringing community to those who otherwise have limited access to supermarkets. There are currently 2 million Woolworths online customers.



Australians see it as important that the local supermarket is actively involved in the local community, with just over half (53%) stating that it is extremely or very important that the local supermarket supports the community by donating food to local charities and fundraising initiatives.

**The local supermarket has truly established itself as the new village green – a place for connection and engagement with the wider community.**

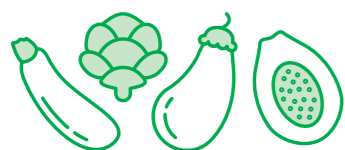
Woolies loves to be involved in national and state fundraising initiatives, partnering with multiple charities to fundraise on their behalf. Nationally, Woolworths partners with and fundraises on behalf of our food rescue partners, OzHarvest and Foodbank. In the case of Disaster Relief Appeals, Woolworths also fundraises on behalf of the Australian Salvation Army. Woolworths is also currently fundraising for the Paralympics for the second time this year, helping to raise the \$7 million needed to send the team to Rio 2016.

On a state level, Woolworths partners with and fundraises on behalf of charities that support kids and their families. Fundraising partners include Variety, Telethon, the Good Friday Appeal, Give me 5 For Kids, and the Childrens Hospital Foundation. As Woolworths Queensland's state charity, the Children's Hospital Foundation is at the centre of Queensland's fundraising efforts. Aiming to raise \$4 million for the Foundation, in 2016 they are on track to raise over \$5 million after incredible community generosity.



## THE LOCAL PICK: TAILORING PRODUCE TO LOCAL COMMUNITIES

Woolworths is invested in providing locals with the produce that they want to eat and cook with. Based on the locale and the cultural demographics of a particular area, stores are stocked with a wide range of food tailored to families and households living within the local area.



**Kilkenny, SA and Rundle Mall, SA** feature communities rich in Asian culture. In high demand in these regions are:

- White Eggplant
- Ginger
- Chokos
- White Zucchini
- Custard Apples
- Paw Paws



**Bairnsdale, VIC** features a high proportion of traditional Australians from a European background. In high demand are:

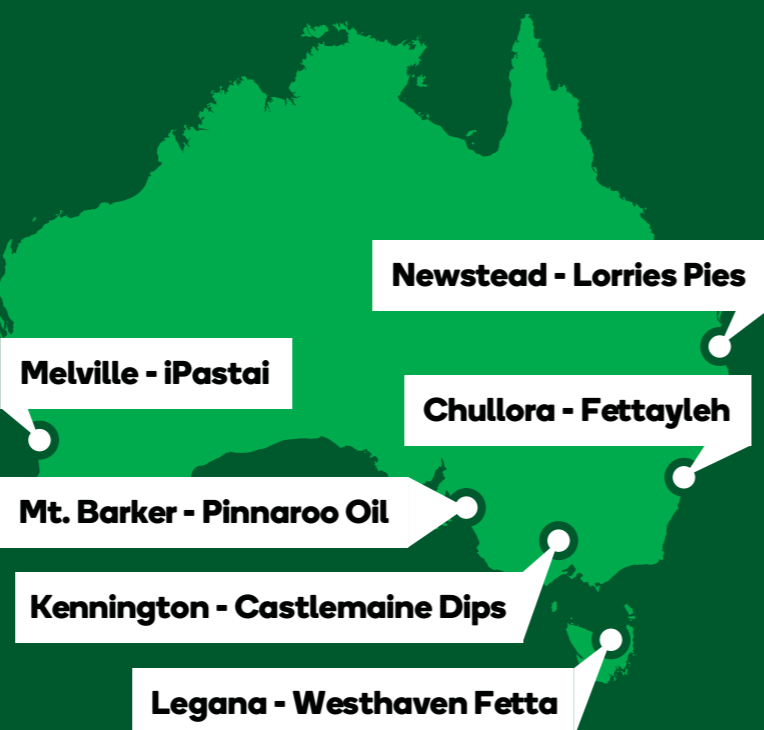
- Potatoes
- Cauliflower
- Carrots
- Cabbage
- Pumpkin
- Onions



**Cabramatta, NSW** has the most comprehensive line of Asian produce. Products typically purchased by customers are:

- Lychees
- Rambutan
- Asian Leafy Veg
- Kiwi Fruit
- Star Fruit
- Durian

Further to tailoring produce to stores, Woolworths sources locally made products and stocks these in their local supermarkets. The map to the right shows examples of these products and the stores in which they are stocked across Australia. All of these products are amongst the top selling in their categories in their local supermarket. There are more than 3,400 products on our local sourcing program, which have increased by over 450 product lines since September 2014.



## THE PASSION OF LOCAL FOOD ARTISANS AND ENTREPRENEURS

**3 in 5 Australians (62%) buy or prefer to buy products from producers who are passionate about what they create.**

Australians value authentic expressions of creativity in the production of food and give status to products made or grown by artisans who are passionate about what they do. 3 in 5 Australians (62%) buy or prefer to buy products from producers who are passionate about what they create.

The choice of products featured in the modern Australian shopper's grocery basket is not only influenced by pragmatism and taste but also by the ethos and values of the individual shopper. In fact, 9 in 10 Australians (91%) state that they are concerned, at least to some extent, about whether the people they buy products from are passionate about what they do.



**The local meat artisan**  
Jemma de Gier (Butcher at Woolworths Crows Nest)

“Some of the beef provided in the serviced butcher shop is grass fed from the Manning Valley.”

Jemma is a trained local butcher, living within 15 minutes of Woolies Crows Nest. Last week marked her fifth year working for Woolworths, which the store celebrated with a cake and flowers.

Passionate about her work, Jemma loves the traditional butcher counter because it enables her to engage with customers whilst preparing meat, building rapport with regular customers over time. Whilst she loves all meat, her favourite cut of meat is pork belly; especially because of the cold weather as it makes a really nice roast.

“The meat is the same product throughout the season but we prepare it differently - more roasts for winter and more burgers and sausages for BBQ season. We also prepare the meat differently depending on different cooking styles.”

Jemma loves the teamwork at Woolworths – indicating that it runs throughout the supermarket across all the sections, making work a really pleasant experience. She feels that Woolworths is more engaged with customers' needs than ever before, particularly in terms of the products

that they want. “I’ve noticed an increase in customers buying free range and organic products and items.” She feels proud to be able to tell her customers that some of the beef provided in the serviced butcher shop is grass fed from the Manning Valley.



**2 in 5** (41%) Australians report that they spend more time preparing and cooking meals in winter compared to summer.

## HIBERNATING COMMUNITIES

Whilst FOMO (Fear of Missing Out) is increasingly prevalent in our society, with winter comes an increase in JOMO (Joy of Missing Out); a sentiment Australians have toward staying local, and opting for a quiet night at home without being otherwise persuaded by FOMO. The term JOMO rebels against the anxiety that comes with missing out on an event and champions the idea of giving yourself space to experience life without having to say yes to everything.

This new term applies most on the cold nights of winter, highlighting that for Australians home is where the heart is, particularly in the colder seasons. More than half of Australians (55%) cancel on, or say no to social engagements in winter because they are much happier staying at home. This is primarily driven by the comfort of the home with 2 in 5 (43%) Australians indicating that it is the cosiness of home that they find most appealing about spending a night in rather than going out in winter.

Not limited to socialising, winter also affects the time Australians spend in the kitchen with 2 in 5 (41%) Australians reporting that they spend more time preparing and cooking meals in winter compared to summer. Even what we eat is more affected by the cool weather than we might think with 7 in 10 (69%) Australians indicating that the meals they cook at home vary at least somewhat season to season.

### Bringing the winter favourites to time-poor and cost conscious Australians

As temperatures drop across Australia, shoppers are continuing to gravitate towards their winter favourites – one of these being lamb roasts – to keep warm and cosy. Lamb roast dinners are another way to keep out of the cold and bring family and friends together.

Woolies is bringing back the affordable Sunday roast. Lamb lovers will be rejoicing at Woolworths' Price Dropped program, the latest price reductions which will see the standard shelf price for an Australian Lamb Leg Roast drop by up to 28% from \$13.99/kg to \$10/kg. In addition to a drop in the price of lamb leg, Woolworths has also dropped the price of their Australian regular beef mince from \$9.99/kg to \$8/kg

and their Australian pork and beef sausages by 16% from \$6 to \$5 per pack.

Woolworths acknowledges that Australians are a meat loving nation and that meat is one of the most expensive items in shoppers' baskets. By investing \$45 million annually into the meat category Woolworths is helping shoppers with their weekly budget by enabling them to pay less for quality meat.

## AUSTRALIA'S SEASONAL PERSONALITIES

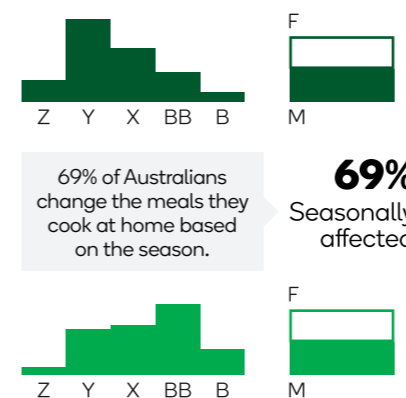
Australians are impacted in different ways by the changing seasons. Some prefer the cold, others love the heat of summer. When winter comes calling, do you bunker down in the house and wait it out, or ride out the season like nothing has changed? Does your cooking routine remain the same or do you change the menu to satisfy your cravings for richer, heavier foods? Australia's Seasonal Personalities explores the different personalities of Australians and the impact seasons have on their lifestyle. Which Seasonal Personality are you?

### LEGEND

Z: Generation Z Y: Generation Y X: Generation X BB: Baby Boomers B: Builders M: Male F: Female

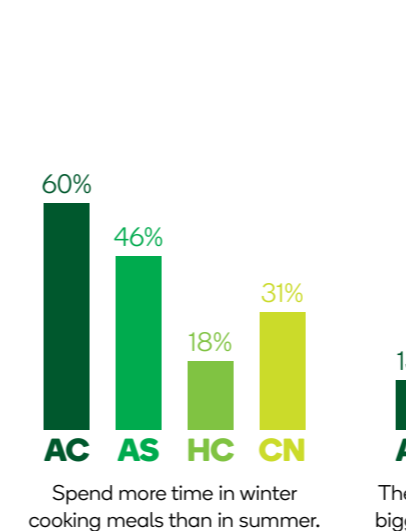
### Adapting Cocooners

You're susceptible to the onslaught of winter, and love the opportunity to snuggle at home, unfazed by the prospect of missing out on social activities. In fact, you prefer to bring the dinner party home, inviting friends over to socialise in the warmth of your own home over a hearty soup or casserole.



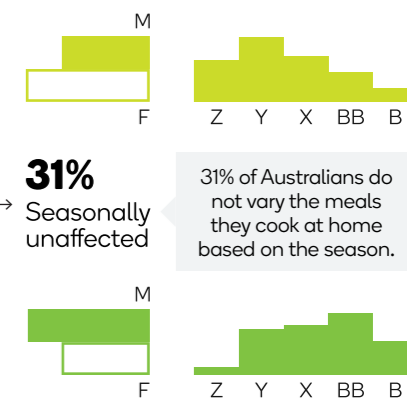
### Acclimatising Socialites

You embrace the change of season from autumn to winter, accepting it as a reality but not letting it interrupt your social life. You change the meals you prepare to satisfy your need for nourishing comfort food.



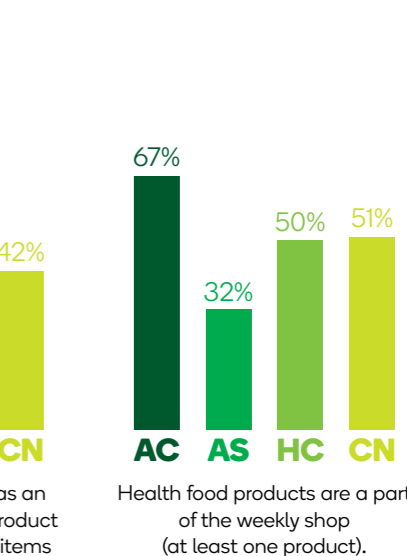
### Consistent Nesters

Your cooking habits are not affected by the turn of the season but you love the comfort of the home in winter. You don't hesitate to say no to a social engagement, especially on a cold night, to curl up in front of the heater to watch a good movie or read the next book on your list.



### Habitual Connectors

Of all Australians, you are the least affected by the changing seasons. You like to maintain the same routines as in summer, never turning down a social engagement even in the event of poor weather, and stick to your year round menu choices.





## THE HEALTH REVOLUTION

Australians are becoming increasingly health conscious and aware of the foods they consume. This trend towards healthy eating is demonstrated in the increase of health foods being included by Australians in their weekly shop. Just over half of shoppers (52%) buy health food products weekly (i.e. sugar free, additive free, gluten free, dairy free, organic, raw, salt free or vegan), with sugar free products the most likely to be on Australians' shopping lists and purchased by just over half of shoppers (51%), followed

by organic and raw foods (both at 35%), and additive free foods (27%).

Over the last two years, a steady upward trend can be observed in health foods sales. Compared to last year, Woolworths sales of health foods have grown by 6.7%. Fruit and nut mix sales alone have increased by 13.8% in the last year. Health food customers represent approximately a fifth of Woolworths customers.

Top 5 Woolworths Macro Organic foods purchased by Australians:

1. Organic Carrots
2. Macro Organic Tomatoes Diced
3. Macro Organic Corn Chips
4. Macro Organic Full Cream Milk
5. Macro Organic Coconut Water

Sales of Macro products in the health food aisle in the 3 months from March to May 2016 increased by almost 8% compared to the same time period in 2015.

### Food literacy of the next generations

Australians have a timeless connection with food and the food chain. The food literacy of the next generation is important to Australians as it impacts generations to come. The inadequate consumption of fresh fruits and vegetables by the next generation of children is at the top of mind for many Australians with 68% considering this to be of extreme or significant concern. 3 in 5 (60%) consider children's lack of knowledge of where the food they eat comes from to be of significant concern.

Free Fruit for Kids is one initiative Woolworths has developed to encourage healthy eating amongst kids and assist parents as they shop, making 250,000 pieces, 50,000 kgs, of fruit available for kids to eat in local stores across Australia each week. Woolies is also selling new sports packs of oranges in a bid to bring back oranges during half-time at local sports games.



### Facilitating the food education of Australians

Woolworths supports Jamie Oliver's Ministry of Food, which has four fixed kitchens around Australia (QLD, VIC, NSW and SA), and two mobile kitchens, in QLD and WA, in the form of kitchen food provisions. Over 30,000 participants have taken part in a 5-10 week Jamie's Ministry of Food program since 2012 and recently launched an Indigenous program. Independent evaluation findings indicated that participants in both the 5 and 10 week program increased their fruit and vegetable intake.

224  
TONNES  
LESS SALT

45 WOOLWORTHS  
DELIVERY TRUCKS  
LESS SALT



## REDUCING AUSTRALIA'S SALT CONSUMPTION

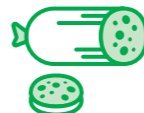
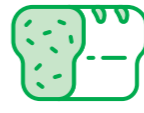
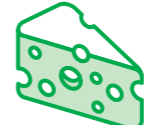


Woolworths understands the important role a healthy balanced diet plays in helping Australians to live life well. That's why they have a dedicated team of accredited nutritionists guiding their activities to make sure they offer a wide variety of affordable healthy foods, while also helping their customers to make informed decisions about the products they purchase.

For their Own Brand products, they have undertaken a range of initiatives to meet the health expectations of their customers. Woolies are committed to providing clear and transparent labelling, not using additives their customers have asked them to remove and improving the nutritional profile of their products to make healthier choices easier.

In 2009, as part of their broader commitment on health, they adopted the Food and Health Dialogue targets, a joint government and food industry initiative established to address poor dietary habits specifically focusing on reducing the sodium content of foods from nine commonly consumed categories.

To date, Woolworths compliance to the Food and Health Dialogue targets across the nine categories has resulted in an 18% reduction in salt, which means Woolworths has contributed 224 tonnes less salt to the food supply. This is equivalent to 431 wheelie bins or 45 Woolworths delivery trucks full of salt.

The top 5 product categories that contributed less salt to the food supply:

-  **Processed meats**  
88,010kg less salt
-  **Breads**  
70,421kg less salt
-  **Cheese**  
24,282kg less salt
-  **Savoury Pies**  
10,763kg less salt
-  **Breakfast cereals**  
9,317kg less salt

431  
WHEELIE BINS  
LESS SALT



x10

The Food and Health Dialogue initiative has now been replaced by 'The Healthy Food Partnership' – a collaboration of preventative health groups, food industry bodies and government to tackle obesity and encourage healthy eating. Woolworths is a key stakeholder of the healthy food partnership and will continue to invest in developing products that improve the nutritional balance of our Own Brand portfolio.



## VALUE SWAG: A NATION OF CREATIVE SAVERS

Australians are a nation of savvy shoppers, who seek products that are value for money. Nearly 7 in 10 shoppers (69%) state that buying on discount is extremely or very important to them. These values are reflected in the ingredients they purchase for meals cooked at home, with 99% of Australian shoppers saying price is an important factor they take into consideration.

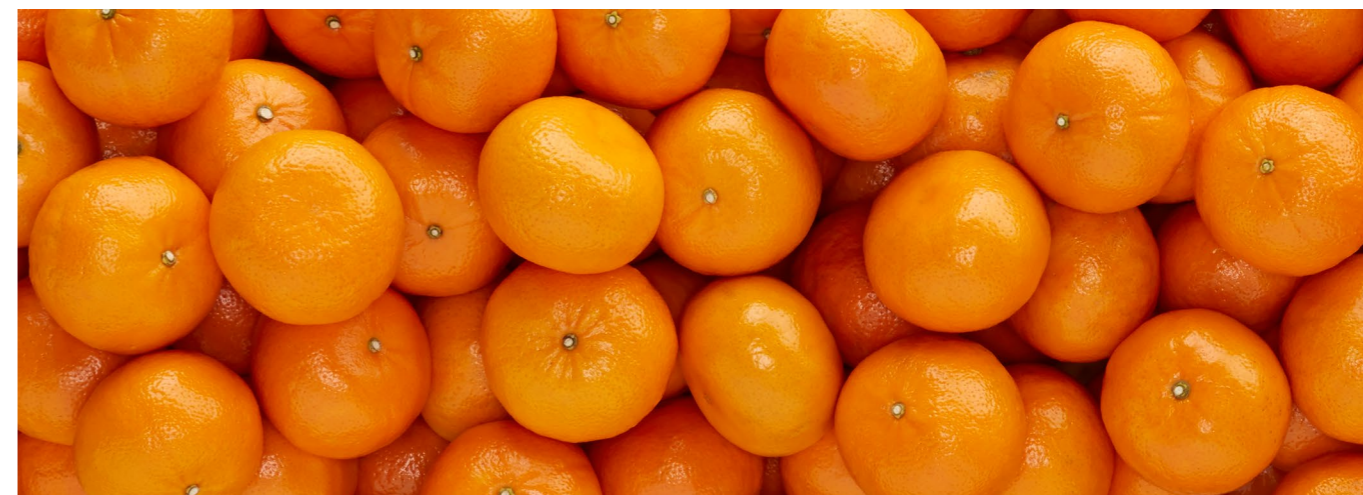
As part of being savvy shoppers, Australians are also creative savers. Almost 6 in 10 shoppers (58%) save money by purchasing groceries based on weekly specials,

while just over half (52%) save money by writing a shopping list and sticking to it. Stocking up and bulk-buying are two other ways Australians save money, with just over half of shoppers (53%) currently saving money by stocking up on discounted non-perishables.

Between April and June 2016, Woolworths has added an additional 183 products to the Price Dropped and Low Price Always programs as part of an additional \$150M investment.

### Top 4 tips for saving money on grocery shopping:

1. Look out for Low Price Always and Price Dropped items.
2. Where possible, buy in bulk to find great savings.
3. Keep an eye out for the weekly specials that can help you save even more.
4. Compare the price of private label products against mainstream brands.



## RESEARCH METHODOLOGY

In June 2016, Woolworths commissioned research into the modern Australian grocery shopper. Looking back 30 years, this research includes a demographic analysis of Australian Bureau of Statistics data – painting a comparative picture of Australian households, then versus now. The research reveals the changing landscape of the Australian household, the changing income and costs associated with living and the cultural transformation.

For this latest report from the Woolworths Trolley Trends series, Woolworths consulted with leading demographer Mark McCrindle and his research firm McCrindle to conduct primary research on Australian grocery buyers.

This report combines Australian Bureau of Statistics data, the latest research conducted by McCrindle and Quantum data on supermarket spend and consumer patterns.

### About the McCrindle Research survey, June 2016

Survey data is derived from a survey of 2,002 Australians aged 18+ who are either sole, main or joint decision makers in the household when buying groceries. The survey was in field from 8th June 2016 to 9th June 2016.

### About Quantum data

The Woolworths Trolley Trends report utilised Quantum's available data sources including analysis of Woolworths Rewards data and NAB data containing the actual purchase behaviour of over 10 million consumers transacting within the supermarket category and more broadly across all types of retail categories.

### Generations Defined

Reference to the generations throughout this report refers to the following age categories as defined by McCrindle Research:

Generation Alpha:  
<7 year olds (born 2010-today)

Generation Z:  
7-21 year olds (born 1995-2009)

Generation Y:  
22-36 year olds (born 1980-1994)

Generation X:  
37-51 year olds (born 1965-1979)

Baby Boomers:  
52-70 year olds (born 1946-1964)


Builders:  
71+ (born before 1946)


### The Odd Bunch initiative: reducing wastage and costs for Australians

A 'value for money' mentality permeates the way Australians shop for fruit and vegetables. 35% of shoppers purchase whatever is cheaper, regardless of marks or appearance. Over 30 million kilograms of misshaped fruit and vegetables have now been sold by Woolworths through The Odd Bunch initiative. This is just one initiative working towards Woolworths' aim of reducing their food wastage.

With over 25 products in The Odd Bunch range, over 30 million kgs have been sold, a 174% increase on last year. These sales have included the following:

 **8M kgs of carrots**

 **6M kgs of potatoes**

 **4.8M units of cucumbers**

 **2.5M kgs of tomatoes**

 **2.5M kgs of apples**

### Food Rescue Partnerships

Woolworths recognises the importance of ensuring no food is wasted and investing in the local community. Woolworths partners with multiple food relief organisations and has national partnerships with OzHarvest and Foodbank. Over half of Woolworths stores also donate fresh produce and bread scraps to local farmers for animal feeding or composting.

In 2015, Woolworths...

- Gave over 2,955 tonnes of food to charities to produce food for those in need, equalling 9,000,000 meals to feed Australians.
- Donated 40,000 tonnes of food waste to farmers for stock feed or on-farm composting.
- Staff invested \$5.8 million in time devoted to community investment.







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Care is taken to ensure the accuracy of the information contained in this publication. Please contact Woolworths Limited if you have any concerns.

For more information on the Woolworths Trolley Trends Report please contact the One Green Bean team on 02 8020 1800.

