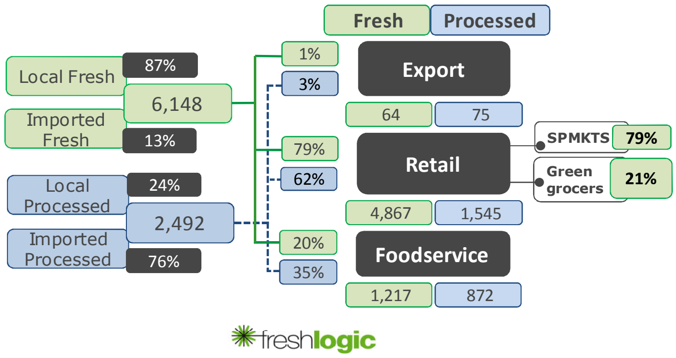
Figure 1 **Blueberry supply chain (tonnes)**



Key facts:

- Blueberry production was **5,916 tonnes** for the year ending December 2012. Australian blueberry production has been increasing over the long term, as has domestic consumption.
- New South Wales is the largest producer of blueberries in Australia, accounting for **88%** of total volumes. Tasmania accounts for **5%** of total volumes, with production rising in coming years.
- 80% of Australian blueberry marketing is consolidated under one supplier, which has partnerships with a number of other growers.
- Fresh blueberry exports have declined significantly since the closure of the Japanese market in 2011. The growing domestic market has readily absorbed these previous export volumes.
- Fresh blueberry imports were **817 tonnes** for the year ending December 2012, while processed blueberry imports were 1,905 tonnes.
- The current domestic retail market value of fresh blueberries purchased by consumers is **$132 million**.
- Total fresh and processed blueberry consumption per capita for 2012 was **363 g**.

Distribution channels and markets

Locally produced and imported blueberries are distributed into export, processing, local retail and foodservice distribution channels, as outlined in Figure 1.

Supply chain flow to market

Local Australian blueberry production was **5,916 tonnes** for the year ending December 2012. This was supplemented with a further 2,722 tonnes of imported product.

The majority of imported product (70%) was frozen, pulped or otherwise processed. Fresh imports totaled 817 tonnes in 2012, the majority of which came from New Zealand.

Of the 6,147 tonnes of fresh blueberry supply, local and imported, almost 80% was sold through retail channels, with most of the remainder distributed through foodservice. Export volumes have dropped off significantly in the last few years, meanwhile, and now only account for 1% of fresh volumes.

Retail channel

The retail channel sold **4,867 tonnes** of fresh blueberries. This generated an annual retail value of **$132 million** at an average price of **$28.62 per kg**.

The majority of blueberries are sold in 125 g punnets, which as in other berry categories has reduced waste and hit an attractive price point and service size with consumers.

Blueberries are available for most of the year, but consumption peaks in the last three months of the year, coinciding and most likely driven by peak supply volume and lower pricing. This serves as an illustration of the connection between lower prices and higher consumption in the blueberry category. Any future changes in blueberry price points are likely to have a significant effect on consumption.

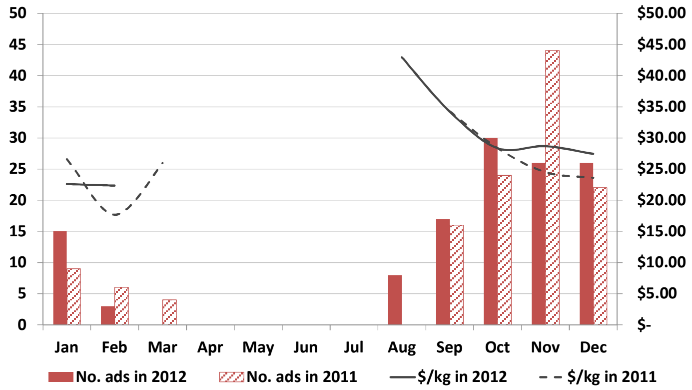
Sales of fresh blueberries are significantly higher than frozen or otherwise processed options, pointing to consumer quality preferences and the inclusion of fresh blueberries in a range of consumption occasions.

Retail promotional activity

2012 saw a total of **125** promotional advertisements for fresh blueberries, with 107 of these in the August-December period, and the other 18 in January and February. The average promotional price per kg in January-February was $22.47, while the average price per kg in October-December was $28.15, down from a peak of $42.96 at the start of the season in August.

Blueberries are a high value product, but consumer acceptance is clearly affected by price. As with other prepacked products, consumers focus on price per punnet rather than per kg, and during peak season this pricing reaches the right level for significantly increased consumer uptake.

Figure 2 **Number of ads per month and associated $/kg**



Foodservice channel

Foodservice sales accounted for 20% (1,217 tonnes) of fresh blueberry volume in 2012. While this is lower than in some other berry categories, retail sales have been leading the growth of the blueberry category and have captured greater share as a result. The foodservice channel holds a larger share of processed volumes at 35% or 872 tonnes.

The use of blueberries in foodservice ranges widely and includes; desserts, muffins, cakes, juices and breakfasts.

Processing Channel

Processed blueberries are sold through retail, foodservice and exports, as well as being manufactured into foods such as desserts and baked goods.

Domestically grown blueberries still account for a quarter of total processed volumes at 586 tonnes, but the share of the Australian crop going to processing has been declining for some years as fresh sales absorb the growth in overall blueberry production.

Consumers

Per capita consumption

The per capita consumption for the year ending December 2012 of fresh blueberries purchased through retail for home consumption is **203 g.** The per capita consumption of fresh blueberries purchased and consumed in foodservice away from home is **51 g,** and for processed blueberry products purchased through retail and foodservice consumption it is **109 g.** Therefore the total blueberry consumption per capita is **363 g.**

Figure 3 **Use profile**

Blueberry consumption profile		
	Breakfast	✓
	Lunchbox	
	Mobile snack	✓
	Grazing & platters	✓
	Spread	
	Salad	
	Beverage	✓
	Cooked component	✓
	After dinner dessert	✓

Consumption profile

The main consumption occasion for blueberries is centered around dessert. This may be as a fresh product or as part of a cooked dessert. Blueberries are also suited to snacking occasions but are limited by their portability, meaning that berries are more likely to be consumed at home as a grazing snack.

Berries are a popular addition to smoothies and this use has become a large driver of frozen product sales. Berries including blueberries may also be added to a breakfast meal e.g. with muesli and yoghurt, or waffles and pancakes. Blueberry consumption has been boosted by their reputation as a ‘superfood’, and the market leveraging behind this has achieved significant growth in Australian blueberry demand in recent years.

Global consumption

Australia is considered to be one of the highest annual per capita blueberry consumers in the world, at **254 g of fresh fruit**, and 363 g fresh and processed.

US per capita consumption is estimated at 450 g-570 g in 2011/12, fresh and processed, according to various sources. Annual US penetration is reportedly 48%. UK consumption is lower, with annual penetration reported at 35%. Consumption is continuing to grow in both these markets, and the overall **berries are now the largest fruit retail category** by value in both the US and UK.

Production

Blueberry production is centred in north west New South Wales around Coffs Harbour, where 88% of the country's blueberries are grown.

There are smaller production centres in southern Queensland, southern New South Wales, Victoria and Tasmania, with some minor production in South Australia and Western Australia.

There has been an expansion of the industry in southern regions over recent years to extend the growing season, from southern New South Wales to Tasmania.

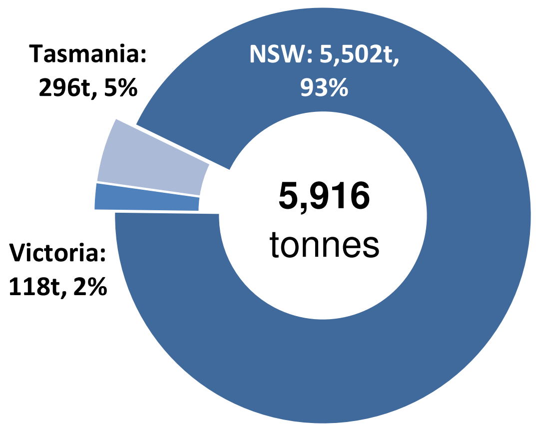
While there are around 100 growers in Australia, one marketer holds an 80% share of blueberry distribution. This major player has a stated goal of developing 12 month availability from domestic production.

Tasmanian Production

Tasmanian blueberry production has been given a significant boost with the establishment of a new 50 ha plantation in Sulphur Creek in 2009. The Sulphur Creek plantation produced its first commercial harvest in 2012, and production will rise over the next few seasons as bushes mature. It is one of the largest single blueberry farms in Australia.

Tasmania can supply blueberries from January to March/April, which is at the end of the July-January main season crop from New South Wales. Tasmania's window crosses over with New Zealand imports, but the combination of the two does not approach peak season volumes.

Figure 4 **National production by state**



International trade

Australia imported 817 tonnes of fresh blueberries in 2012. New Zealand, the only significant supplier of fresh blueberries to Australia, acts as an extension to the Australian season, and peaks in January-March. Despite pressure on this window from rising southern production, particularly in Tasmania, fresh imports have seen moderate growth on the back of Australia's growing consumption.

Imports of processed blueberries were **1,905 tonnes** in 2012, the majority of which came from China, Chile and the US.

Exports have historically been a significant part of Australia's blueberry industry, but with the sudden closure of the key Japanese market in late 2011 exports have declined significant to **64 tonnes** of fresh blueberries in 2012.

Seasonal supply

Fresh Australian blueberries are available at some level for 10 months of the year, from July to April. The peak growing season is from July to February, from plantations on the New South Wales north west coast, and pricing is high at the beginning of this period and drops through until January.

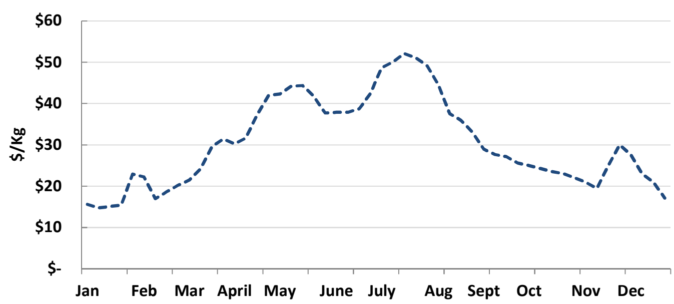
Later production between December and April comes from southern New South Wales, Victoria and Tasmania, along with smaller volumes from South Australia and Western Australia.

Wholesale

Wholesale prices are profiled in Figure 5 using state central market prices for blueberries that are weighted by population, to calculate a national price.

For the year ending December 2012, blueberries had a wholesale price range of $14.75-$52.13 per kg with an average of **$30.58 per kg**.

Figure 5 **National blueberry wholesale price 2012**



Outlook for sector

- One marketer is responsible for 80% of fresh blueberry volumes, which has a significant impact on supply stability and distribution into the local market pathways.
- Consumption growth in Australia has been significant for several years and looks likely to continue in the medium term.
- Higher sales during the peak season indicate consumption is linked to lower pricing.
- Blueberry consumption is still behind global leaders such as the US, who themselves have still not hit a consumption ceiling and are continuing to grow the category.
- The 125 g punnet has worked for the supply chain and has been accepted by consumers. It also provides a packaging platform to convey usage and brand messages.
- Australian producers are closing in on 12 month supply from local sources. Global markets and other categories have pointed to year-round availability giving the blueberry category further retail sales impetus.
- There is a risk to Australia's blueberry export industry future if access to Japan is not reestablished or other new markets developed.
- Blueberries are a superfood with significant health benefits, which combined with a convenient portion size and price point as well as more consistent supply patterns give the category growth potential.

Data sources

- Mealpulse™ consumer panel Freshlogic
- Adwatch™ retailer promotional data Freshlogic
- DFAT import and export data
- Wholesale market pricing data
- ABARES
- ABS
- Freshlogic ThruChain™ model

Further information

1. Australian Blueberry Growers Association

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