# BUILDING DEMAND TO MATCH SUPPLY

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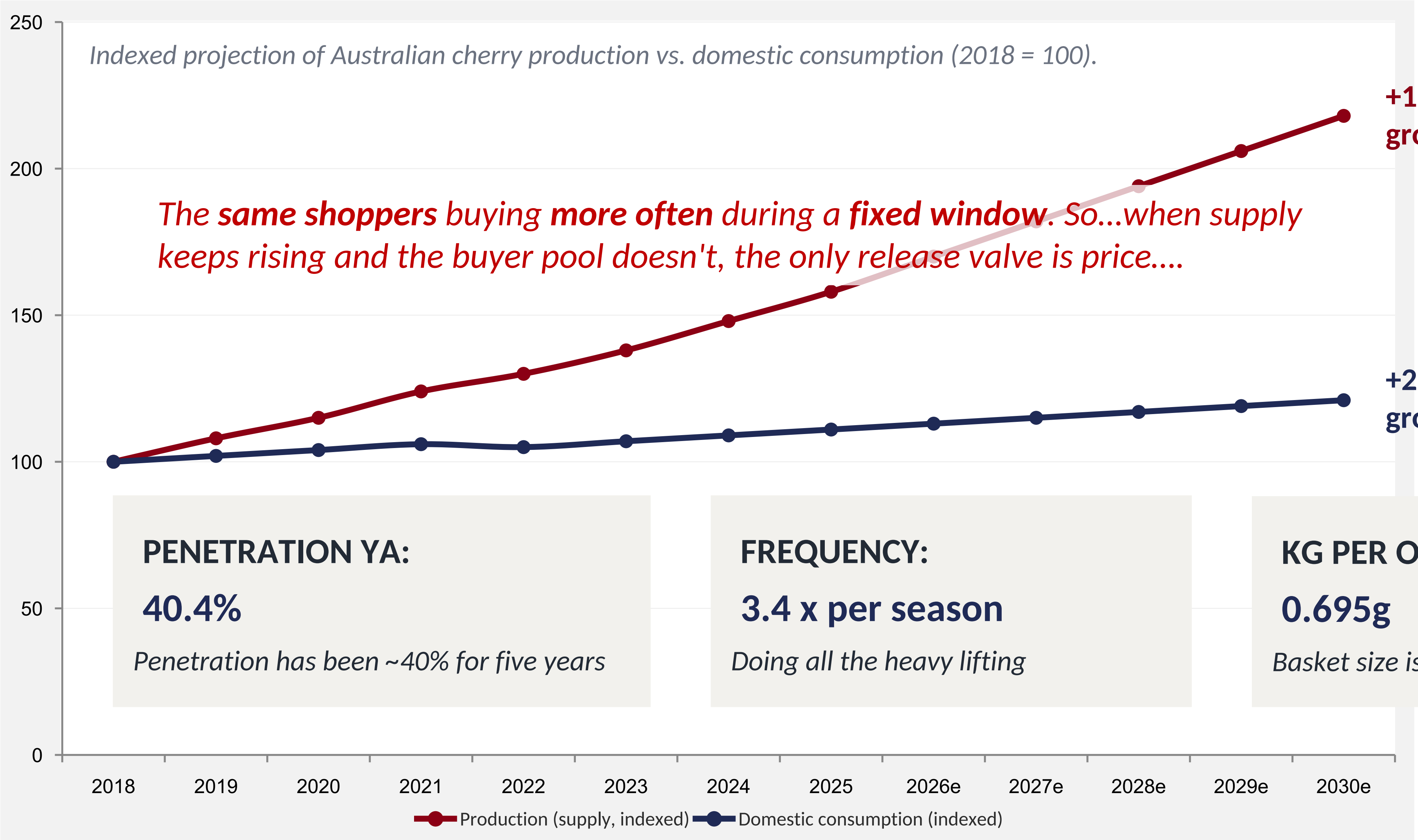
Supply growth is accelerating and demand creation hasn’t been engineered to absorb it
If supply leads strategy, price becomes the only lever

# SUPPLY IS GROWING. DEMAND CREATION ISN'T KEEPING PACE.




**+118% projected supply growth by 2030 (indexed)**

**+21% projected demand growth by 2030 (indexed)**

*The **same shoppers** buying **more often** during a **fixed window**. So...when supply keeps rising and the buyer pool doesn't, the only release valve is price....*

### PENETRATION YA:

**40.4%**

*Penetration has been ~40% for five years*

### FREQUENCY:

**3.4 x per season**

*Doing all the heavy lifting*

### KG PER OCCASION:

**0.695g**

*Basket size is stable*

# AVOCADOS → WENT VOLUME, LOST PRICING POWER

*Australian farmers forced to let produce rot*

**Avocado oversupply drives prices down**

Farmers Julie and Tony Pratt from Wolvi, on the Sunshine Coast, have had to make some difficult decisions after making a profit of just 4 cents per avocado. The pair claims letting their produce rot is now the most economical decision. Avocado production has doubled in the past decade as farmers, and this is leading to smaller growers being priced out of the market.

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**PLANTINGS OUTPACED DEMAND**

Supply volume doubled in a decade. Demand didn't

**PENETRATION WAS THE WIN**

Avocados got into ~80% of households, but as a weekly commodity, not a premium

**DEEP PROMOTIONS BECAME THE NORM**

Once price resets, it doesn't reset back. Even after supply corrected

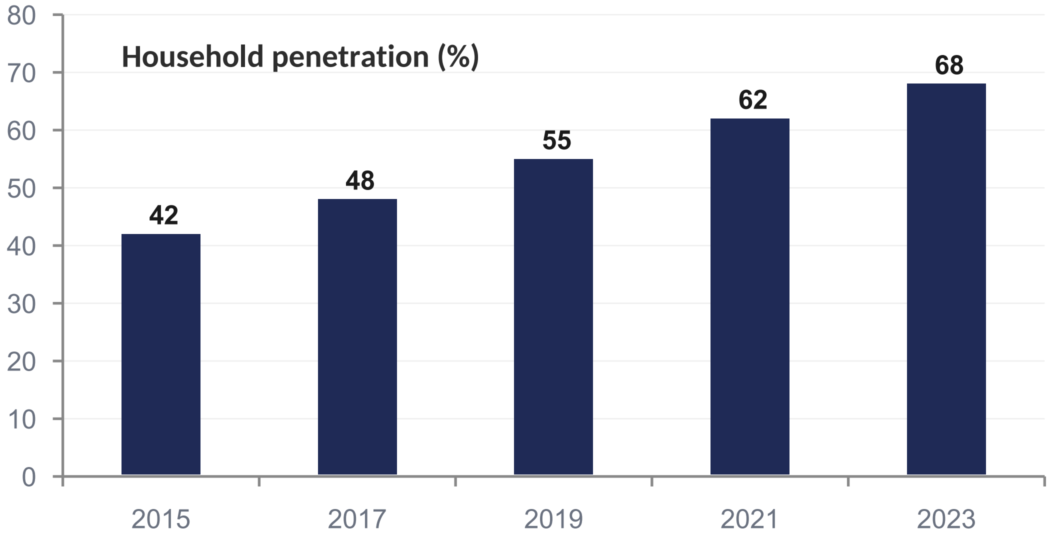
**VOLUME STRATEGY WITH NO OCCASION STRATEGY**

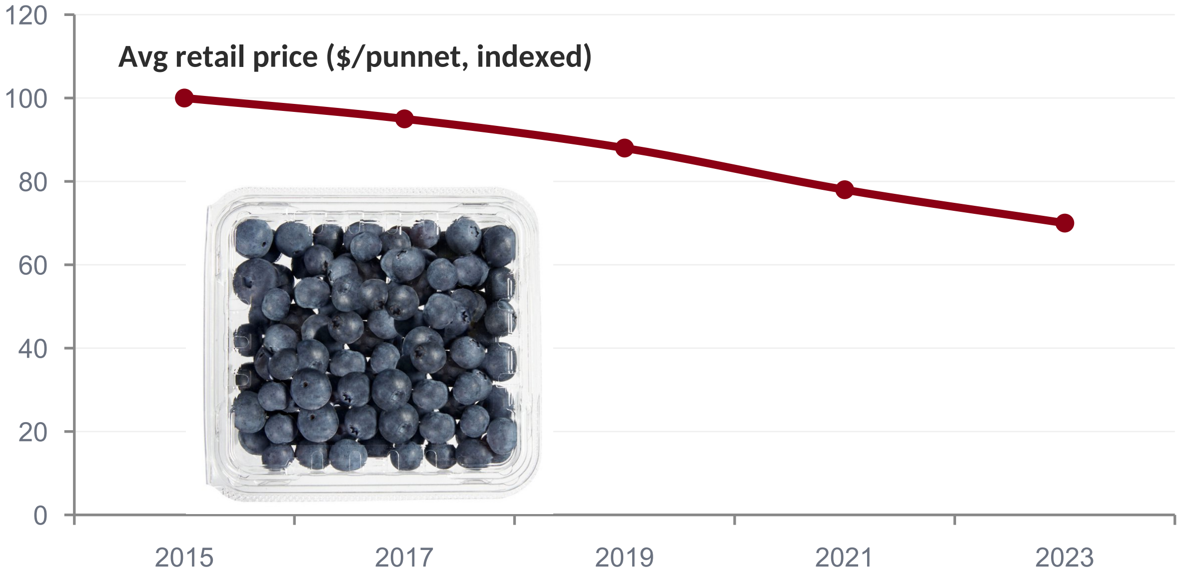
Growers absorbed the variance in the glut cycles

**COMMODITISATION**: Volatile returns and margin compression (*cherries is 3-5 years behind avocadoes…*)

# BLUEBERRIES → WON FREQUENCY, LOST PREMIUM POSITIONING

*Household penetration up — but unit price ceiling collapsed alongside it*




**PLANTINGS OUTPACED DEMAND**

Supply volume increased through more plantings and higher yields (protected cropping)

**CONVENIENCE DROVE PENTRATION**

91% penetration over 104 weeks

**PURCHASE FREQUENCY INCREASED**

Promotions drove sales; became generic ‘fridge fruit’ at lower retail prices (and switch to frozen)

**PREMIUMISATION THROUGH GENETICS**

Tiered offering (better/best) with better varieties to recapture margin

**COMMODITISATION**: Premium varieties are resetting margin capture

# SUPPLY GROWTH WITHOUT DEMAND GROWTH = VALUE DESTRUCTION

**The shared pattern:** supply led, demand followed, premium positioning lost, margin eroded, growers carried the variance

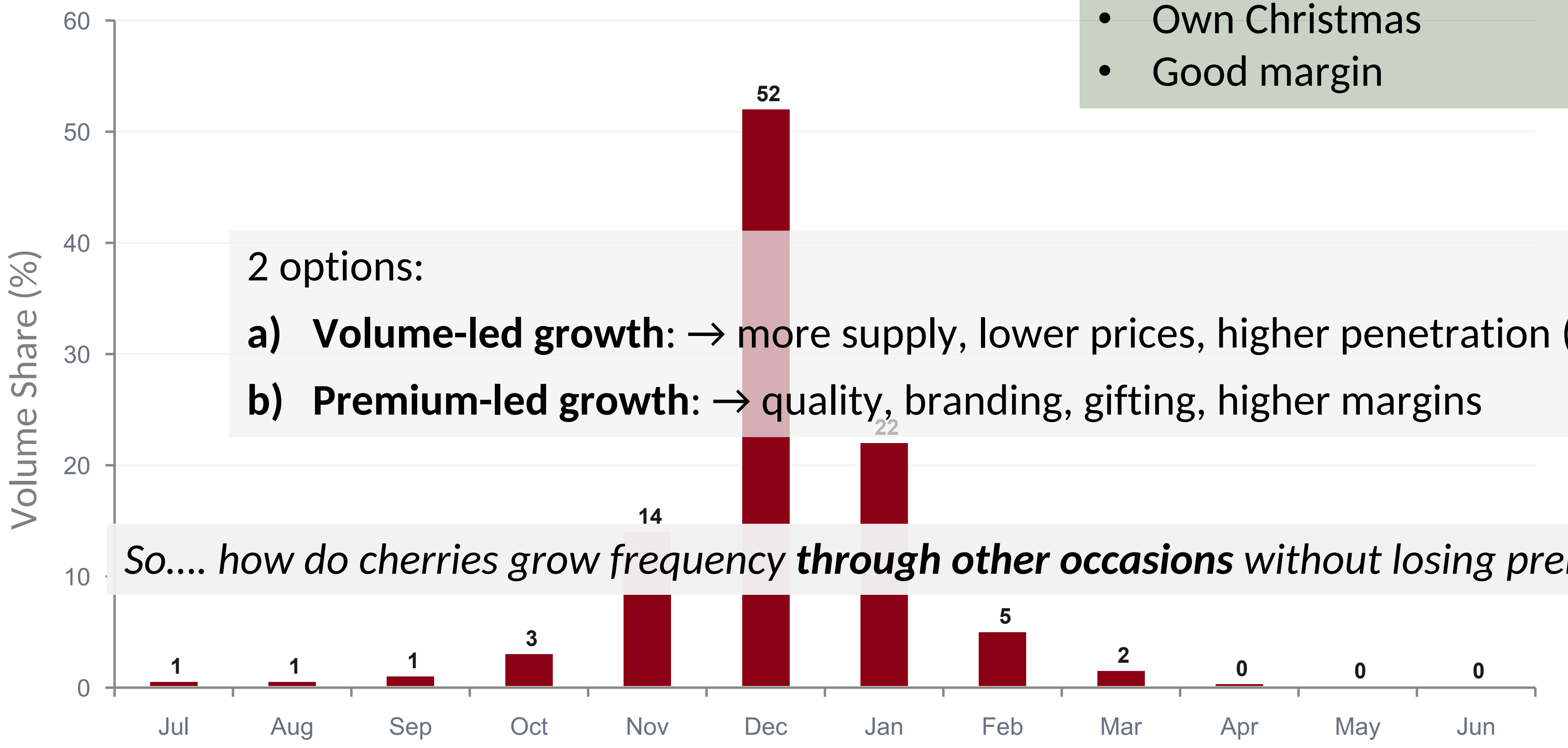
*Cherries have:*

- Premium positioning
- Own Christmas
- Good margin

*Cherries have:*

- Short season
- Highly promotional
- Dependence on Christmas
- Dependence on weather

*Indicative monthly share of Australian retail cherry volume*




2 options:

**a) Volume-led growth**: → more supply, lower prices, higher penetration (*commoditisation*)

**b) Premium-led growth**: → quality, branding, gifting, higher margins

*So.... how do cherries grow frequency **through other occasions** without losing premium positioning? Diversification!*

52% of annual sales are concentrated in December

# THE COMPOUNDING RISK….. export weather dumping cycle

*Cherries depend on export for premium realisation — and on weather for export quality. A bad event redirects premium volume into a domestic channel with no demand cushion underneath it….*

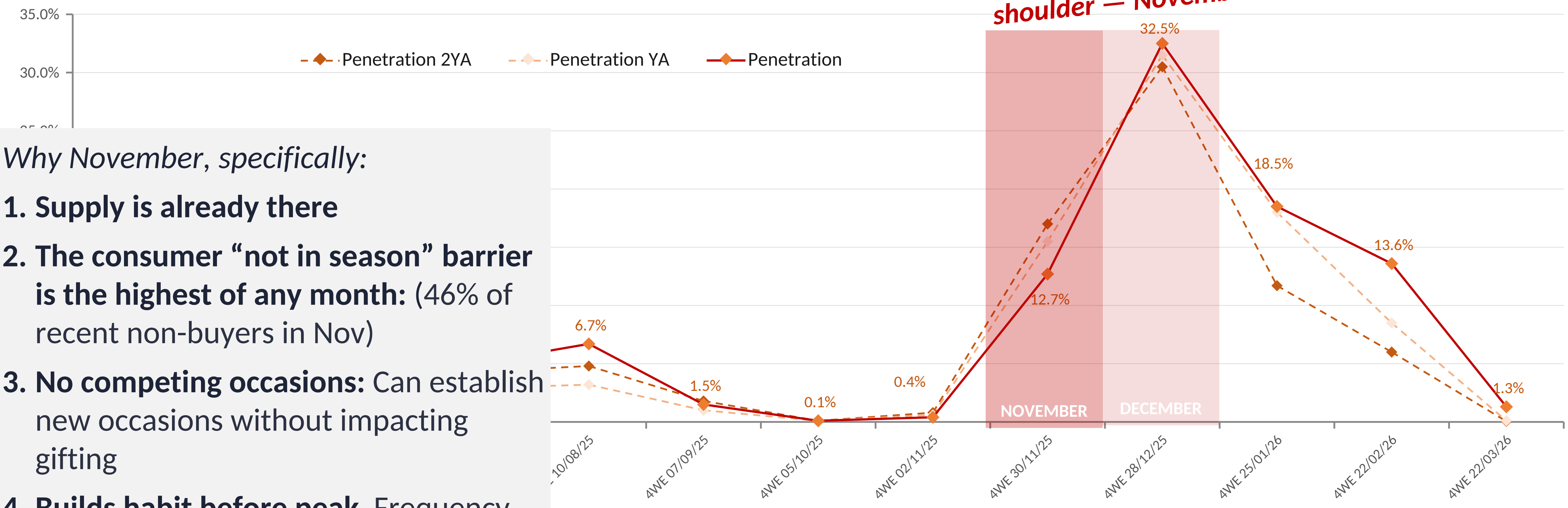
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| **EXPORT RELIANCE** | **WEATHER EVENT** | **EXPORT REJECTION** | **DOMESTIC SURPLUS** | **PRICE COLLAPSE** |
| 22% of production exported, NB: industry target 30% by 2030 | Rain at harvest = quality downgrade | Premium volume fails specs | Volume re-routes to domestic market | Retail price is the only lever to move volume |

**Export Reliance + Weather Risk = the industry is one bad December away from a domestic price collapse…** *NZ's 2025/26 exports fell 33% on unseasonal rain*

# THE CHRISTMAS TRAP: DECEMBER CONCENTRATION IS THE VULNERABILITY

RISK: Becoming a Christmas commodity to drive ‘value perception’

**The growth window is the shoulder — November!!!**




*Why November, specifically:*

1. **Supply is already there**
2. **The consumer “not in season” barrier is the highest of any month:** (46% of recent non-buyers in Nov)
3. **No competing occasions:** Can establish new occasions without impacting gifting
4. **Builds habit before peak** Frequency (not penetration) is the growth driver

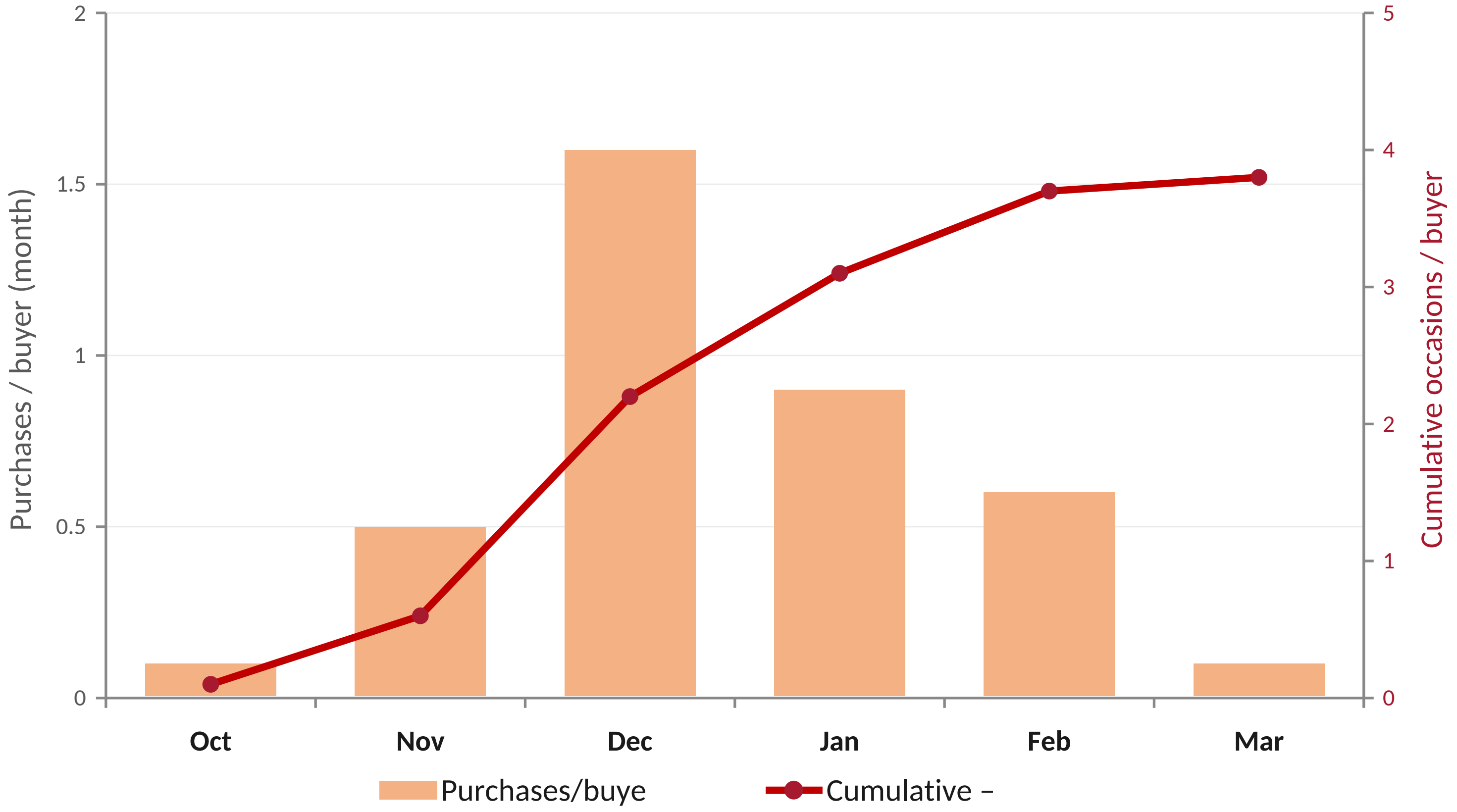
*, this year vs year ago vs 2 years ago*

**THE RISK: Cherries are irrelevant for 11 months of the year and unprofitable for the 12th...**

*Source: NielsenIQ Homescan, 4-weekly household penetration, dataset to 22/03/2026. Via Hort Innovation Cherry Fund.*

# TO LIFT FREQUENCY, START THE SEASON IN NOVEMBER — NOT DECEMBER

*Average purchases per buyer by month (columns) and cumulative occasions across the season (lines)*




**GROWTH OPPORTUNITY**
**= PENETRATION × FREQUENCY**

## PENETRATION: NEW BUYERS

Bring new households into the category earlier. Trigger the 1st purchase in November, rather than waiting for them to discover cherries at Christmas

## FREQUENCY: EXISTING BUYERS

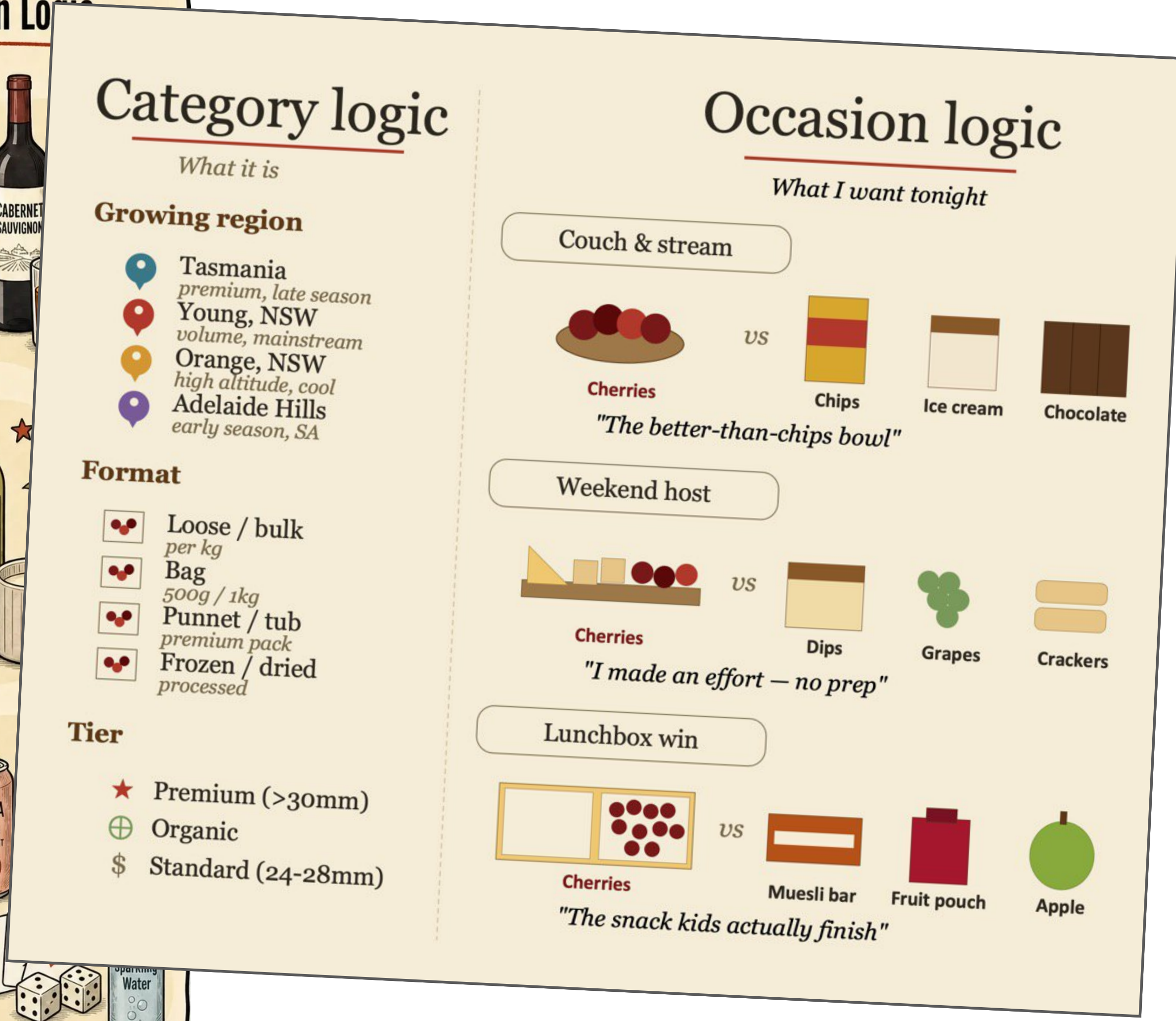
Get existing buyers to buy more and buy earlier

**The November purchase compounds:** starting the season a month earlier **pulls in new households** and **adds extra occasions for existing buyers** — lifting cumulative frequency…

*Source: NielsenIQ Homescan buyer-frequency data (Hort Innovation Cherry Fund); monthly split and November-activation scenario are illustrative for strategic framing.*

# PARTNERING WITH RETAILERS:  BUILD FREQUENCY THROUGH INCREASED OCCASIONS










**Quality will drive REPEAT PURCHASE!!!!!**

# SUMMARY: BUILDING DEMAND TO MATCH SUPPLY

## RETAILERS

*Move cherries from 'impulse' to 'destination'*

1. Access off-location **Berry Fridges**
2. Activate the **November shoulder**
3. Protect **premium positioning**, partner with grower-brands

## INDUSTRY

*Lead what retailers can't do alone*

1. Model the **supply-demand** gap
2. Own the **November activation** (occasions and frequency)
3. Set a **quality floor**, protect the premium

# THE CHANGING RETAIL & CONSUMER LANDSCAPE

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