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Understanding International Consumer Demand

Indonesia Market Report

2023

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This project has been prepared independently by Kantar for Hort Innovation and is funded through the Australian Government's Agricultural Trade and Market Access Cooperation (ATMAC) program with Hort Innovation levy contributions from the almond, apple & pear, avocado, blueberry, cherry, citrus, dried grape, fresh potato, lychee, macadamia, mango, melon, olive, onion, raspberry & blackberry, strawberry, summerfruits, sweet potato, table grape and vegetable industries.

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1. Background and Objectives

The project context, objectives, approach and methodologies

Background

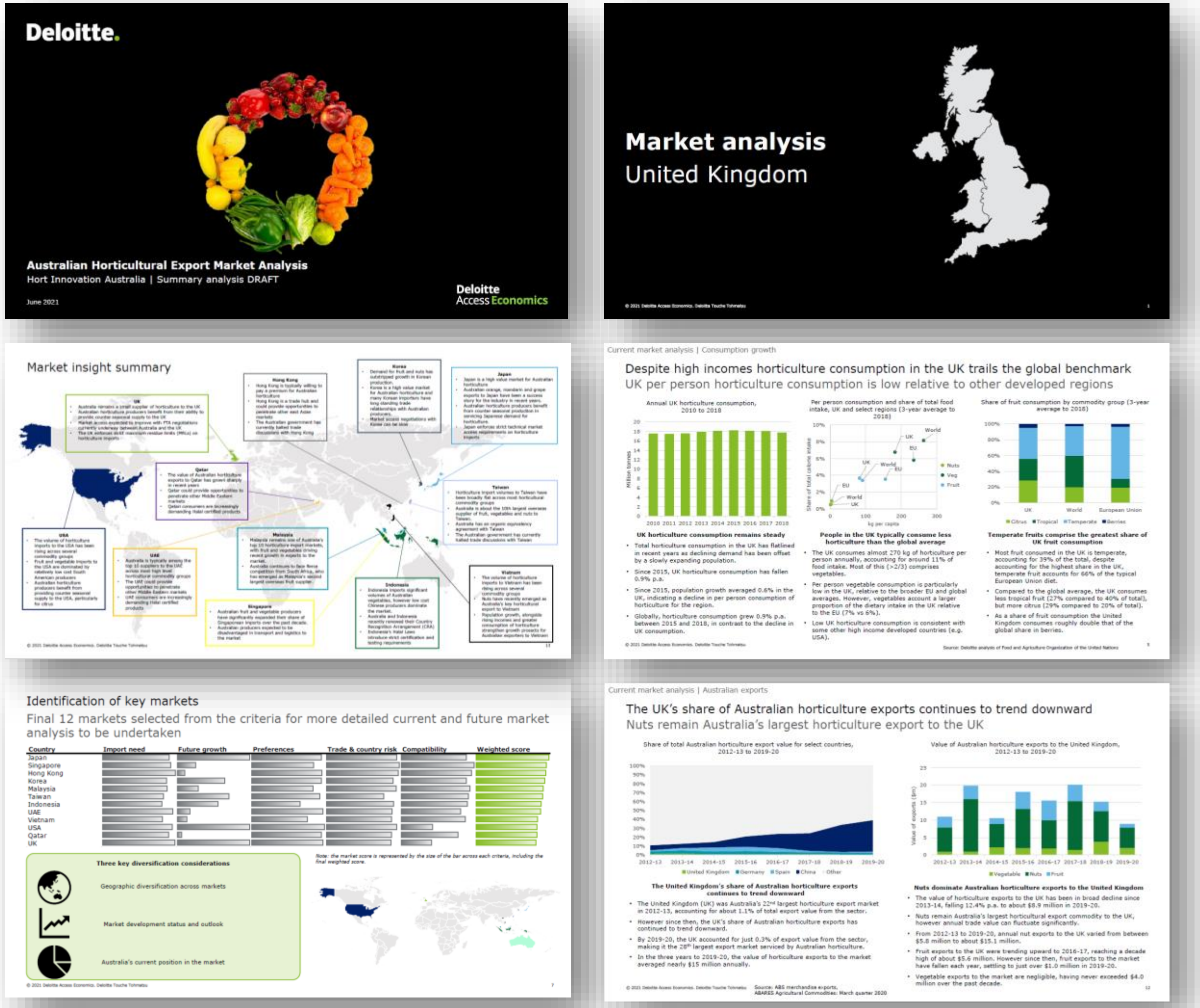
- Addressing the disruptions of COVID-19 on Australia's ability to export, Hort Innovation proactively initiated and invested in several critical projects
- One of these projects, carried out by Deloitte, was designed to assess the opportunities to rapidly diversify and expand in export markets. They identified 13 markets that offer growth potential
- This project builds on these past programmes and is designed to provide an in-depth understanding of consumers in these critical markets

The Deloitte report

The Summary Market Analysis report identified x12 markets for Australian export and ranked the markets based on import need, future growth, preferences, trade & country risk and compatibility

The Market Analysis then dove into each markets' import potential, based on existing market sizes, trajectory and the competitive landscape

This Kantar report builds on this analysis and provides the crucial consumer lens for the x12 markets. Furthermore, India has been included as a 13th additional market.



Central research question:

“How can Australian Horticultural Industries unlock growth by generating consumer demand for different categories across different international markets for today and tomorrow?”

Objectives

- The objective of this study is to provide a consumer-led perspective on the export opportunity of Australian horticulture
- It will unpack consumers attitudes and values, as well as their fresh produce shopping behaviour and how they consume fruits, vegetables and nuts in each of the 13 markets
- It will provide a strategic lens on which markets represents the most attractive opportunity for each of the priority commodities
- Plus, identify commodities that have the strongest right to play within each market
- This is about optimising export & product positioning today and in to the future in order to drive growth against prioritised industries and facilitating the deployment of effective & coordinated trade marketing resources

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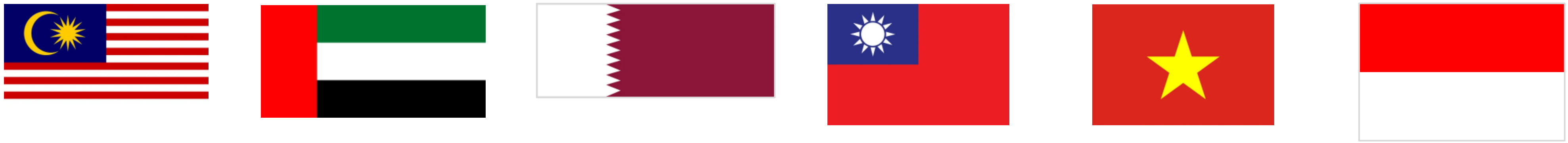
Therefore, the focus of this report is understanding the consumer.

We will get under the skin of peoples' attitudes towards food, how they shop for produce and why, when and how they consume fruits, vegetables and nuts.

Through analysing their propensity to spend more on premium, plus their appetite for Australian, we will reveal the strongest commodity consumer export opportunities.

The 13 markets included in the study

USA | UK | Singapore | India | Japan | Hong Kong | South Korea



Malaysia | UAE | Qatar | Taiwan | Vietnam | Indonesia

The 20 industries of interest in the study


Almond


Apple & Pear


Avocado


Blueberries


Cherry


Citrus


Dried Grapes


Lychees


Macadamia


Mango


Melons


Olives/Olive Oil


Onion


Potatoes


Raspberries
& Blackberries


Strawberries


Summer fruit


Sweet Potato


Table Grapes


Hard Veg,
Fruiting Veg & Leafy Veg

The approach

1. Audit & Discovery

What we will do
- Project kick off
- Knowledge audit
- Stakeholder alignment

The outcome
Clear understanding of key hypotheses and inputs into later stages of work and alignment on the knowledge gaps

2. Localise & Enrich

What we will do
- In-depth culture, category & consumer understanding
- Expert interviews (x3 per market)

The outcome
In-depth local market understanding of the cultural forces driving & shaping consumer demand in the market today and where it is moving to in the future

3. Develop Growth Plan

What we will do
- Identify & quantify
- Growth opportunities

The outcome
Consumer profiling based on demographics, occasions and needs. Defined & quantified opportunity spaces and clear recommendations on prioritized opportunities

4. Align & Embed

What we will do
- Create & embed roadmap for growth

The outcome
Aligned team trained, engaged and ready to activate clear missions & jobs to be done against prioritized horizons. A unified growth narrative tailored and fit for purpose for key stakeholder groups.

1. Audit and Discovery
Interview programmes methodology

Internal stakeholder interviews

- 30 x 1 hour interviews with key stakeholders identified by Hort Innovation

Knowledge audit

- Thorough review of the existing resources within Hort Innovation to ensure we build on existing body of knowledge rather than repeat it

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2. Localise and enrich
Enriched market understanding

External expert interviews

- 3 x 1 hour interviews per market with local market experts
- Experts were either direct importers of priority commodities or fresh produce retail experts
- The 39 interviews totalled nearly 70 hours of shared knowledge and insight across the 13 markets and 25 commodities

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3. Develop Growth Plan
Quantitative research methodology

Local Market Research

- 25-minute online survey conducted in each of the x13 markets
- Demographically national representative sample of N=4,000 per market
- Respondents are medium & high income consumers only
- Survey design included:
    - Category usage across fruit, veg and nuts
    - General attitudes, values and produce shopping behaviours
    - In-depth occasion understanding of their own recent consumption of up to two of the priority commodities consumed frequently
    - Surveyed perceptions of Australia, perceptions of premium and the right for Australia to command a premium

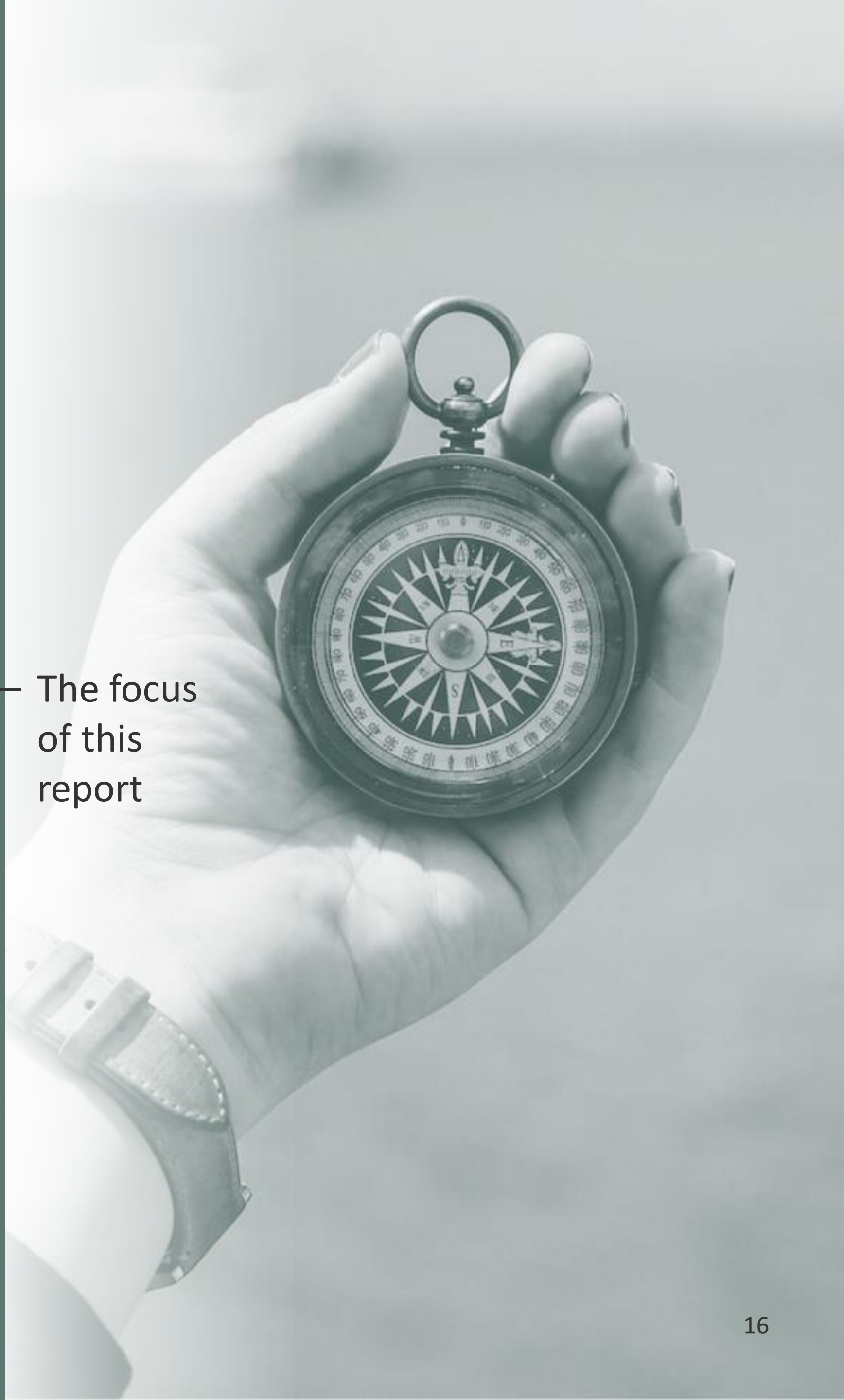
3. Develop Growth Plan
Outputs & reporting structure

Market reports

- The **x13 market reports** take the lens of the priority country. The purpose is to provide a holistic picture of consumers within that market, including their attitudes, shopping behaviours and horticulture consumption.
- The strategic lens will identify which priority commodities are most attractive and have the greatest appeal for consumers in that market.

Category reports

- The **x3 category reports** will include detailed profiling of each of the priority commodities. The purpose is to provide in depth analysis on how each fruit, vegetable or nut is consumed around the world.
- The strategic lens will provide a perspective on which markets represent the strongest consumer opportunity for export.



The focus of this report

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3. Develop Growth Plan

Market report contents

	CHAPTER	CONTENT
1	**Key insights**	Headline report findings
2	**Introduction**	Project context, research question, objectives and methodologies
3	**Market foundations**	Key fresh produce market dynamics, drivers of consumer behaviour and essential 'need to knows' straight from the in-country retail and import experts
4	**The Consumer**	Consumer values and attitudes to food and fresh produce, plus, shopping preferences and typical behaviours
5	**Commodity consumption**	Deep dive into data profiling the priority fruits, vegetables and nuts consumption moments to illuminate how the fresh produce is typically consumed in market
6	**Commodity prioritisation**	Leverage the strategic framework to prioritize commodities based on consumer behaviour and perception
7	**Strategic consumer recommendation**	Recommendations on how to go after growth opportunities, based on consumer needs, triggers & barriers
8	**Appendix**	Commodity groupings & market Demand Space framework

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2. Market foundations

Key fresh produce market dynamics, drivers of consumer behaviour and essential ‘need to knows’ straight from the in-country retail and import experts

Indonesia expert interviewees

Lexy Ardhyan

AVP National Sales Manager and Product Manager of Imported Fruits, Ninnja Xpress (2021 – present)

10 years industry experience

Lexy Ardhyan lead brand teams to achieve sales target and grow market share by via trade and consumer promotion. Responsible for optimizing sales, profit and cost effectiveness, and to deliver the brand communication, across 20 fruits categories or 50 SKUs. Previous 8-years experience as the Global Sourcing Manager at Great Giant Foods importing produce from a variety of markets, including Australia.

Vendi tri Suseno

Business Development Manager in PT Laris Manis Utama, a supermarket and hypermarket chain in Indonesia (2011 – present)

10+ years industry experience

In this role Vendi Tri Suseno is responsible for the distribution of imported fruit and vegetable from various countries into supermarkets all over Indonesia. Prior to this, he was the Fresh Division Manager in PT Matahari Putra Prima Tbk (2004 – 2011).

Indonesia expert interviews: Key observations

Quotas protect domestic production

The largest barrier to importing produce to Indonesia are the quotas set on fresh produce. The market is an agriculture producing nation and the government seeks to protect this production. Nevertheless, it remains possible to import fresh produce and it comes from China, as well as a variety of other nations.

Imported produce goes to modern trade

Consumers will buy their fresh produce in a market or a wet market. However, there is a moderately sized modern trade channel where people buy fresh produce. These supermarkets and hypermarkets are where consumers can find imported produce.

Fresh produce consumption on the rise

Covid-19 led to an increased awareness of health world-over and this boosted fresh consumption. This is true in Indonesia, where younger consumers are also seeking healthier lifestyles, turning even more so to fresh produce to fulfil this need.

Premium, quality and exotic fruits

Although imported fruits and vegetables are only a relatively small proportion of the total market, consumers will pay for quality exotic fruits. They seek freshness and sweetness, but also uniqueness in varieties they have not seen before.

Australian proximity makes it attractive

The proximity of Australia to Indonesia means that it appeals to people who understand that produce will be quality and fresh. There's also an understanding that compared to China, Australia has a much stronger reputation for taste, quality and food safety.

Indonesia has quota restrictions to protect domestic production, but there's still a market for imported produce

"We have 270 million people, right? …90% of them are only eating domestic fruit or local food, which is like watermelon, bananas and chili, and spinach, all of that is local Indonesian fruit because it's cheaper, for example.

- Lexy Ardhyan

"Indonesia built a wall [metaphorically speaking]. It's one of the highest walls in terms of protecting their product because we are an agriculture country and we have to protect that. That's what our government says.

- Lexy Ardhyan

"Basically, of imported fruits coming to Indonesia, I think around 60% is coming from China only. After China, we have Australian, American, New Zealand, and South African [produce]

- Lexy Ardhyan

"For commodities like apples, citrus and grapes you may have the barrier of the quota that can enter Indonesia. But for pears, there is no quota, so we can easily import from other countries.

- Vendi Tri Suseno

"It's an oligarchy market. In Indonesia, there are only less than 10 big importers of fruits. But, our market is big and growing.

- Lexy Ardhyan

"Our government still has quotas from many countries. For example, for Australia, there's only a couple of hundred of containers yearly, and from China, maybe 1,000 containers.

- Vendi Tri Suseno

High volume of produce is purchased at markets; however, much imported produce can be found in modern trade

"In terms of fresh produce, modern trade makes up maybe one fifth of the [market] share here. But that is where all the imported fruits are.

- Lexy Ardhyan

"In Indonesia, maybe 20% [of fresh produce] is in a food store, like supermarket. And then 75% goes to open market, wet markets, and then, a smaller share goes to online.

- Vendi Tri Suseno

"Indonesia is different than Singapore, Hong Kong and Japan. People still want to pick the fruit they want Indonesia is not keen on prepacks. It's even like that in the good or high-value supermarkets.

- Lexy Ardhyan

"Because of COVID, people doesn't want to go outside. The rising channel for fresh produce is e-commerce. Importers are opening official stores in the e-commerce marketplace. That is an untapped market for any exporter from Australia.

- Lexy Ardhyan

Fresh produce consumption is on the rise, driven partly by Covid-19 and also Gen Z and their awareness of the health benefits

"COVID has been a big driver. My company's volumes were going up because there's growing interest or awareness of eating responsibly.

- Lexy Ardhyan

"Because there is a lot of millennials or Gen Z in our country, these people have salad and fruits as a lunch or breakfast. That's a big driver. There's a drive for a healthy lifestyle.

- Lexy Ardhyan

"The staples in our nation is pears and then grapes, citrus, and apples. Some fruit is seasonal, like cherries at Chinese New Year and dates for Ramadan.

- Vendi Tri Suseno

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There is space for specialty and premium as some consumers like premium, quality and exotic fruits

"Yes. There is space for specialty and premium, especially for exotic products like cherry, summer fruits, and grapes. The more expensive the product is, the more people get higher social status in the community.

- Vendi Tri Suseno

"For regular commodities, stability, consistency and quality are important. If you can get a unique product that has never been seen or sold Indonesia, you will get customers. Maybe something unique like different shaped plums or sweet strawberries.

- Vendi Tri Suseno

"It's a luxury for the rich people to eat expensive fruits that are tasty good for health. It's crazy that some Indonesians will buy Musang King durian for AUD 500 for less than 1 kilogram. But, if you pack it in a good way, I think your product will be bought by a right customer.

- Lexy Ardhyan

Consumers perceive Australian produce to be fresh (due to proximity) and safe, especially compared to China

"The standardized quality of the produce coming from Australia is higher than China. The way that you guys do farming is perceived to be much safer.

For example, Because, for example, there's a bad image of kiwi coming from China. They inject it with sugar to make it more sweet...

- Lexy Ardhyan

"Most of the fruit coming from other countries is better quality than China.

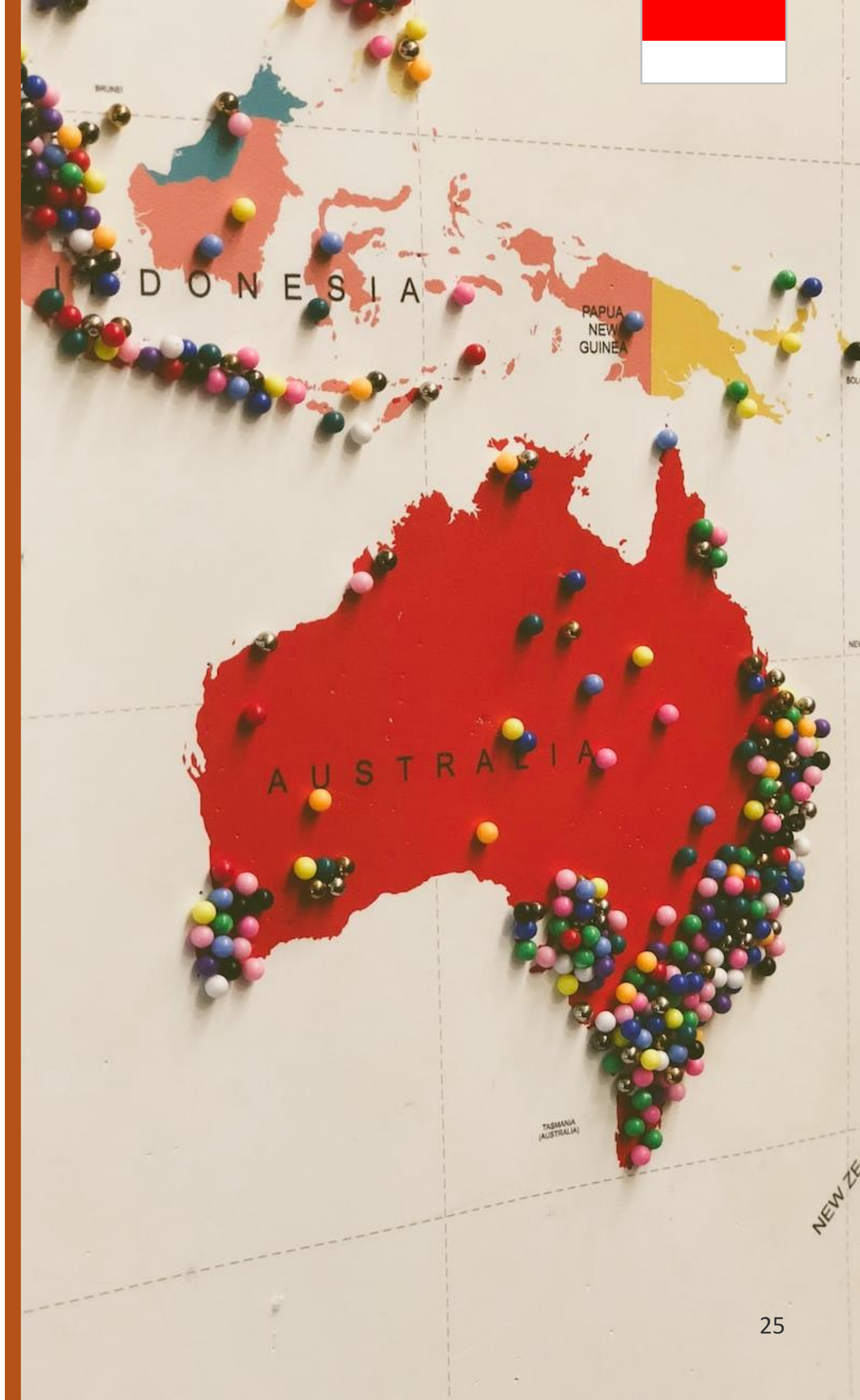
- Lexy Ardhyan

"Consumers are now very, very familiar with produce from Australia, like citrus, grapes, and cherries.

- Vendi Tri Suseno

"They think Australian produce is more fresh because it's near to Indonesia. Not like the USA or China.

- Vendi Tri Suseno



3. The Consumer

Consumer values and attitudes to food and fresh produce, plus, shopping preferences and typical behaviours

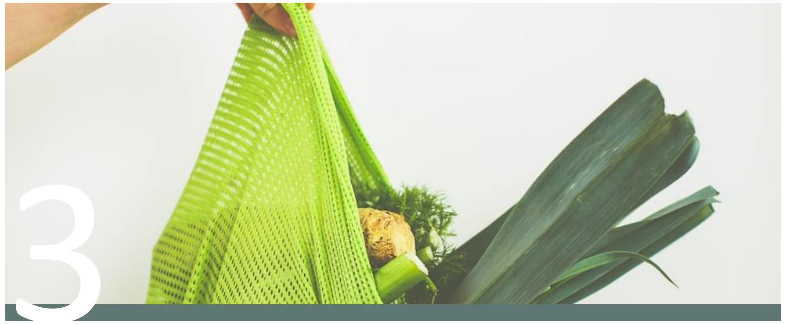
We will unpack 3 key themes to unpack consumers in Indonesia

Demographics

- Population, life expectancy
- GDP per capita and key wealth metrics
- Age breakdown
- Religious identity and background

Attitudes & values

- Attitudes & values relating to: food & cooking…
- Safety & sustainability
- Premium & value
- Local vs. imported
- Health & wellbeing



Shopping behaviour

- Grocery and fresh produce shopping behaviour
- Shopping preferences, including triggers and barriers
- Imported vs. local shopping behaviour

The population size & consumer wealth in Indonesia

POPULATION

274million

Indonesian population[1]
vs. 25.7m Australians

50% 50%

female/male population split
vs. 50/50 globally

69y/o

Life Expectancy[1]
vs. 72 y/o globally

0.7%

Indonesian population per annum growth (2021)[1] vs. 0.8% globally

WEALTH

1.19t

Indonesian GDP[1]
vs. $1.6t in Australia

4,333

Indonesian GDP/Capita[1]
vs. $60k in Australia

[1]Source: the World Bank
[2]ONS [UK Office for National Statistics], 2021

Unpacking the Indonesia survey sample

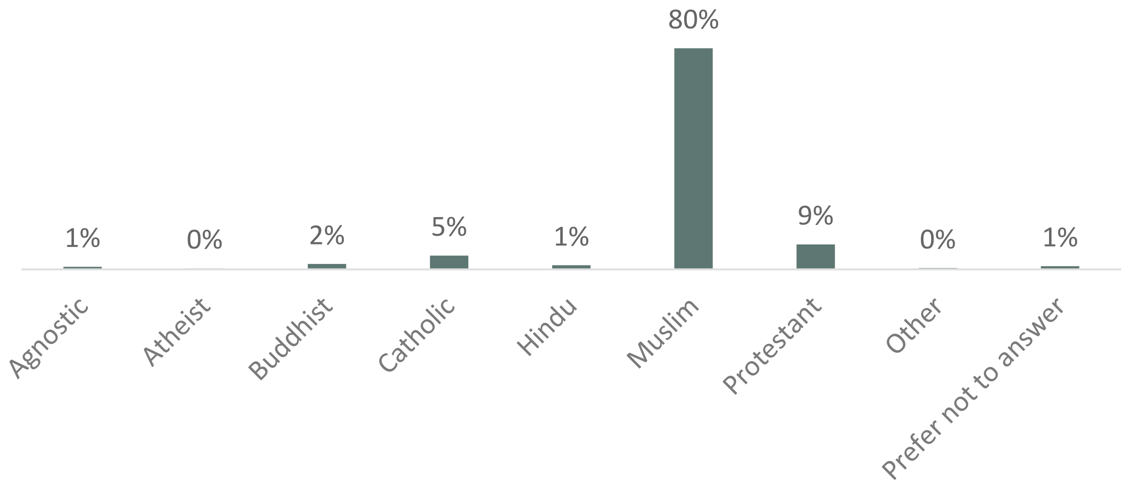
BACKGROUND

Nationality/background

95%

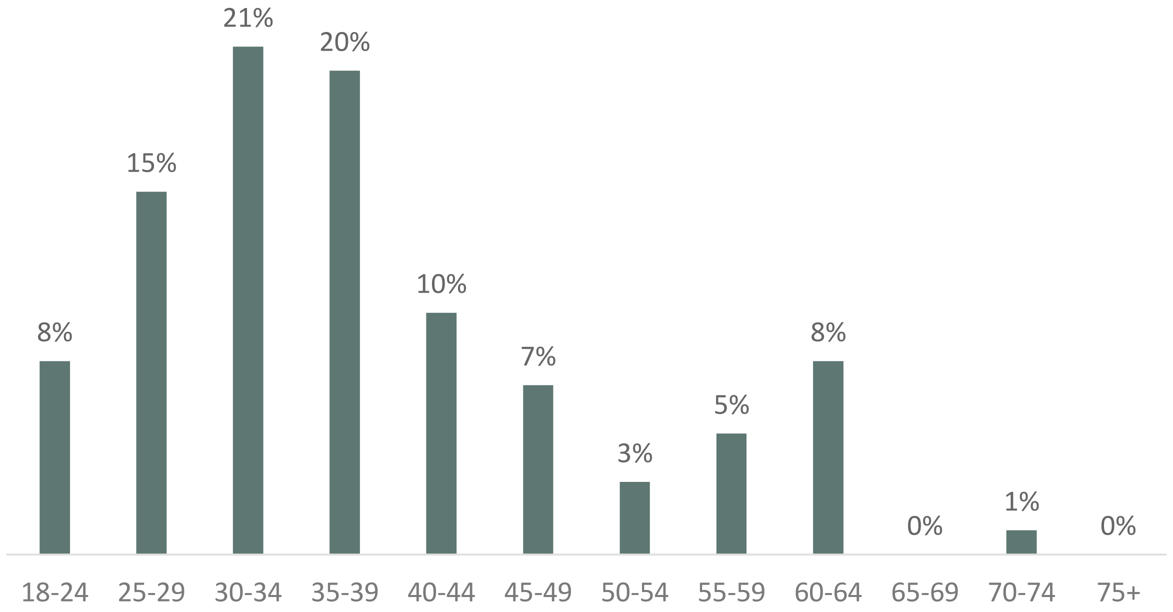
'Native Indonesian' population[1]

How would you describe your religious identity?



AGE

How old are you?



[1] Cabinet Secretariat of the Republic of Indonesia, 2018
Kantar HIA International Demand Study 2022; n=4018
*NB Low income consumers screened out of survey & background/nationality not asked

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Key attitudes & values of Indonesia consumers

Indonesia consumers love food & cooking

88%

Enjoy cooking

78%

Consider food and dining a passion

They will pay more for trusted, premium products

68%

It is important to buy trusted brands, even if more expensive

60%

Often pay extra for premium quality food

The environment and food safety are concerns

86%

Tend to buy products that are better for the environment

85%

Worry about poor quality, toxic or contaminated food

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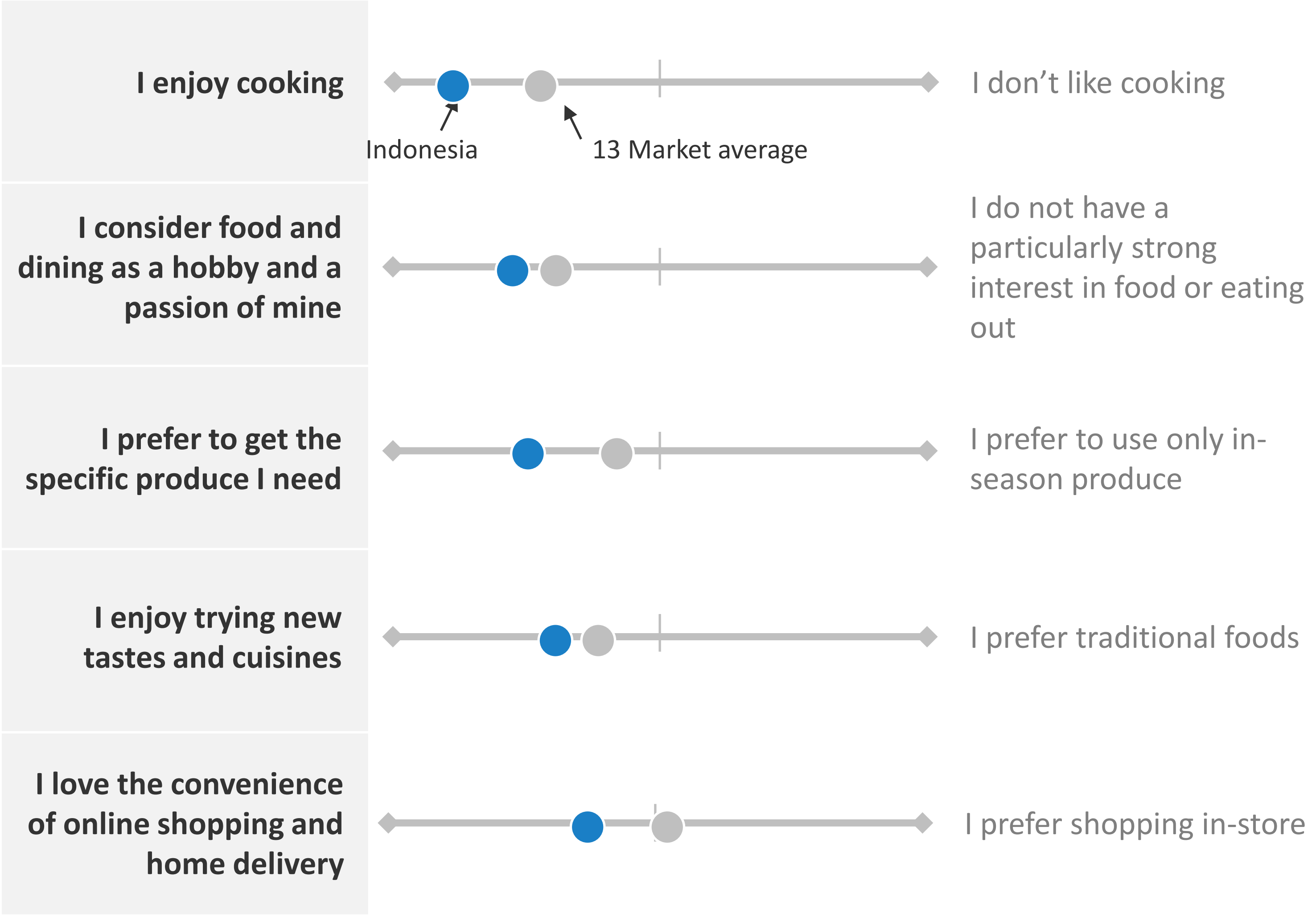
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4098

“I love cooking and find great pleasure in all types of food and cuisines.

I love the convenience of online shopping and home delivery. I don’t tend to be guided by seasons and will by the products I want anytime of year”

Attitudes & values related to

Food & Cooking



Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4098

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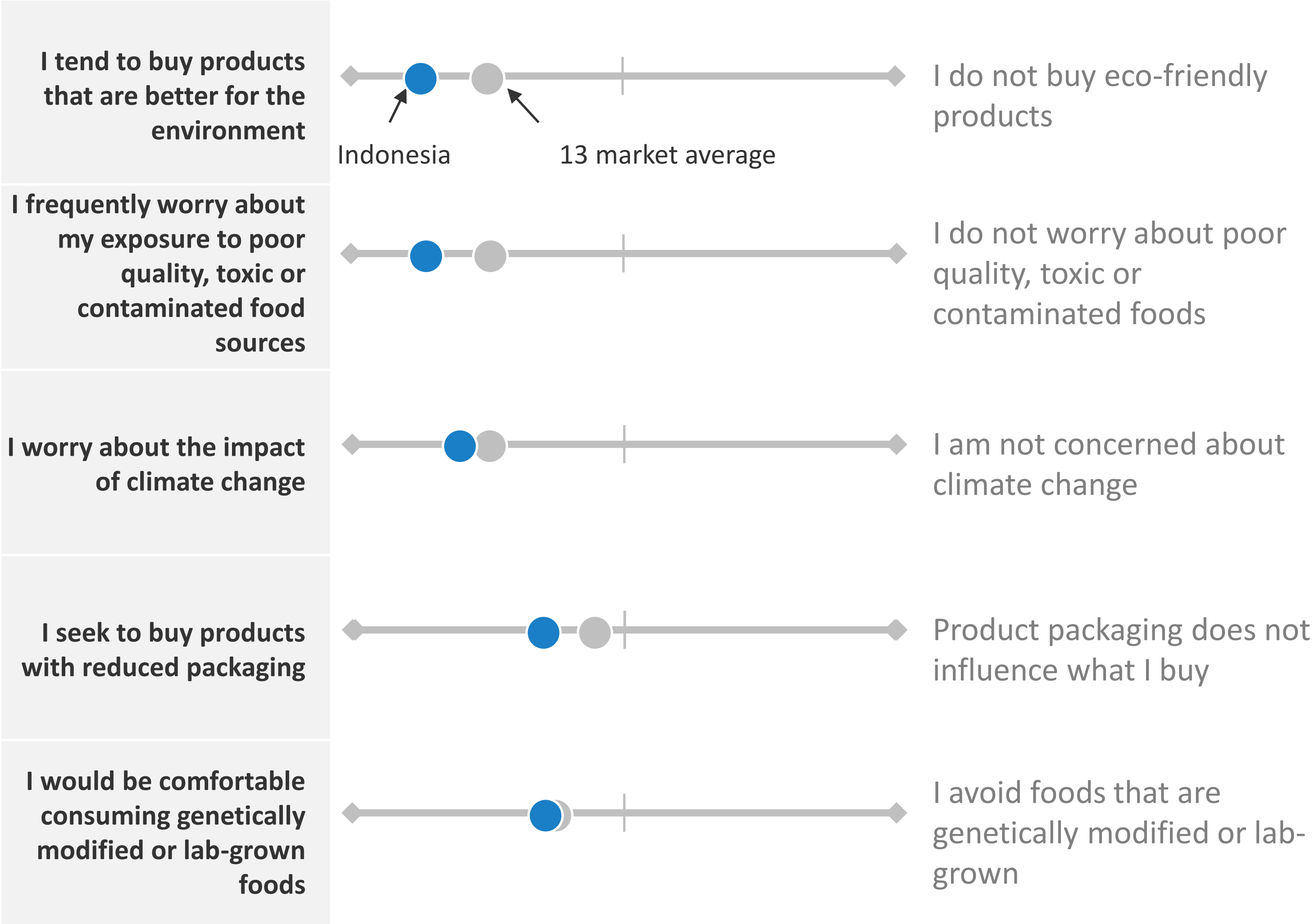
> “I do worry about food safety, it is a frequent concern.
>
> I also worry about the impact of climate change and seek to reduce my impact by buying products that are better for the environment”

Attitudes & values related to

Safety & Sustainability



Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4098

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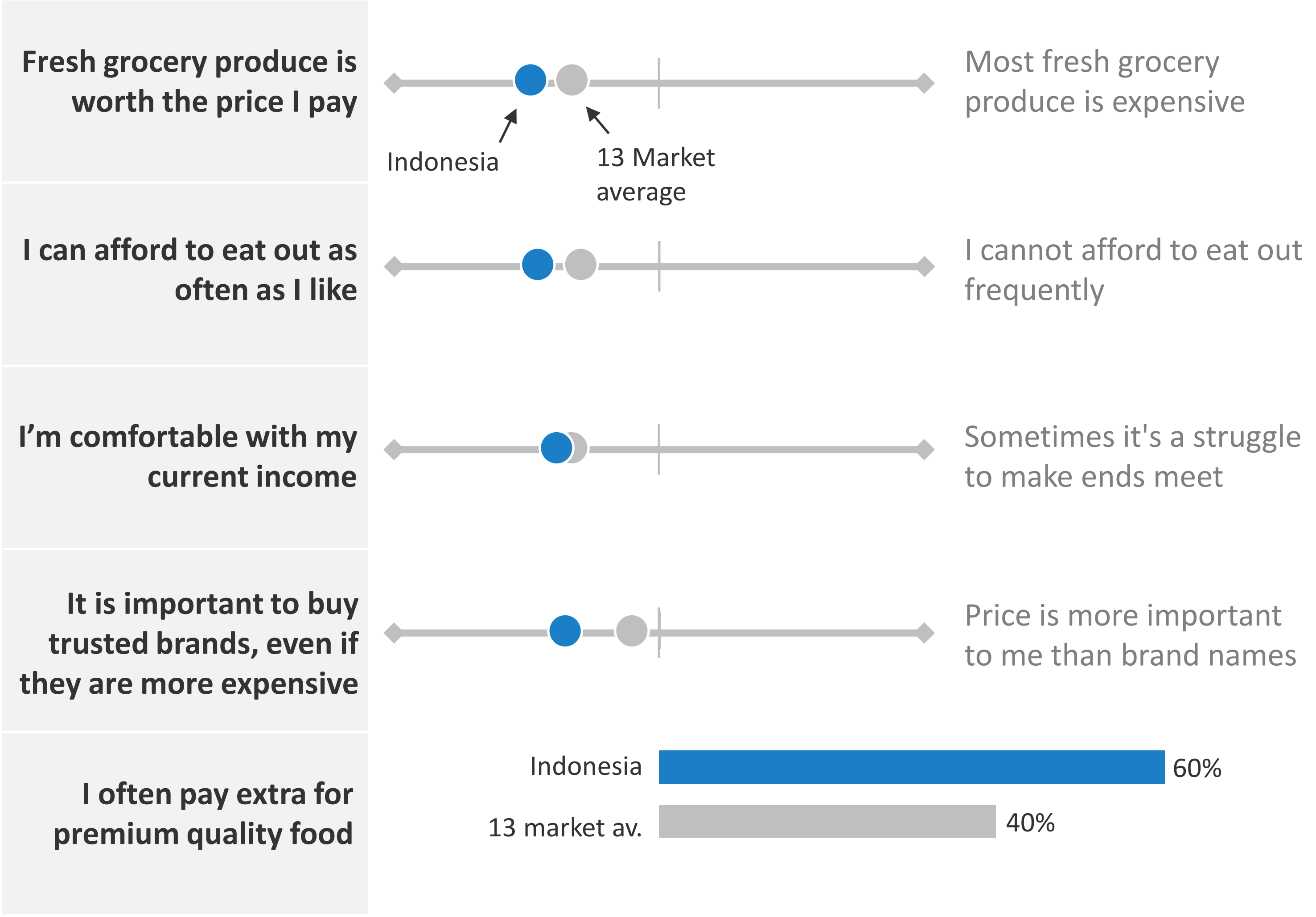
"Overall, I can usually get good quality fresh produce at a fair price, however I pay extra for premium quality and trusted brands.

I am comfortable with my income and can afford to eat out as often as I like"

Attitudes & values related to

Premium vs. Value



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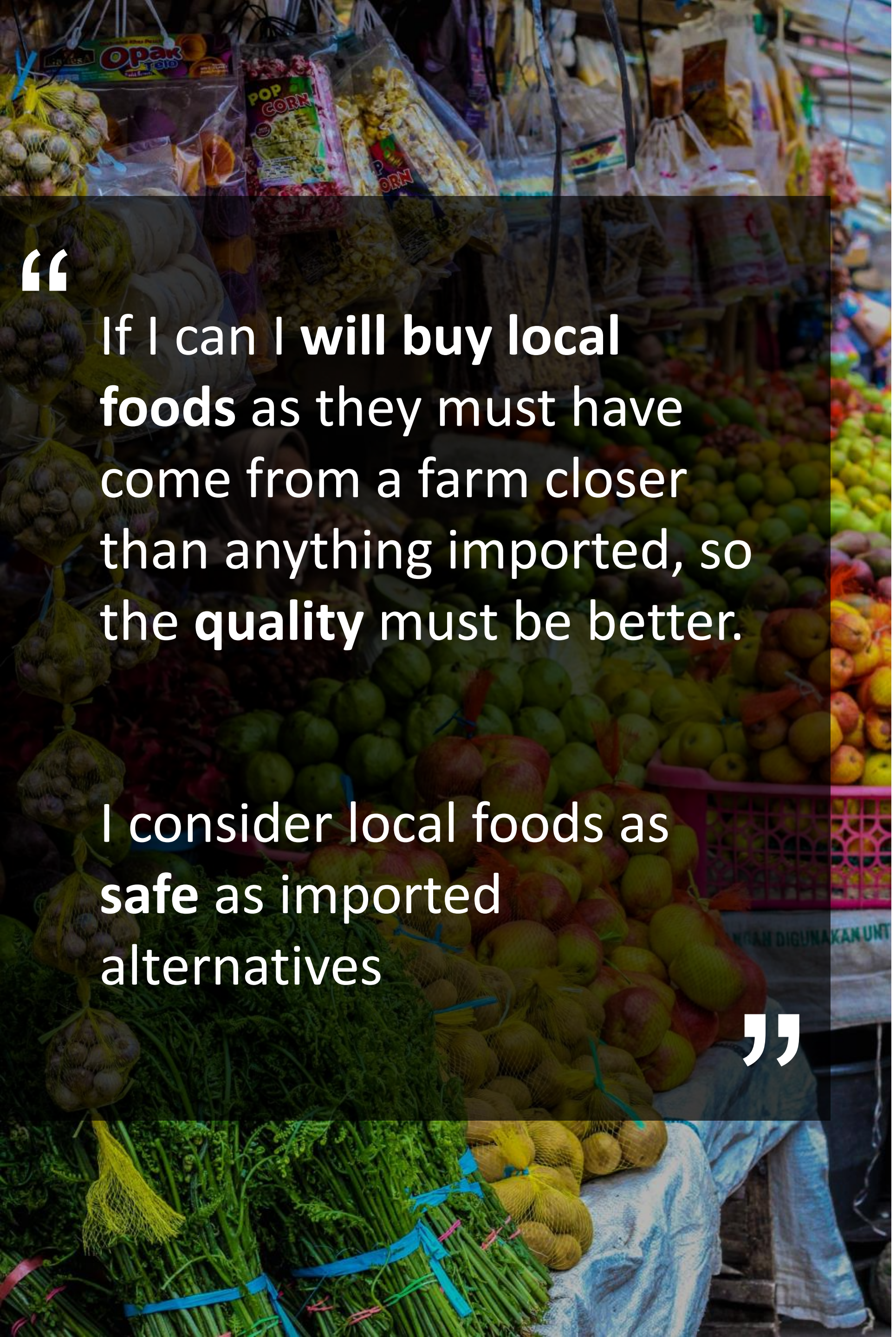
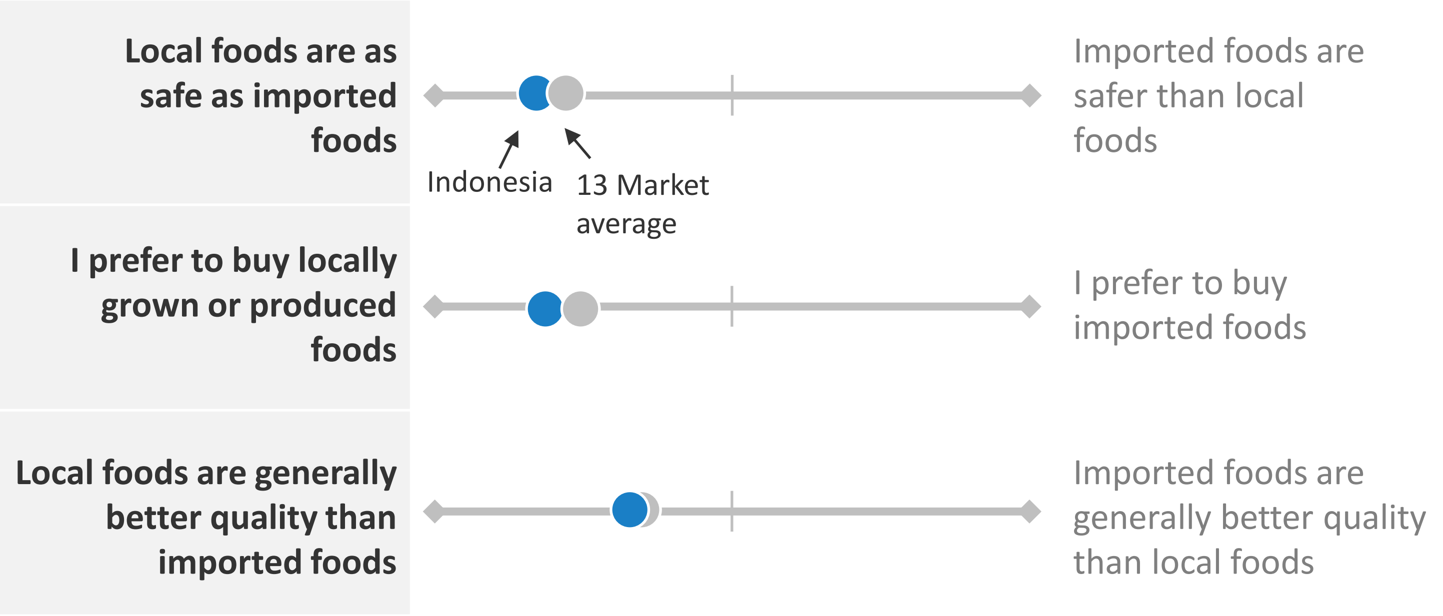


"If I can I **will buy local foods** as they must have come from a farm closer than anything imported, so the **quality** must be better.

I consider local foods as **safe** as imported alternatives"

Attitudes & values related to

Local vs. Imported



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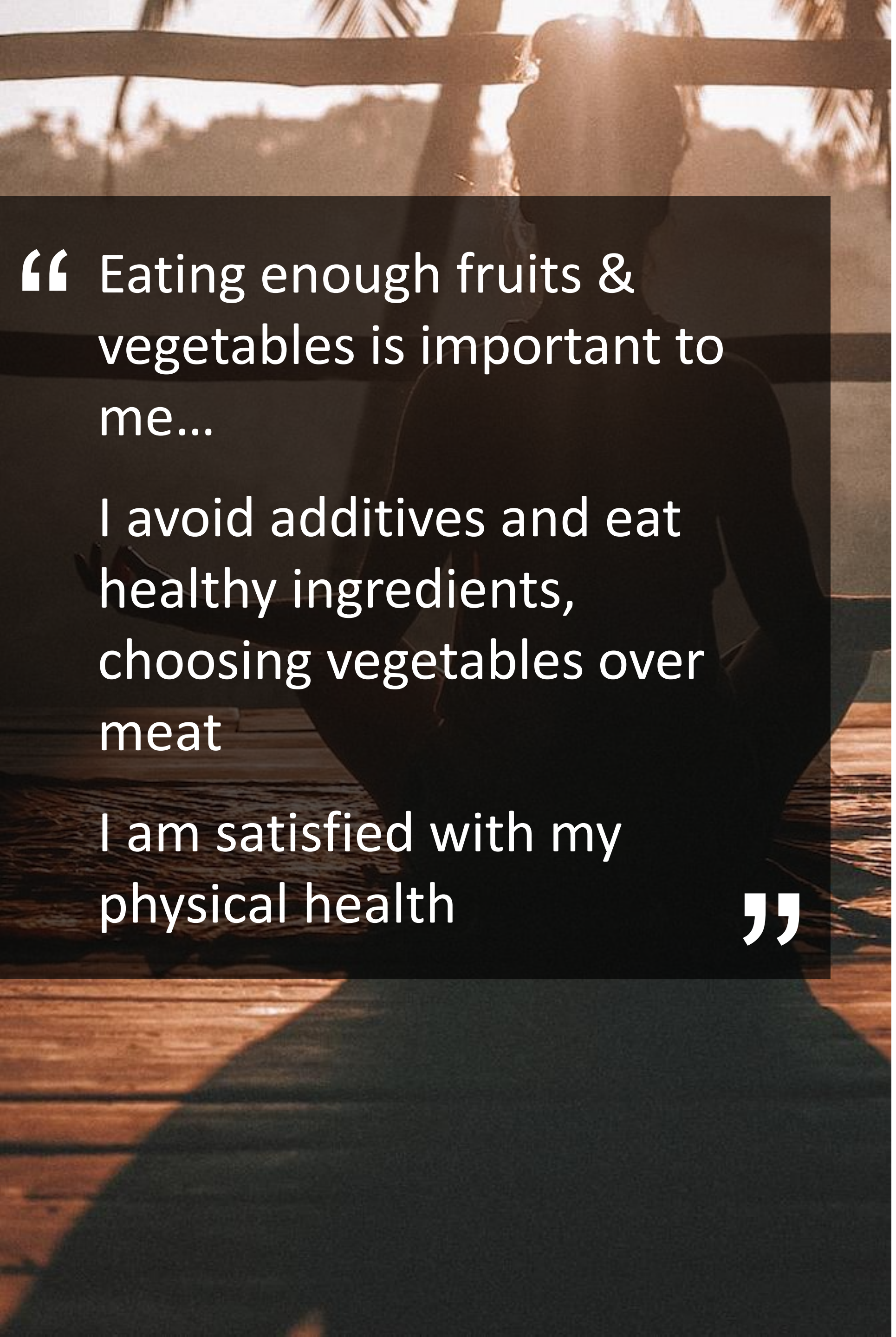


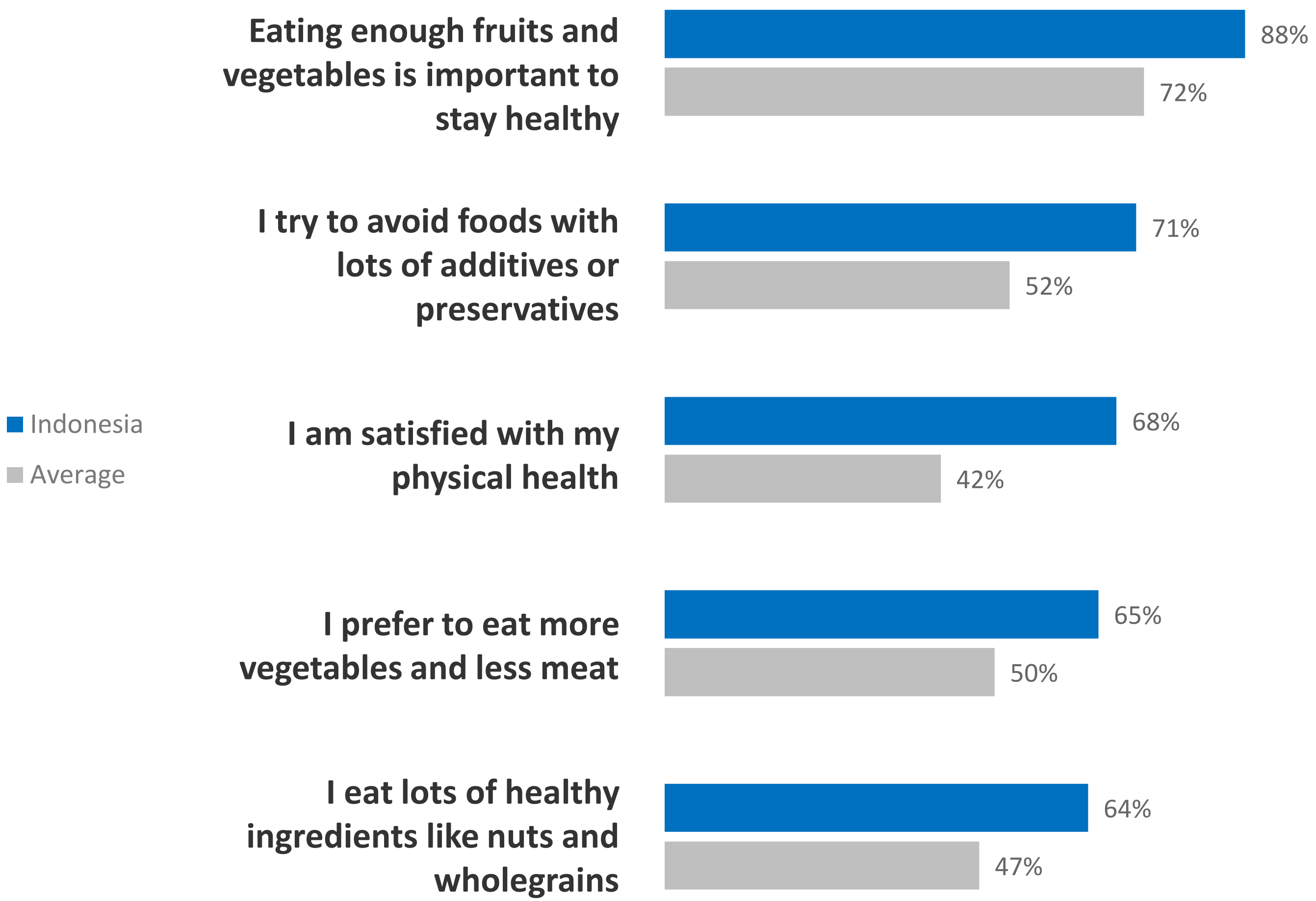
“ Eating enough fruits & vegetables is important to me…

I avoid additives and eat healthy ingredients, choosing vegetables over meat

I am satisfied with my physical health ”

Attitudes & values related to

Health & Wellbeing



Question: To what extent do you agree with the following statements?
Source: Kantar HIA International Demand Study 2022
n=4098

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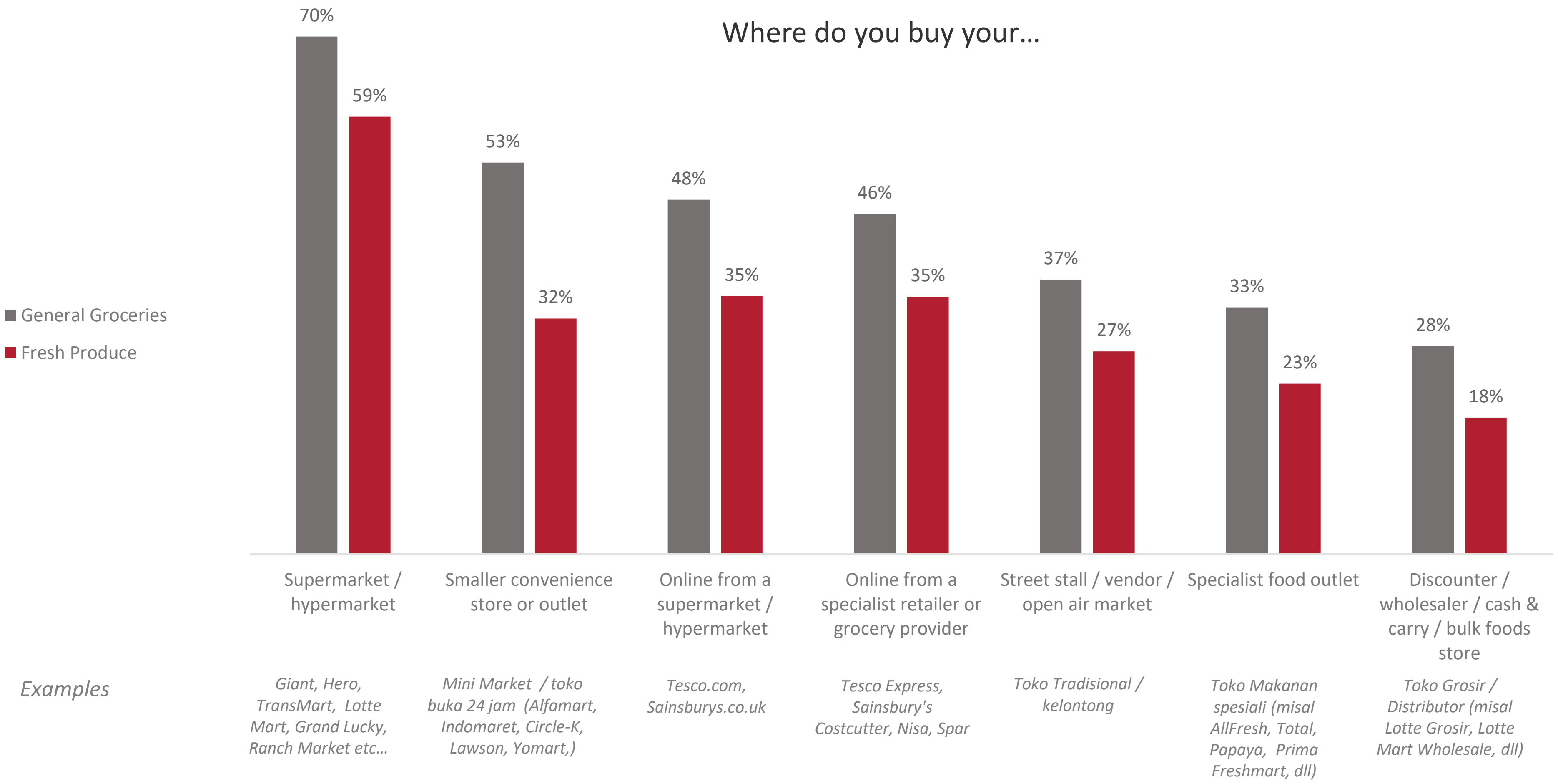
Now we know a little about what motivates Indonesian consumers we will dive into how they shop

Source: <sources here … by a semi-colon, all on one line>

Supermarkets and smaller convenience outlets are the predominant channels for purchasing both general groceries and fresh produce



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Source: Kantar HIA International Demand Study 2022
N=4063

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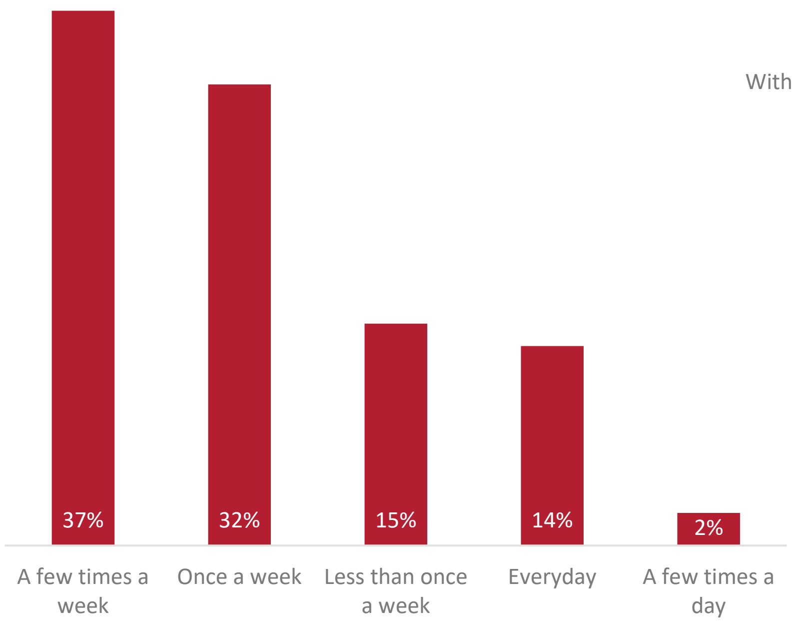
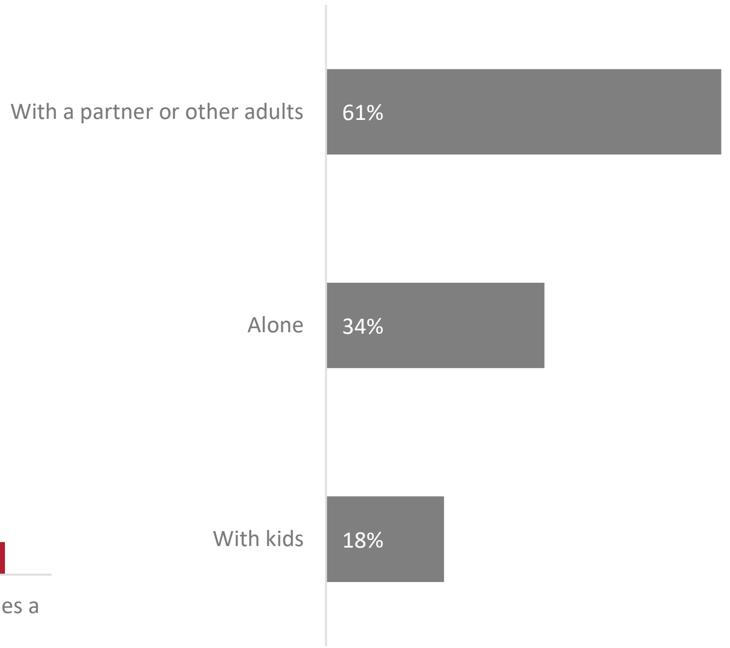
Mostly people shop a few times a week or once a week. Adults typically shop with a partner and where there are kids in the HH about 40% of fresh produce is for them

How often do you shop for fresh produce?



With whom?



How much are the kids having?

42%

Estimated share of fresh produce bought by the household that is eaten by people under the age of 18

1 Amongst households that have kids under 18, N=3652
Source: Kantar HIA International Demand Study 2022; N=4063

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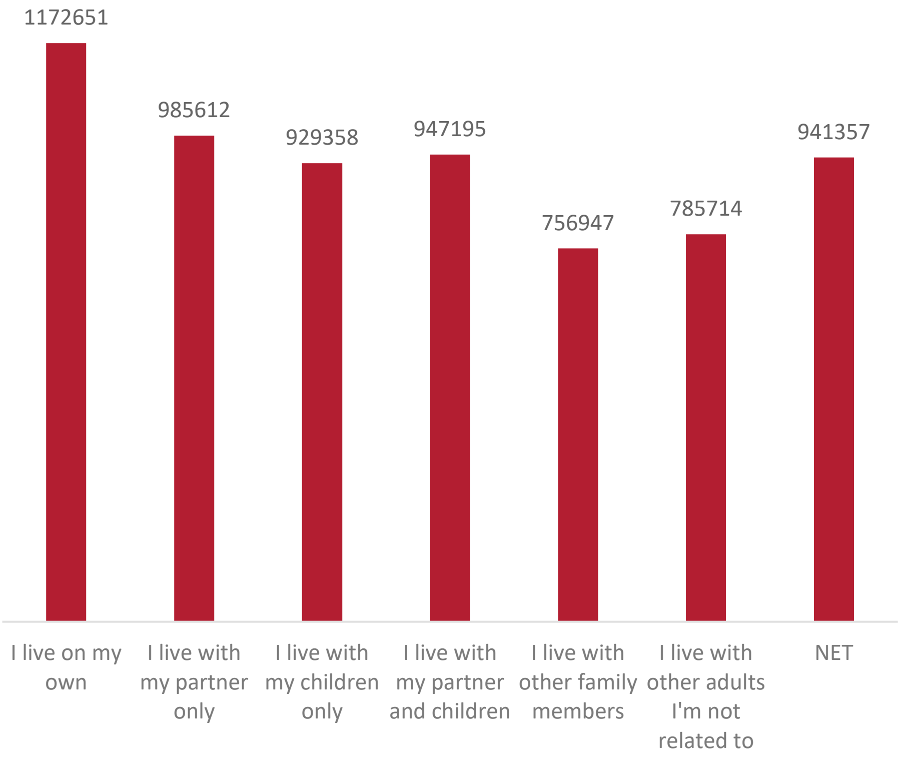
Most households are spending less than 100,000 IDR (approx. $10 AUD) on groceries a week, of which nearly half is on fresh produce

In a typical week, how much do you spend on groceries (by household structure)? *Indonesian Rupiah*



How much do you spend on fresh produce?

44%

Estimated share of grocery cost spent on fresh produce specifically in a typical week

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Source: Kantar HIA International Demand Study 2022
N=4063

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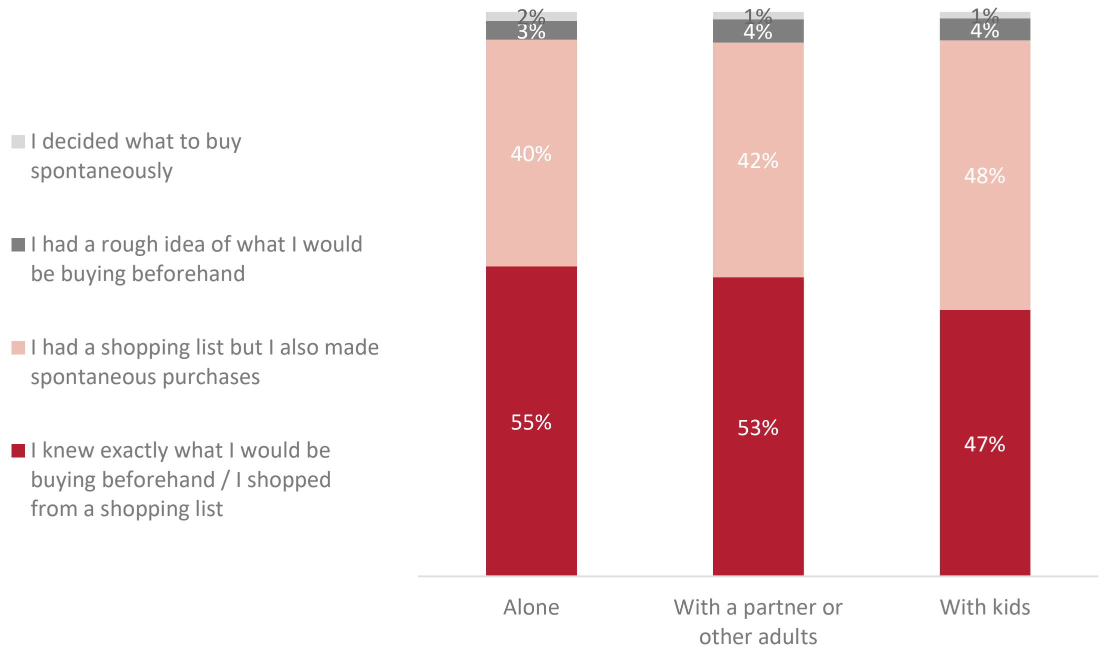
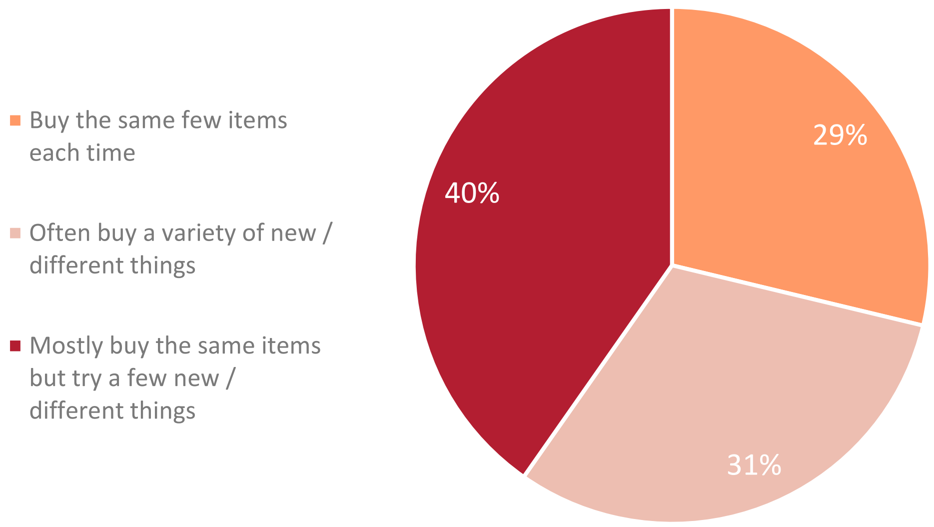
Consumers typically know exactly what they're buying or shop from a list, regardless of who they are with. **When it comes to fresh produce, people tend to stick with what they know**

Which would you say describes your shop when shopping…



When shopping for fresh produce do you…



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Source: Kantar HIA International Demand Study 2022
N=4063

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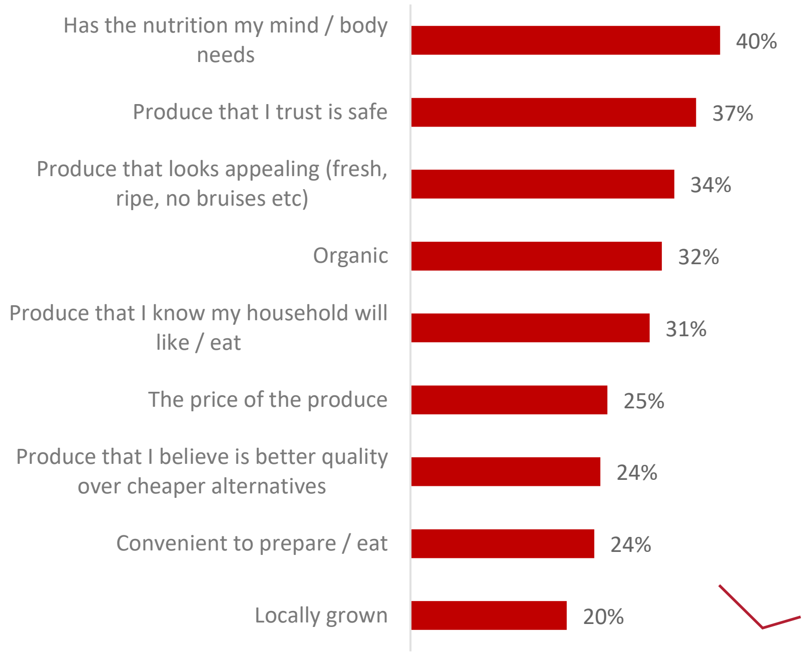
Nutrition is the strongest driver of fresh produce purchase, price is less important vs. other factors like safety, ripeness and HH preferences

When shopping for fresh produce what determines your choice?



Gifting is a small driver of choice in Indonesia. Only 5% of people buy fresh produce ‘for a gift’.

What would encourage you to purchase fresh produce you wouldn’t normally buy?

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Source: Kantar HIA International Demand Study 2022
N=4063

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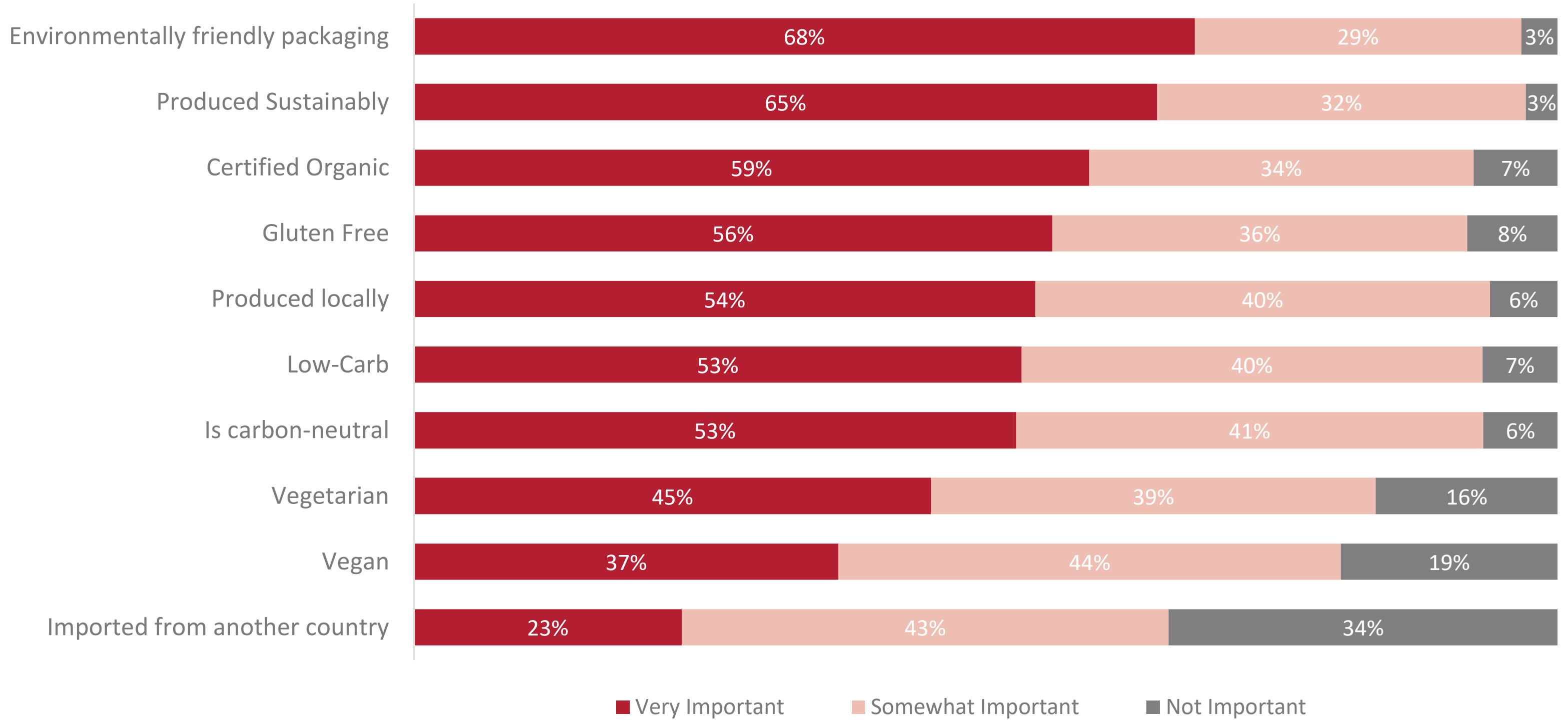
‘Eco’ factors are important for people when purchasing groceries. Environmentally friendly packaging, sustainable and organic are top ranking factors

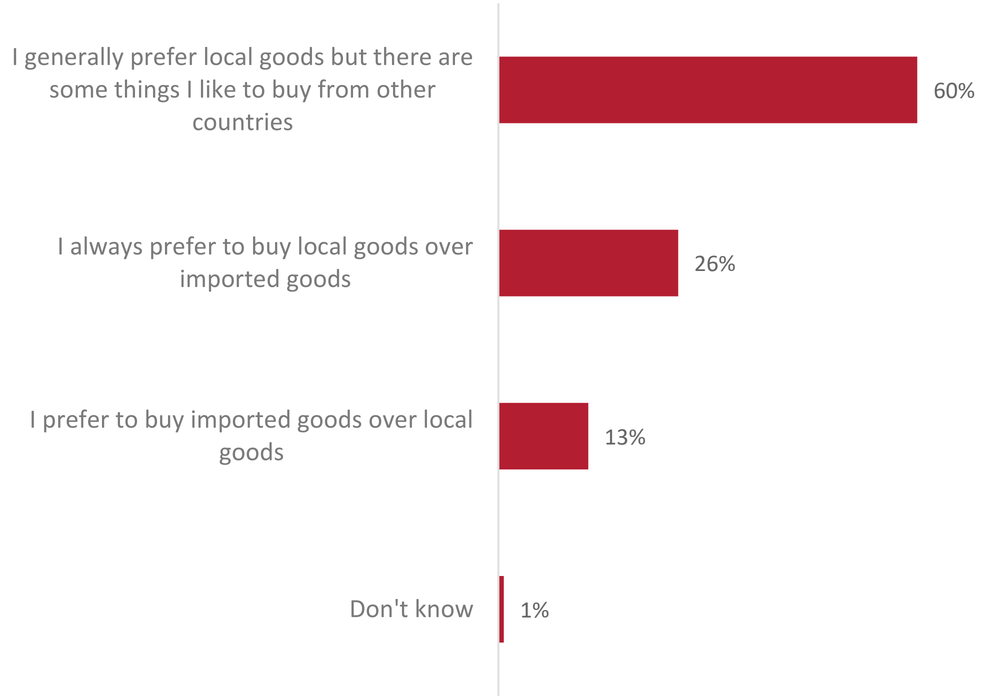
How important are the following when purchasing groceries?



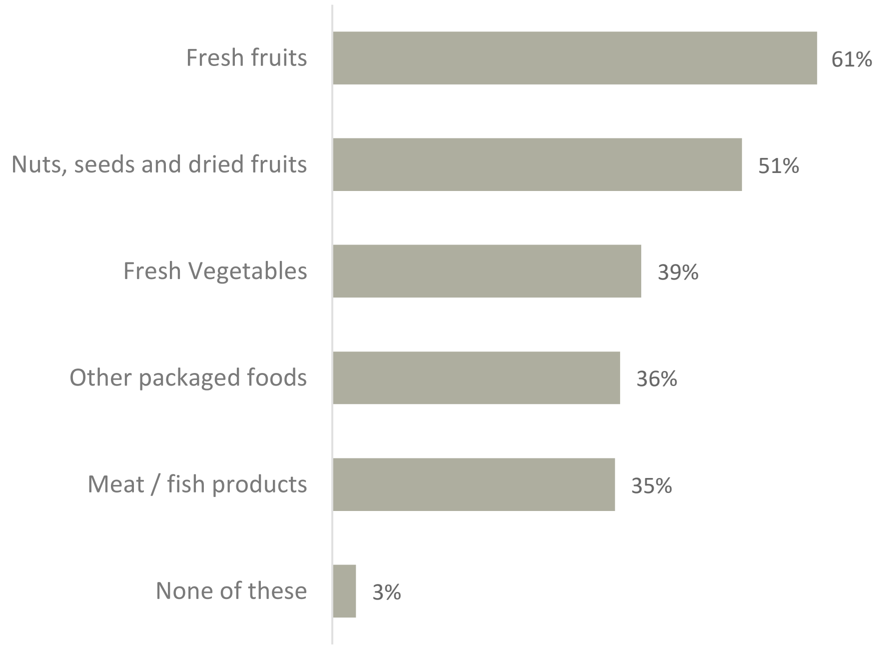
Source: Kantar HIA International Demand Study 2022
N=4063

Nearly two thirds of Indonesians claim to have a preference for local goods, but only a quarter always prefer to buy local. Fresh fruits are the most popular choice of imported produce

Preferences for Import vs Local



What food products are you most likely to choose an imported option?



Source: Kantar HIA International Demand Study 2022
N=4063

Key consumer take-aways

1

Indonesia consumers love to cook, and food is a passion despite a high proportion worrying about poor quality or contaminated food

Some people also claim to favor premium, whether that's in quality, trusted brands or for 'eco'

2

Supermarkets and smaller convenient stores dominate grocery purchases

Open air stalls are also popular alongside online purchases (via a supermarket or specialist retailer)

3

People buy fresh produce predominantly because it contains the nutrition their body needs, but trust and safety is the #2 ranked driver

Produce ripeness and aesthetical appeal are also important, alongside organic

4

Nearly two thirds of consumers 'generally' prefer local goods and only buy a few things that are imported

However, only a quarter of people always prefer buying local

5

Fresh fruits are the most commodity that people would prefer to buy an imported option

This is closely followed by nuts, seeds & dried fruits, then vegetables. Imported meat and fish are less popular vs. the fresh produce

4. Commodity Consumption

Deep dive into data profiling the priority fruits, vegetables and nuts consumption moments to illuminate how the fresh produce is typically consumed in market

Key Findings Commodity Consumption

	FRUITS	NUTS & SEEDS	VEGETABLES
How often	95% penetration	92% penetration	98% penetration
When	As a snack or at lunch or for dessert	Most often as a snack (43%)	At lunch or breakfast
How	Fresh on its own	As part of a snack	As an ingredient in cooking, cooked on its own
Where	At home	At home	At home
Who with	With my spouse/partner, children, parents or family group	With my spouse/partner, children, parents or family group	With my spouse/partner, children, parents or family group

Source: Kantar HIA International Demand Study 2022
Penetration = Includes everyone who consumed commodity (ie excluding 'never')

The 13 fruits of interest


Apple & Pear


Blueberries


Cherry


Citrus


Lychees


Mango


Melons


Raspberries
& Blackberries

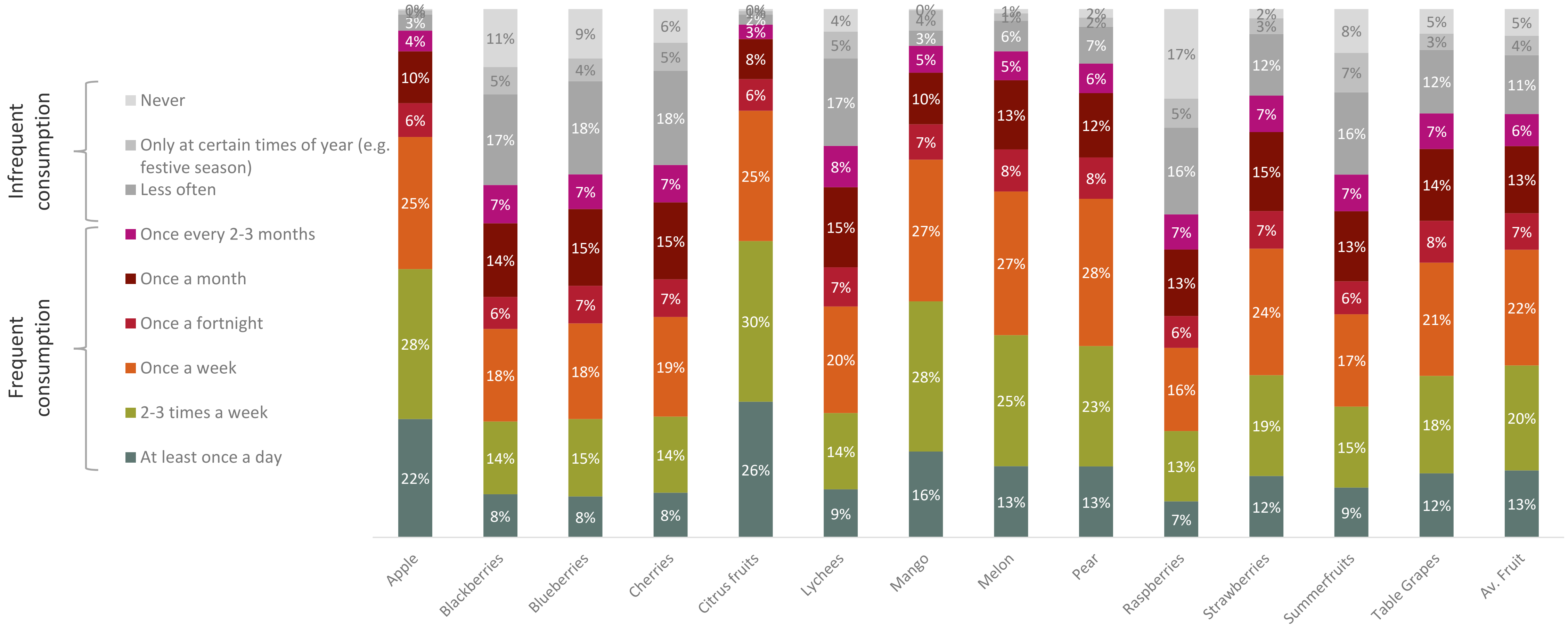

Strawberries


Summer fruit


Table Grapes

Most fruit commodities are commonly eaten in Indonesia with berries, lychees, summerfruits and table groups consumed less frequently

How often do you consume each commodity?

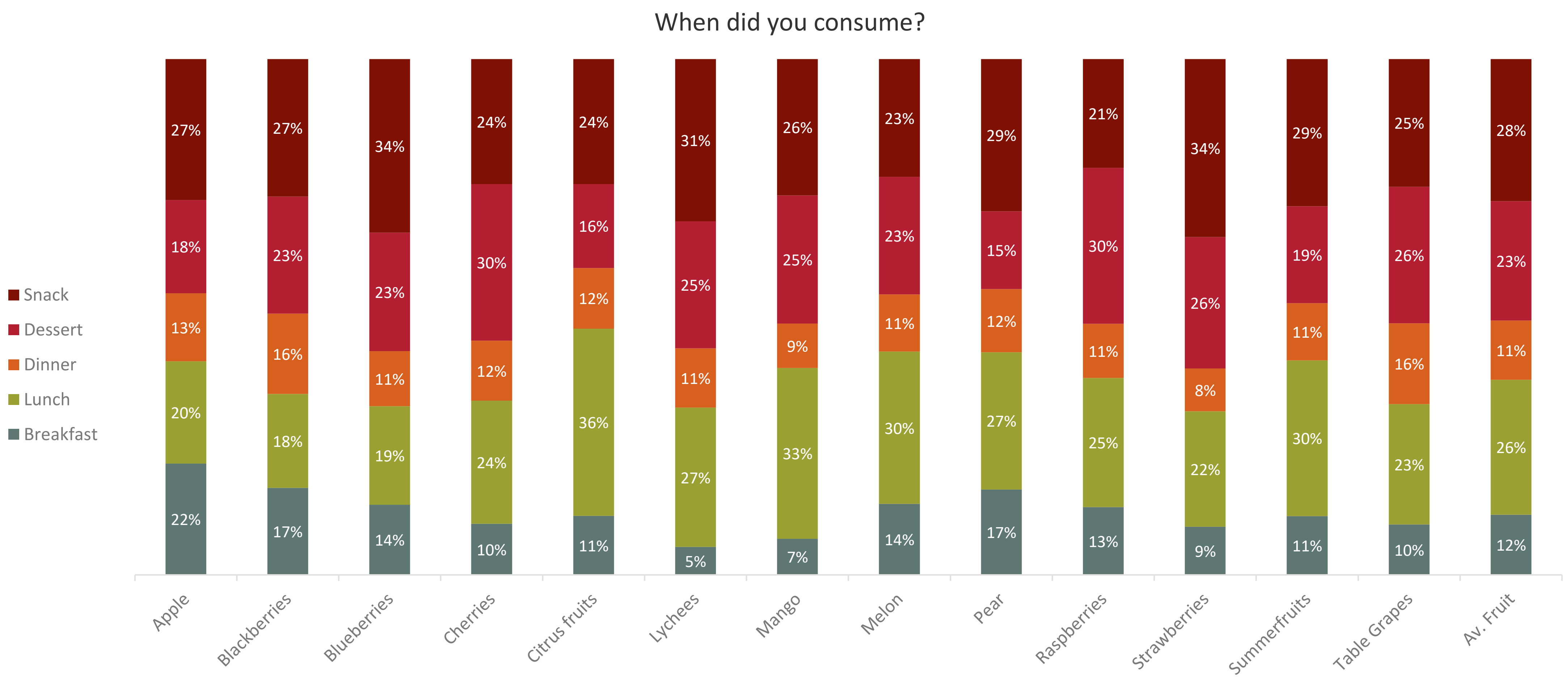


KANTAR

Source: Kantar HIA International Demand Study 2022
N=4104

Hort Innovation

Fruit consumption is relatively consistent with lunch and dessert the most common times



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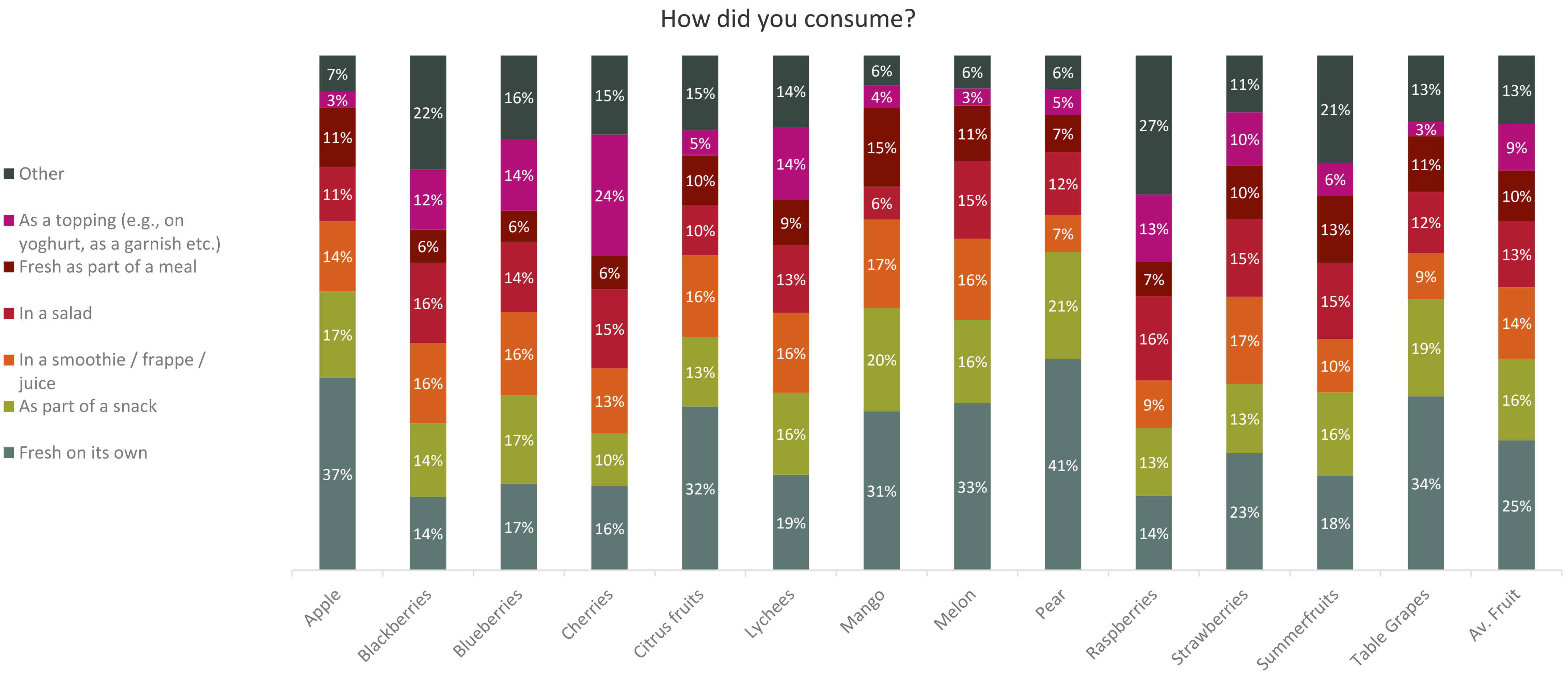
Source: Kantar HIA International Demand Study 2022
N=3346

Hort Innovation

Fruits are generally consumed fresh on their own, this is especially true of apples & pears



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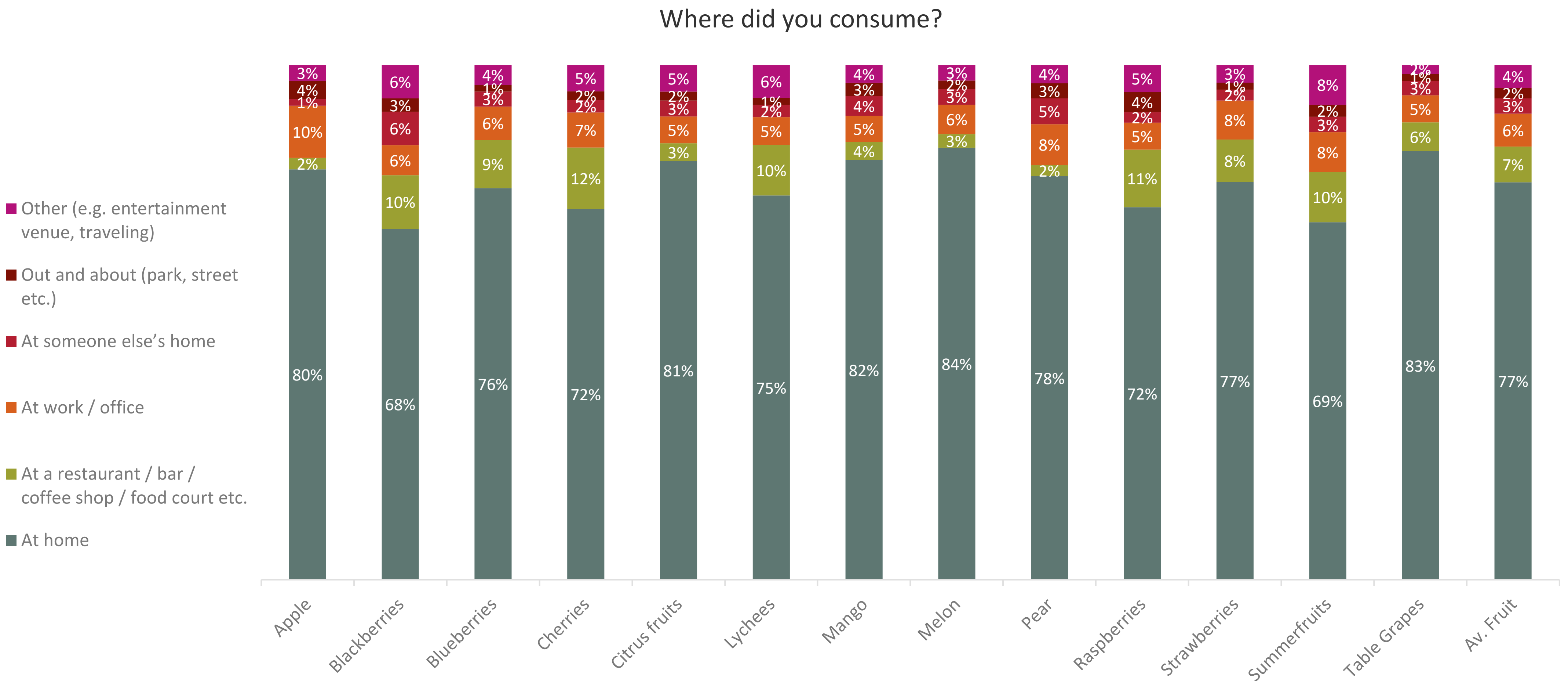
Source: Kantar HIA International Demand Study 2022
N=3346

Hort Innovation

Fruit in Indonesia is mostly consumed in the home. The second ranking location is restaurant / bar / coffee shop / food court and work / office



Source: Kantar HIA International Demand Study 2022
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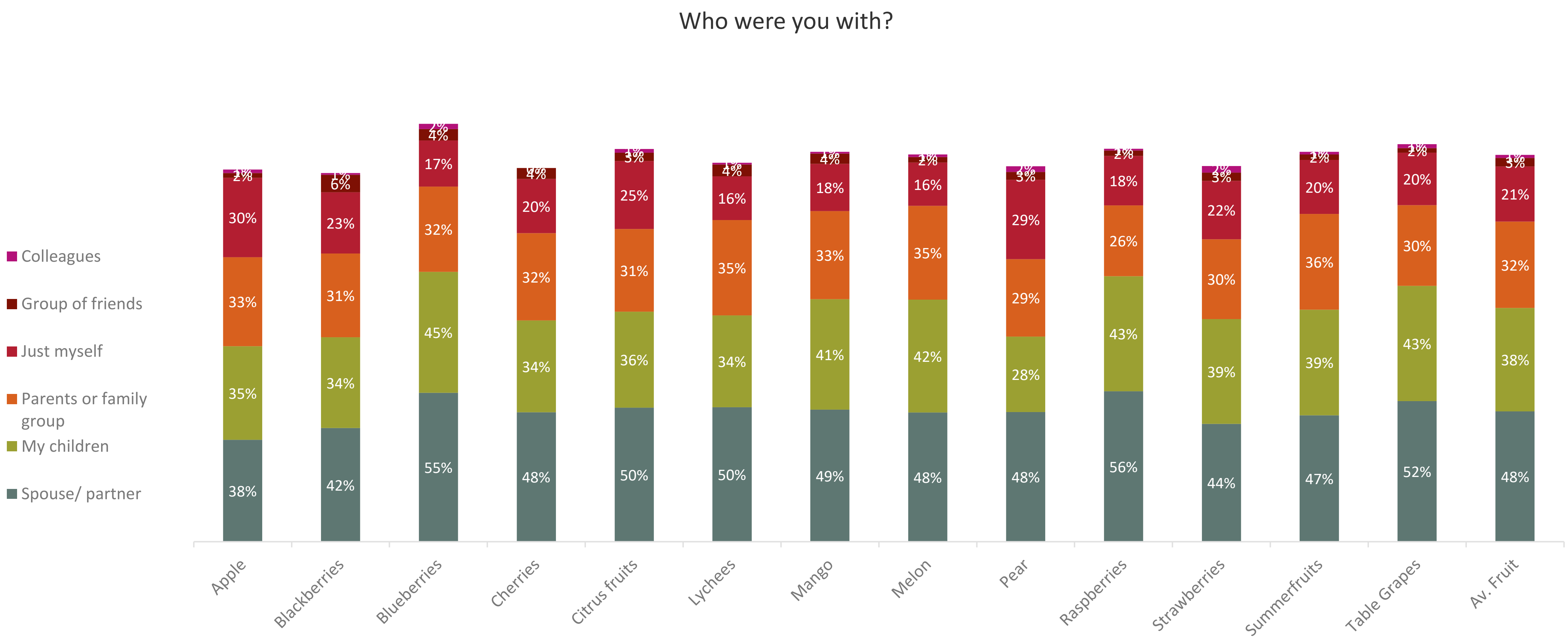
Hort Innovation

Fruit is generally consumed with family either spouse / partner, my children or parents or family group



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Source: Kantar HIA International Demand Study 2022
N=3346

Hort Innovation

The 3 nuts & dried fruits of interest

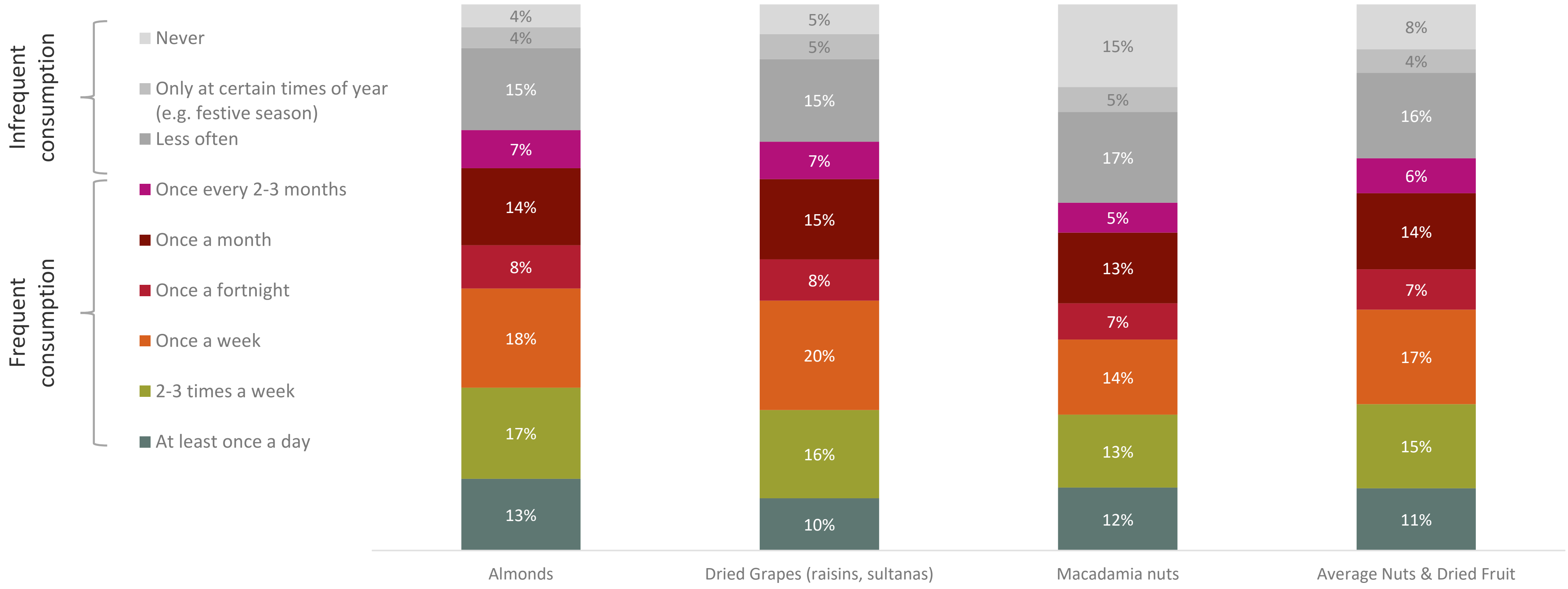
Almond

Macadamia

Dried Grapes

Nuts and dried grapes are highly penetrated in Indonesia with macademia nuts consumed slightly less frequently

How often do you consume each commodity?



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Source: Kantar HIA International Demand Study 2022
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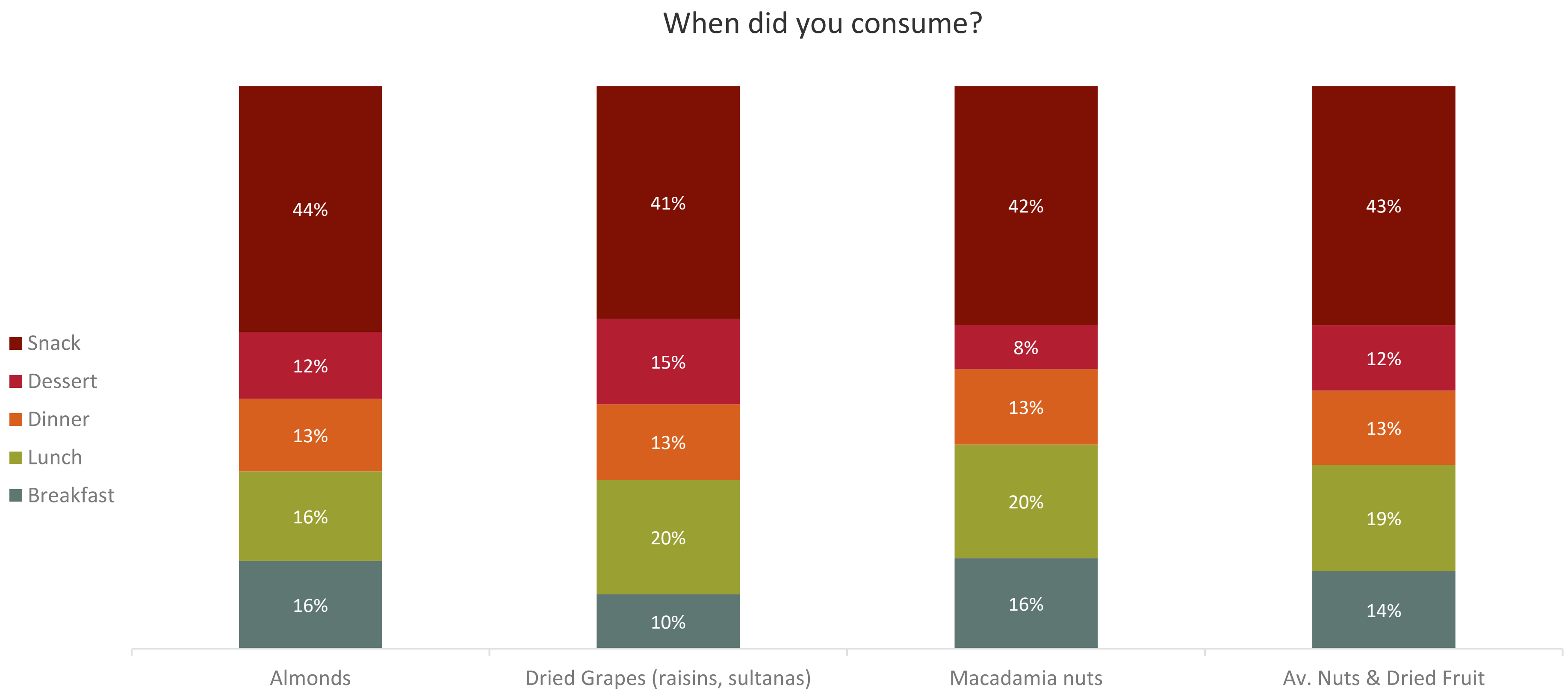
Hort Innovation

Nuts and dried grapes are predominantly snack foods but are also consumed with meals throughout the day



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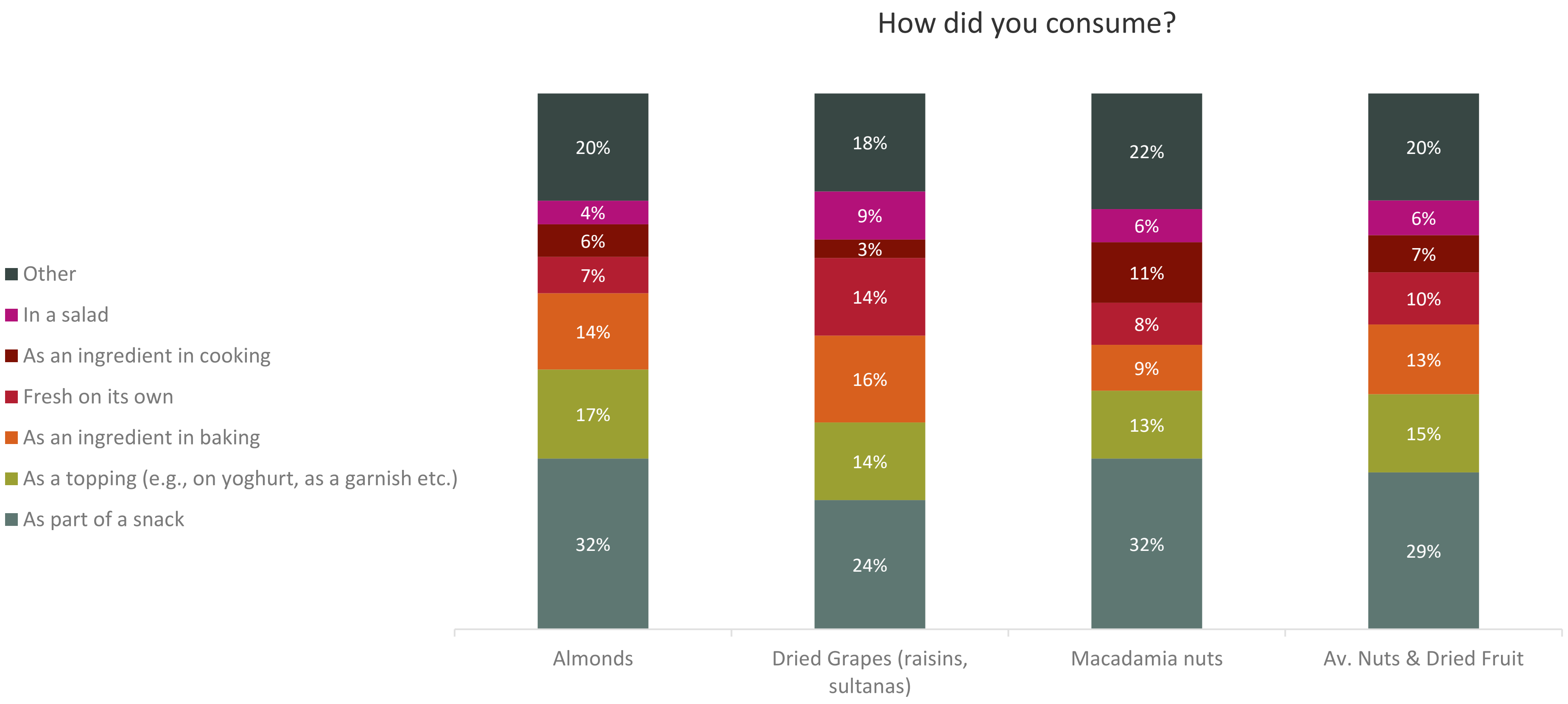
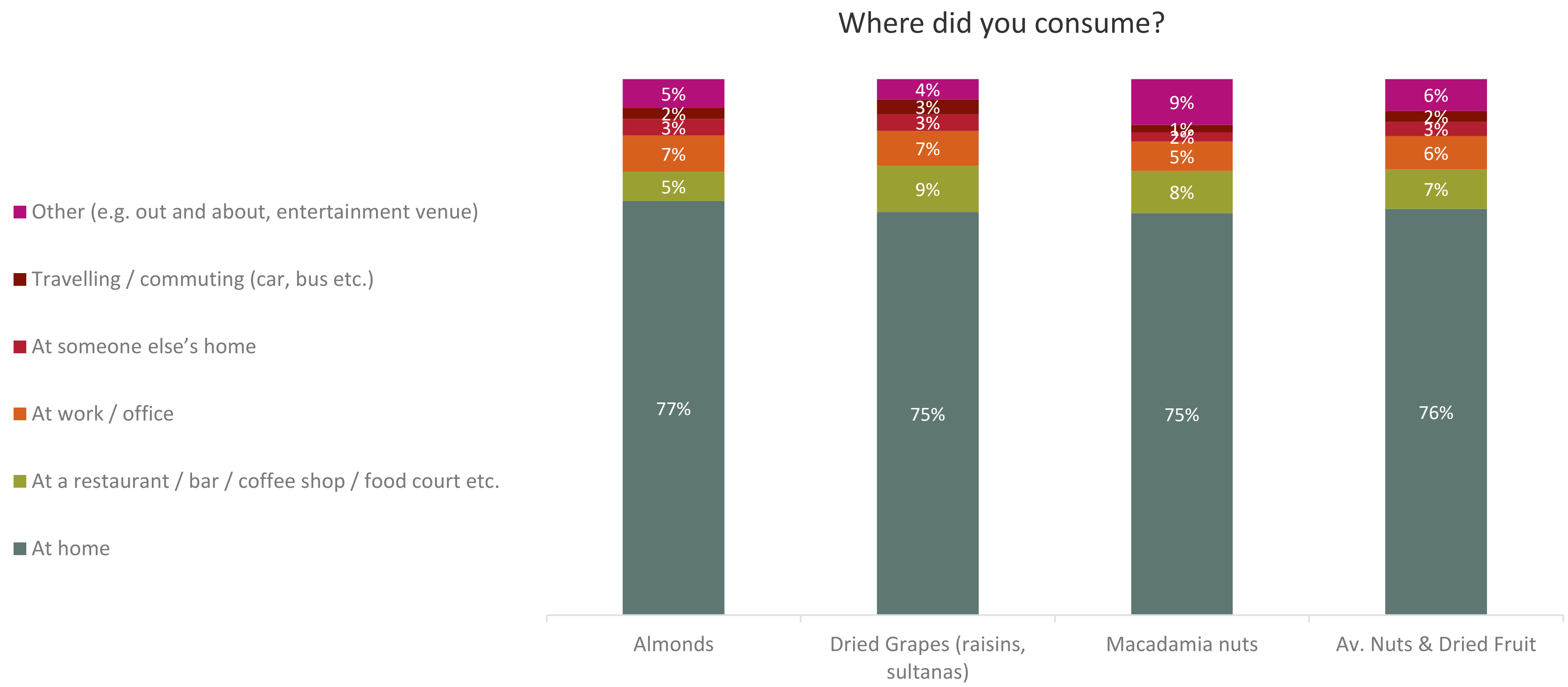
Source: Kantar HIA International Demand Study 2022
N=877

Hort Innovation

Nuts and dried grapes are consumed in a variety of formats and are more likely to be 'as part of a snack'



About three quarters of consumption of nuts and dried fruits is in the home



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Source: Kantar HIA International Demand Study 2022
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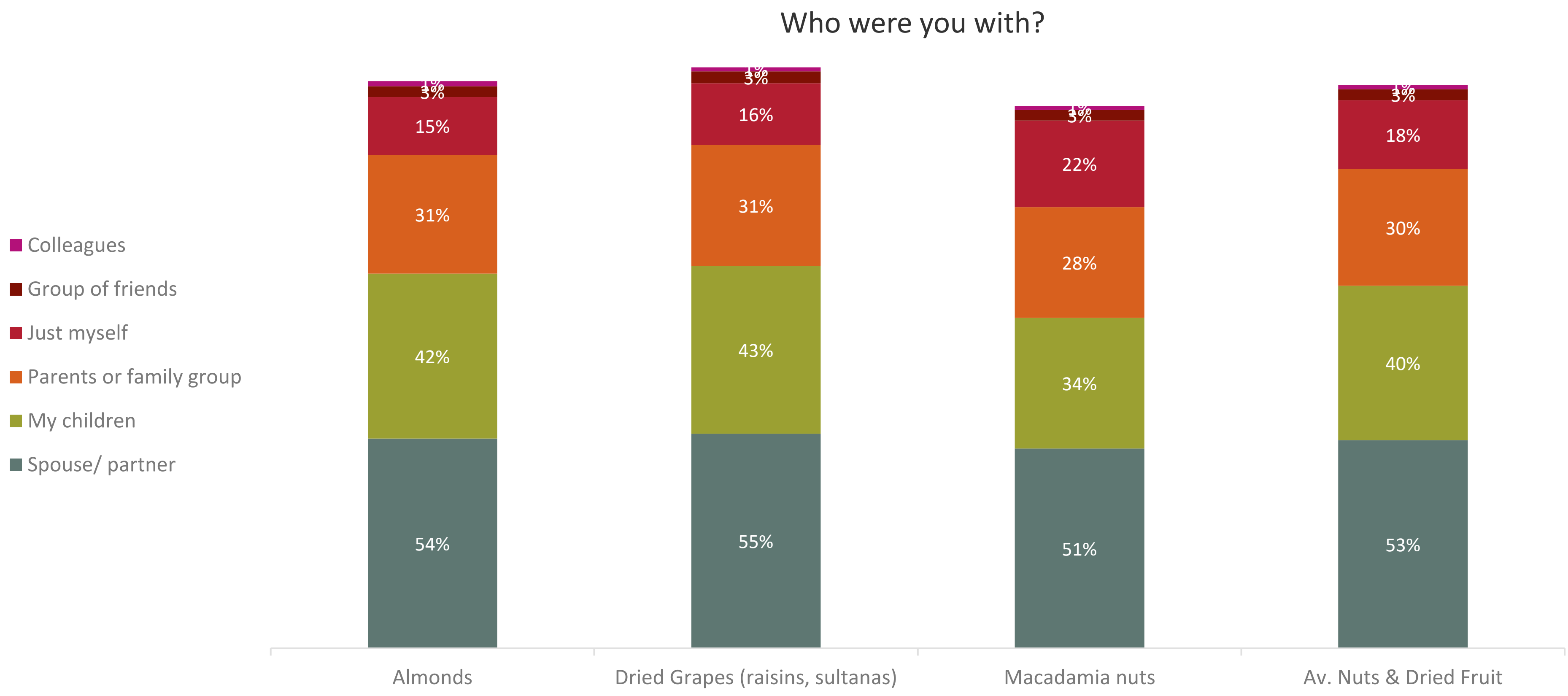
Hort Innovation

In Indonesia people eat nuts and dried grapes with spouse / partner, my children or parents or family group



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Source: Kantar HIA International Demand Study 2022
N=877

Hort Innovation

The 6 vegetable groups of interest

While avocados and olives are technically fruits, this report aims to provide a consumer lens and in the minds of consumers, these commodities are considered vegetables.

They are widely consumed with savoury foods and the substitute set is vegetables, hence they are included here.

Avocado

Olives/Olive Oil

Onion

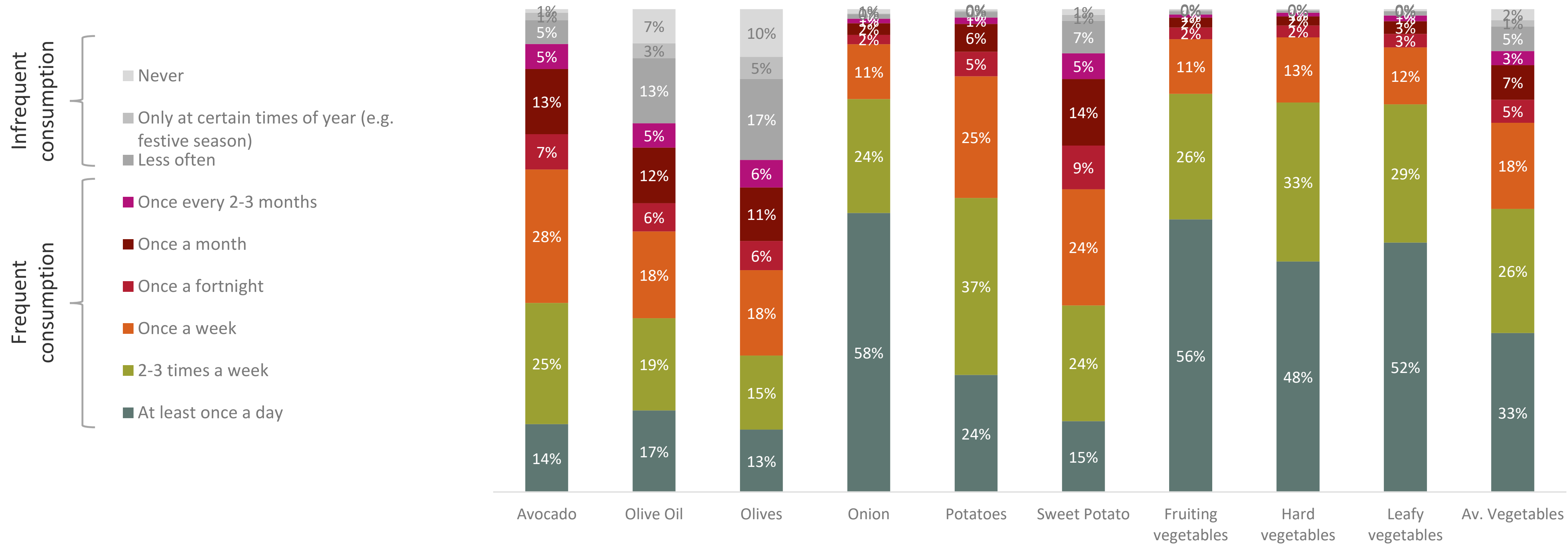
Potatoes

Sweet Potato

Hard Veg,
Fruiting Veg & Leafy Veg

All vegetables are highly penetrated with onion, fruiting, hard and leafy vegetables consumed daily

How often do you consume each commodity?



Source: Kantar HIA International Demand Study 2022
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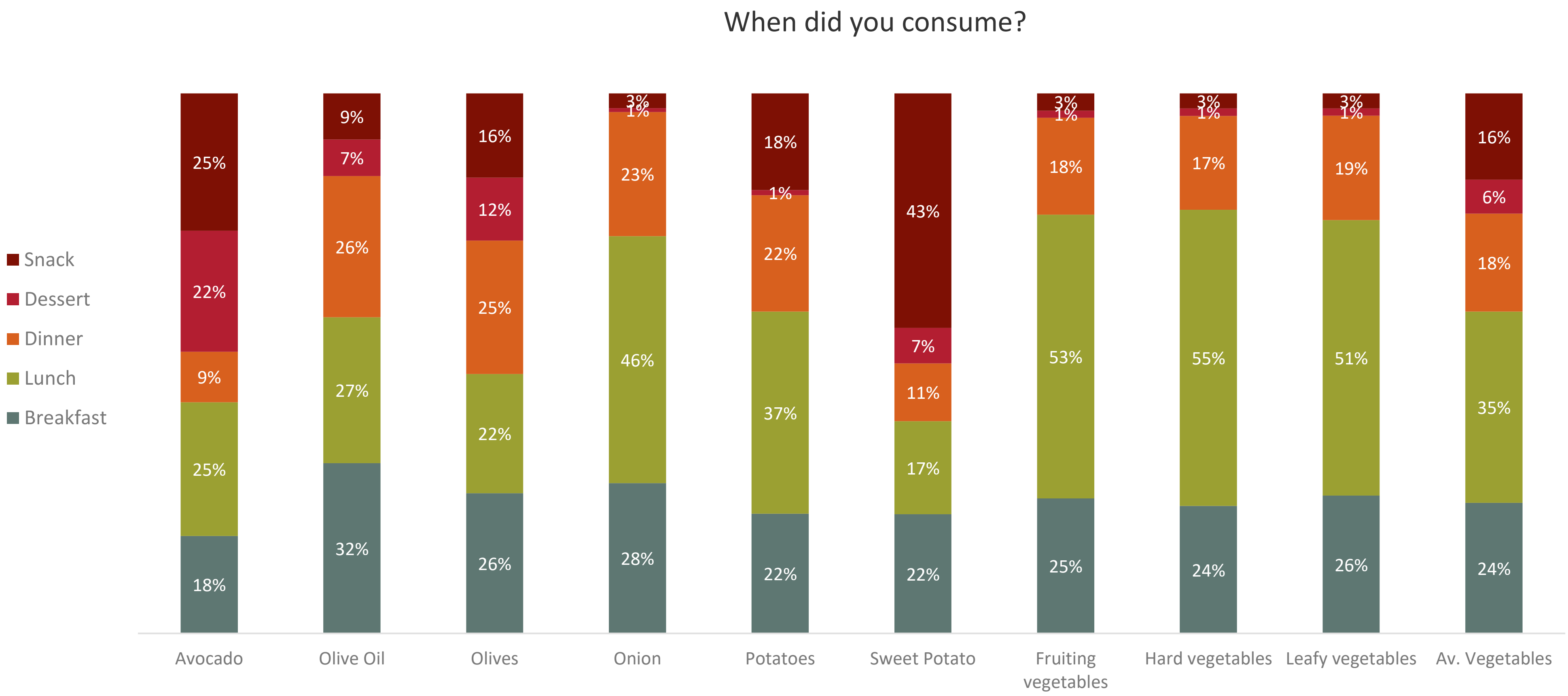
Most vegetables are consumed at meals, mainly at lunch. Sweet potatoes are more likely to consumed as a snack



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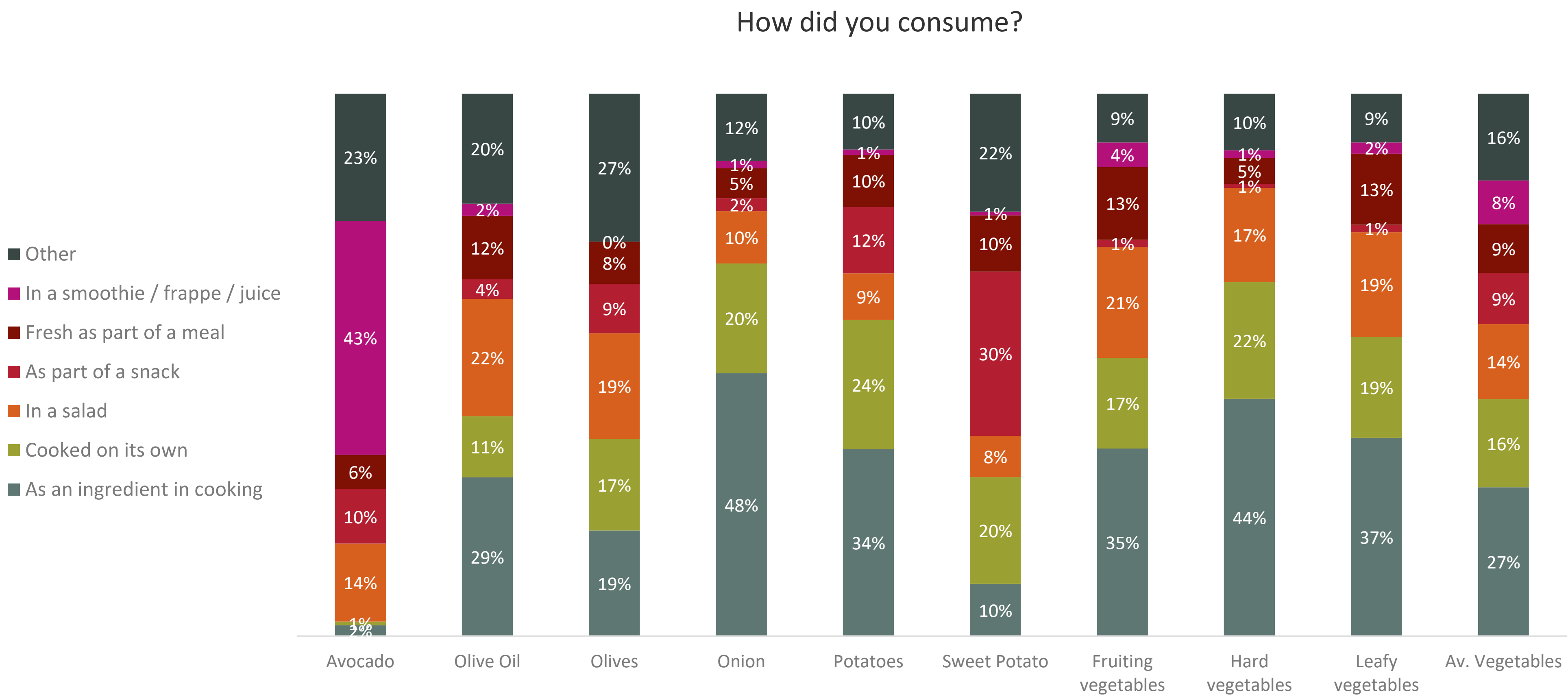
Source: Kantar HIA International Demand Study 2022
N=1926

Hort Innovation

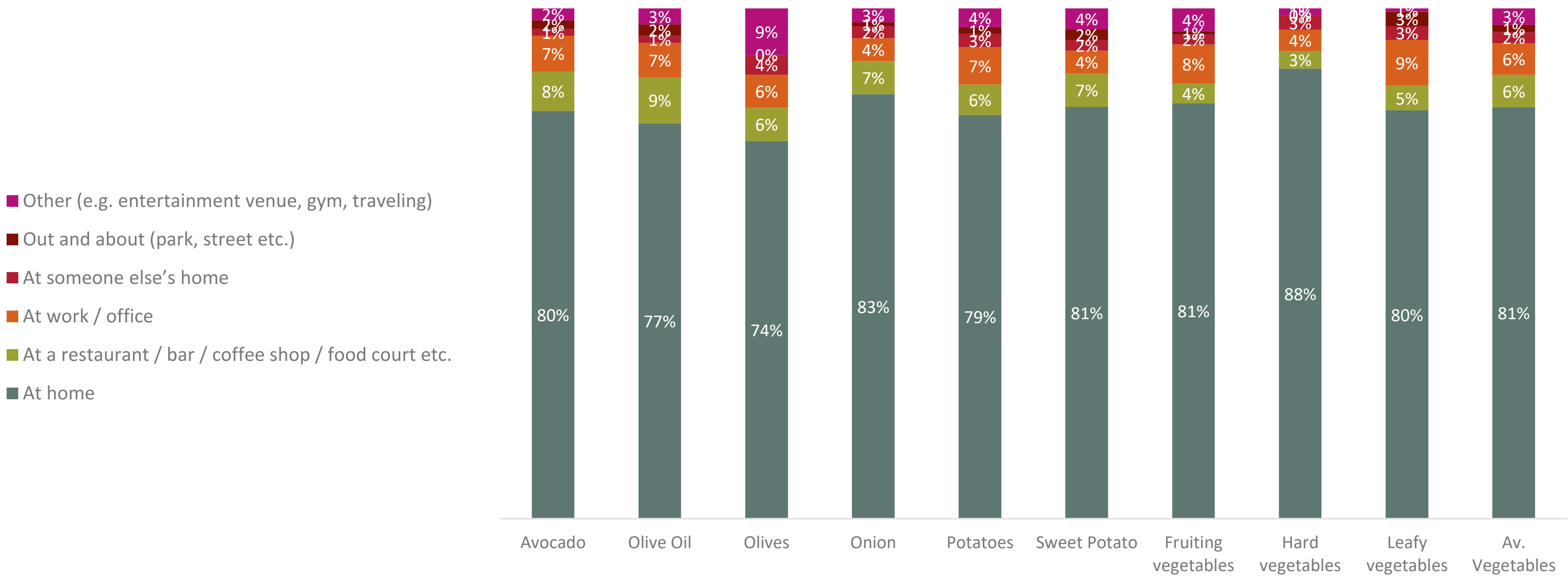
In Indonesia, different vegetables are consumed in different ways, for example onions, fruiting and hard vegetables as ingredient in cooking, avocado in smoothie



Source: Kantar HIA International Demand Study 2022
N=1926

The average vegetable is consumed mainly in home

Where did you consume?



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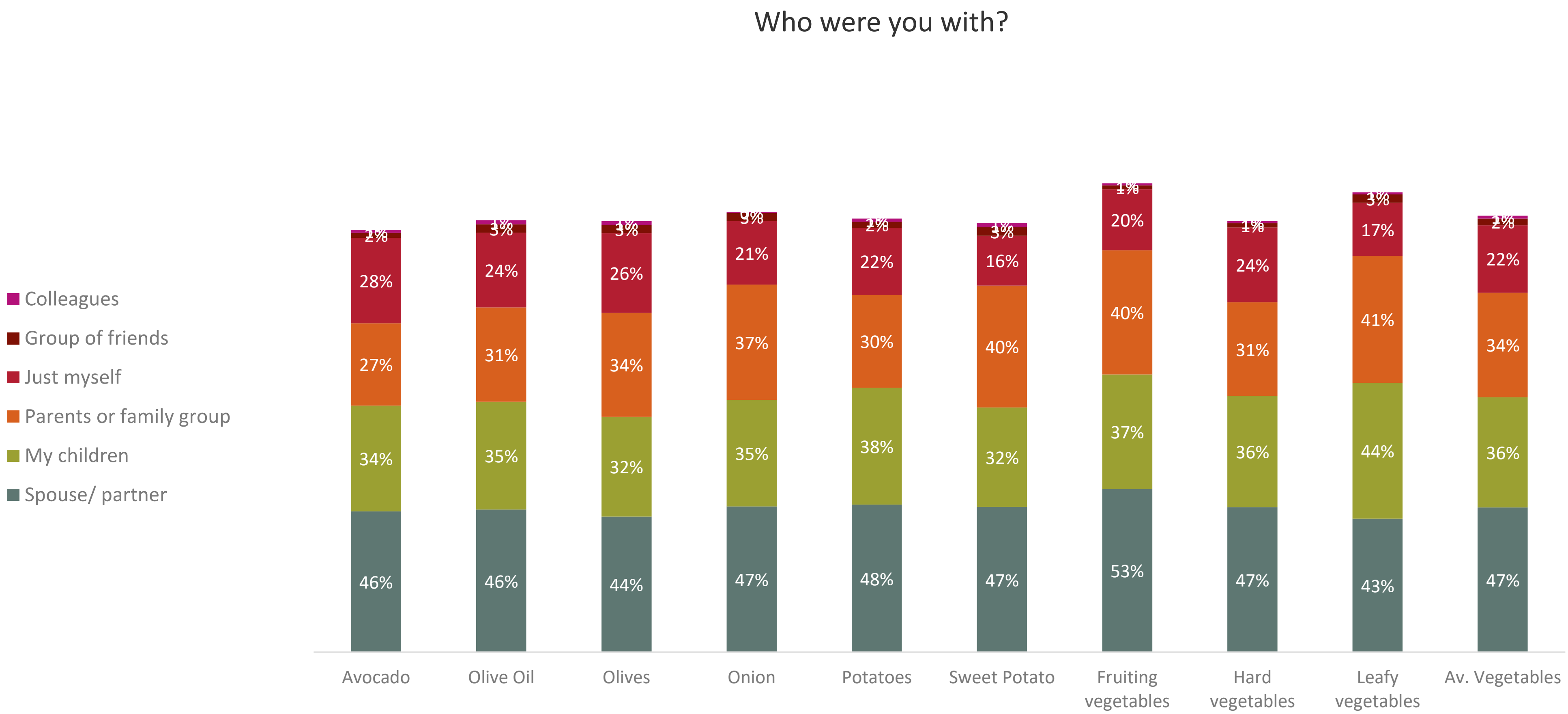
Source: Kantar HIA International Demand Study 2022
N=1926

Hort Innovation

Vegetable consumption is primarily with family, whether that be spouse / partner, children or parents or family group



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Source: Kantar HIA International Demand Study 2022
N=1926

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5. Commodity prioritisation

Leverage the strategic framework to prioritize commodities based on consumer behaviour and perception.

The strategic objective:

To determine – from a consumer perspective only – which commodities represent the strongest growth opportunities for Australian exports based on commodity usage, Australian appeal & the ability to command a premium

This analysis provides the consumer lens and is not intended to cover the totality of factors that influence the attractiveness and addressability of a market (e.g., supply chain, regulatory environment etc.).

The aim is to identify the most attractive Australian export commodities for Indonesian consumers and **there are two key axis on which we will evaluate each commodity to determine the priorities.**

Commodity Attractiveness

+

Australian Appeal

How attractive is the consumer opportunity for a commodity?

How appealing is Australian or premium produce?

Commodity Attractiveness and Australian Appeal are each determined by two factors. Each factor carries a different weight reflecting their relative importance

Commodity Attractiveness + **Australian Appeal**

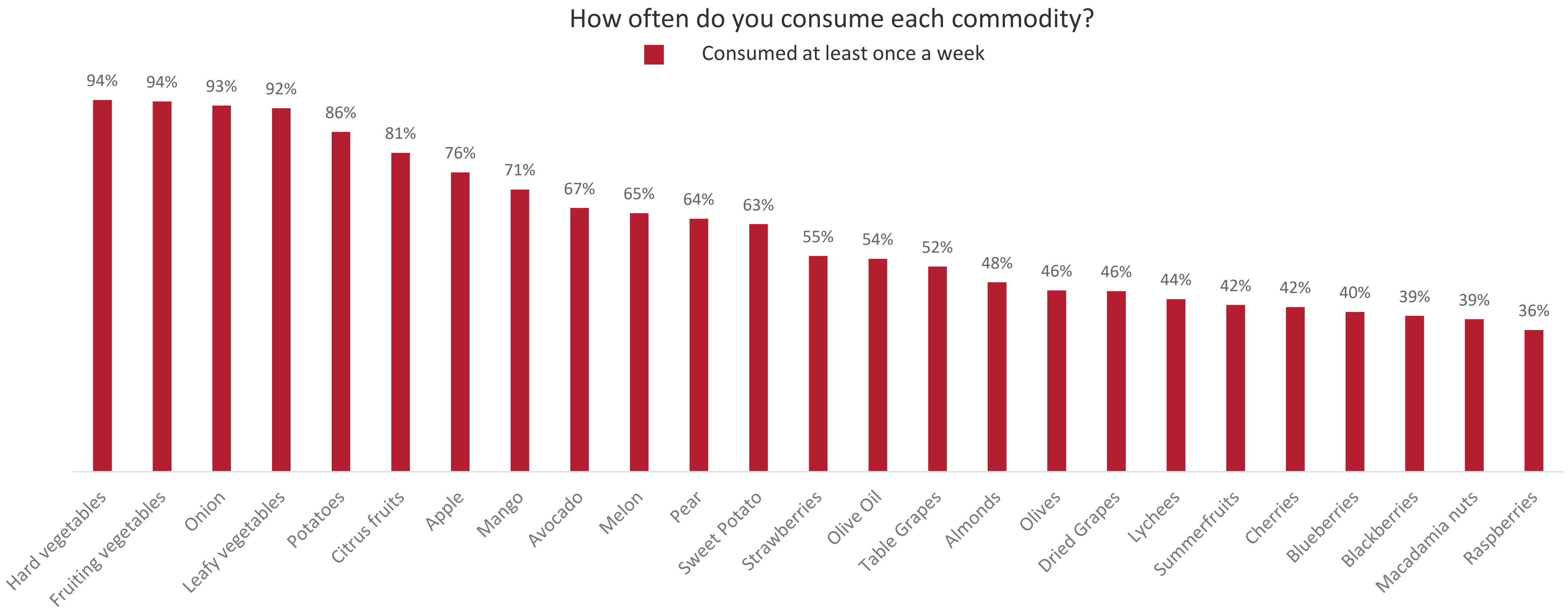
Commodity Attractiveness		Australian Appeal	
Penetration (consumed at least once a week)	Likelihood to pay at least 1.5x premium	Likelihood to purchase Australian	Ability to command a premium
30%	70%	40%	60%

Commodity Attractiveness determines the size of the potential opportunity for a particular commodity

nmodity Attractiver

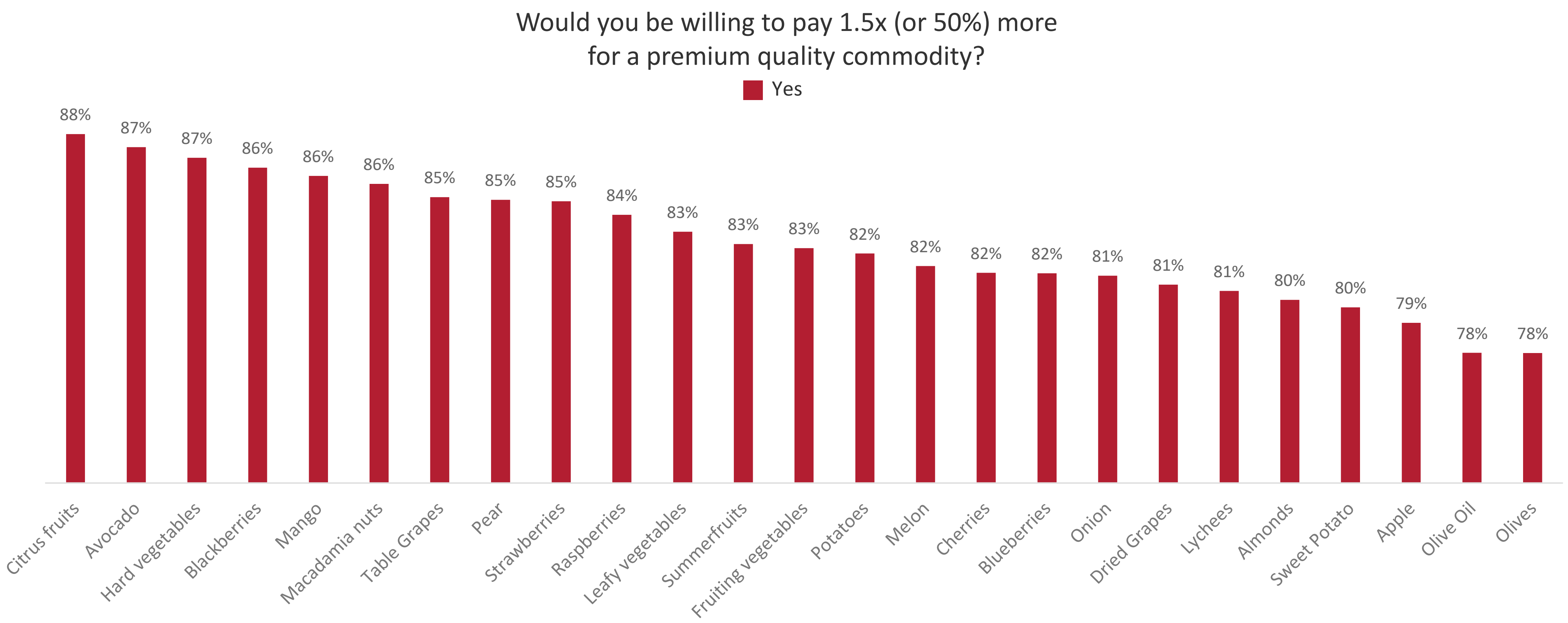
Metric	Question	What this gives us
Penetration Once a week or more	*How often do you consume each commodity?*	Existing commodity penetration that represents an indicative size of the opportunity
Likelihood to pay premium 50%, or 1.5x, more	*Would you be willing to pay more for a premium quality commodity?*	The commodities for which consumers are willing to pay more & are an attractive opportunity

Vegetables, especially onions & potatoes are the most highly penetrated commodities, followed by citrus fruits & apples



Source: Kantar HIA International Demand Study 2022; n=4104

Consumers in Indonesia are willing to pay a premium for a range of commodities, especially citrus fruits and avocado



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Source: Kantar HIA International Demand Study 2022, n=4104

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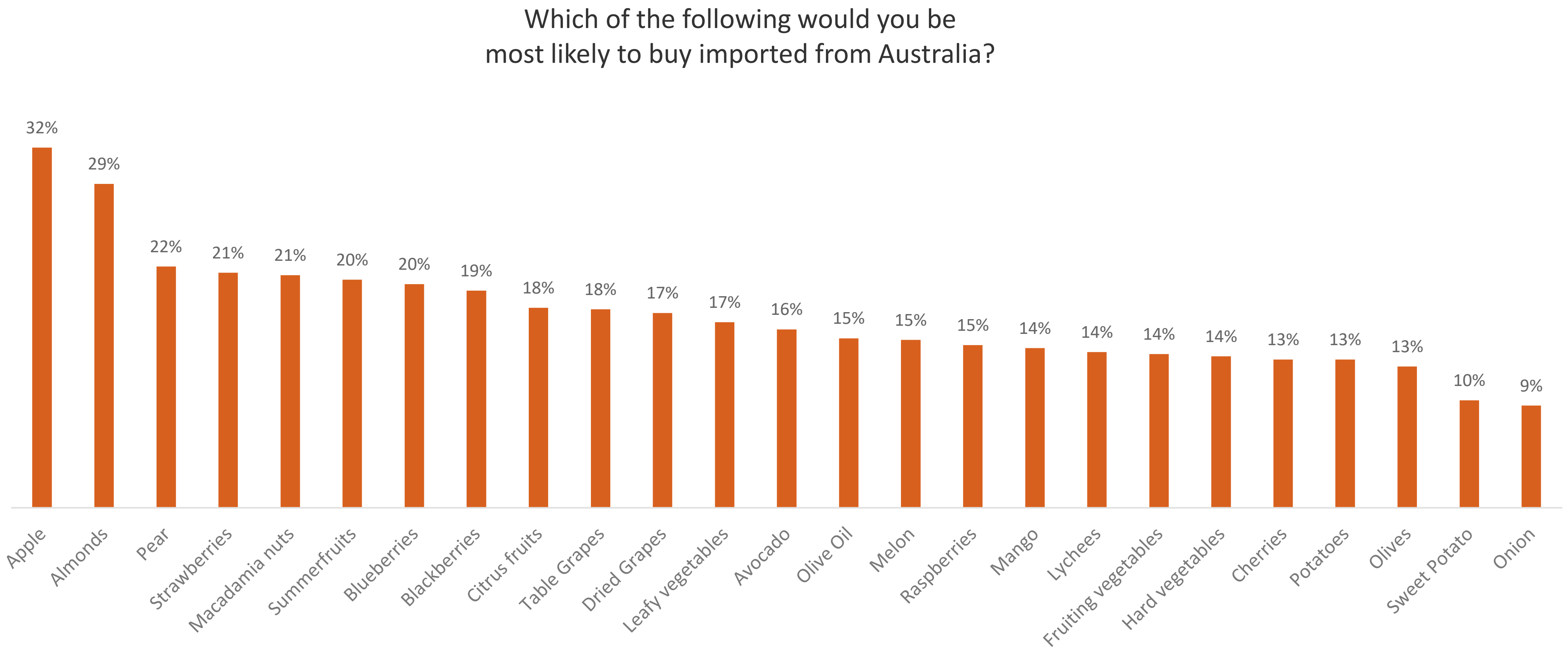
Australian Appeal provides an indication of the potential to realise the export opportunity based on how likely consumers are to purchase Australian or pay a premium for quality

Australian Appeal

Metric	Question	What this gives us
Likelihood to buy Australian	*Which would you be most likely to buy imported from Australia?*	The commodities for which Australian origin is appealing
Ability to command a premium	*How willing would you be to pay more for a premium quality commodity?*	The commodities for which there is untapped premium opportunity

Apple and almonds have strong Australian appeal for Indonesia consumers



Source: Kantar HIA International Demand Study 2022, n=4104

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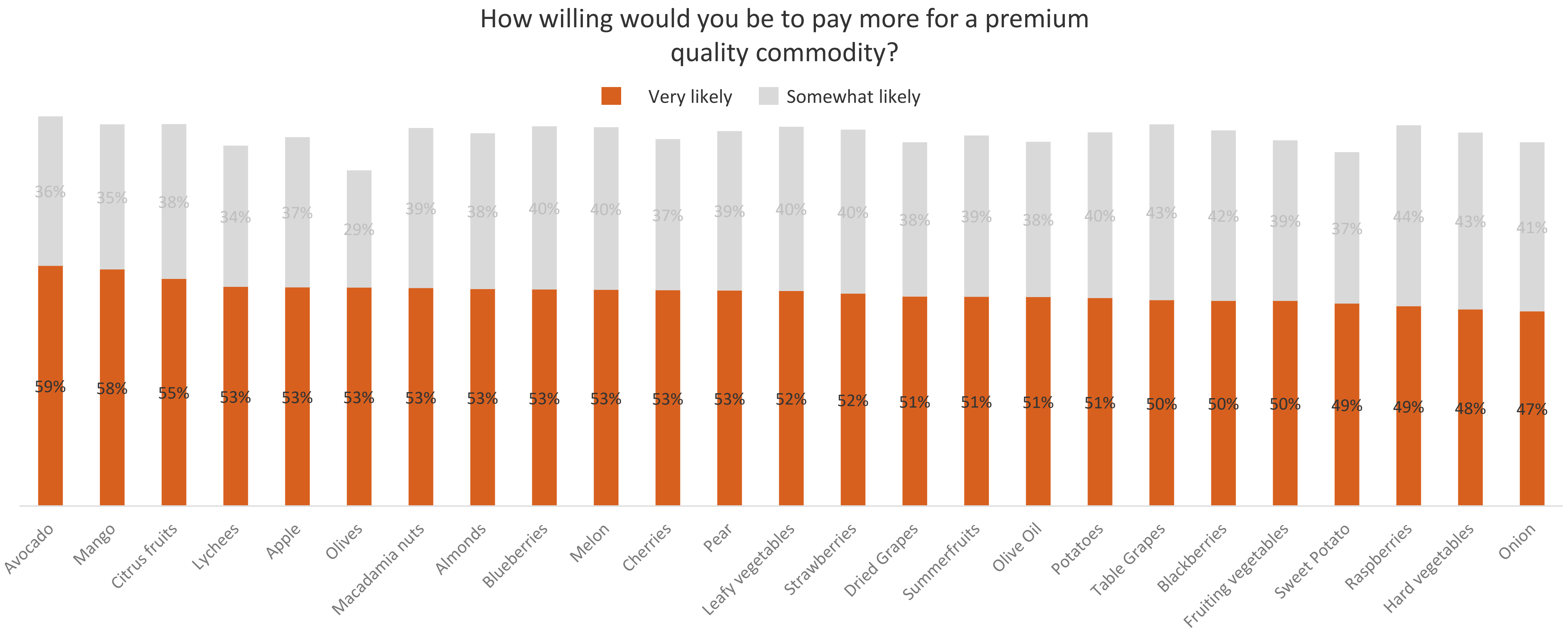
Similarly, Indonesia consumers are very likely to pay a premium for quality across the full range of commodities



Source: Kantar HIA International Demand Study 2022, n=4104

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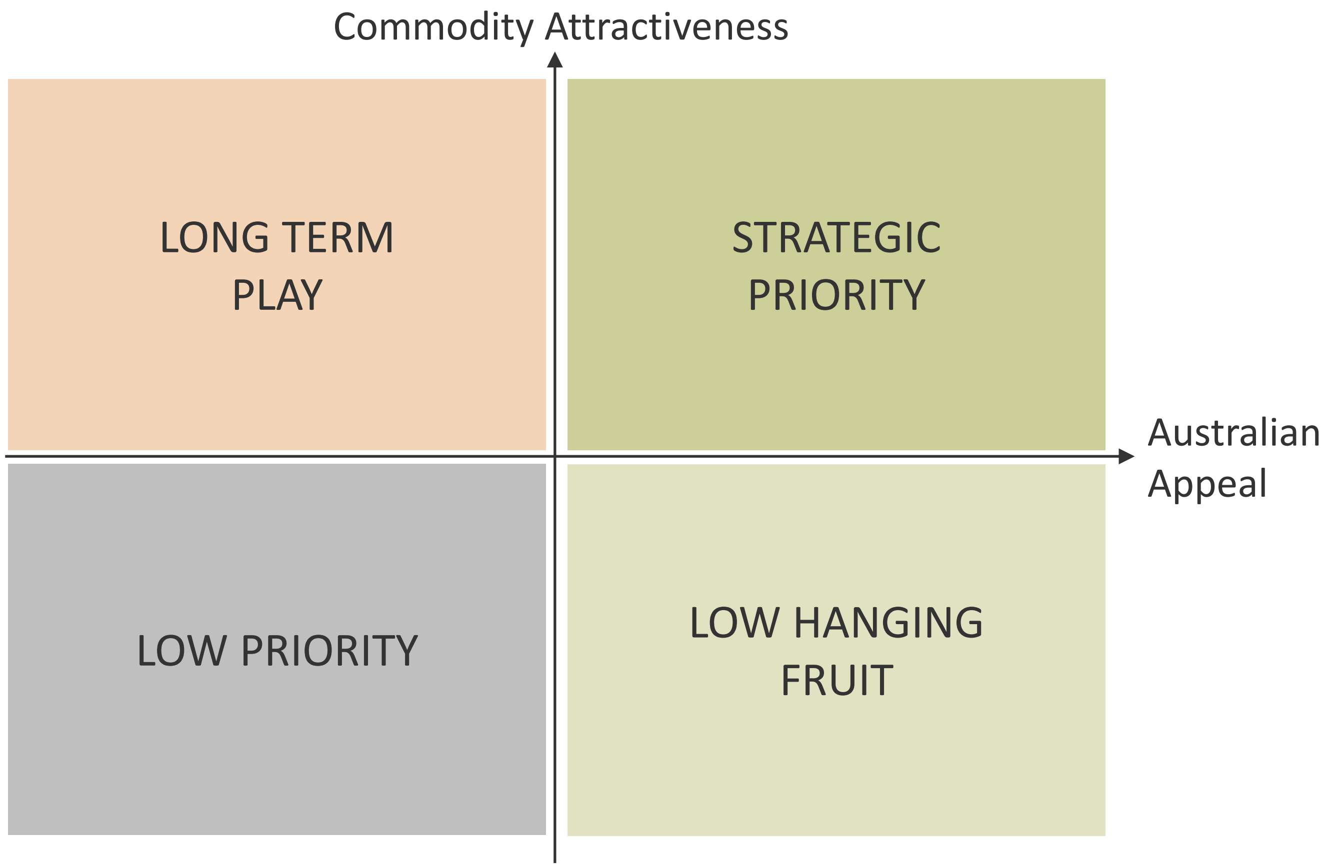
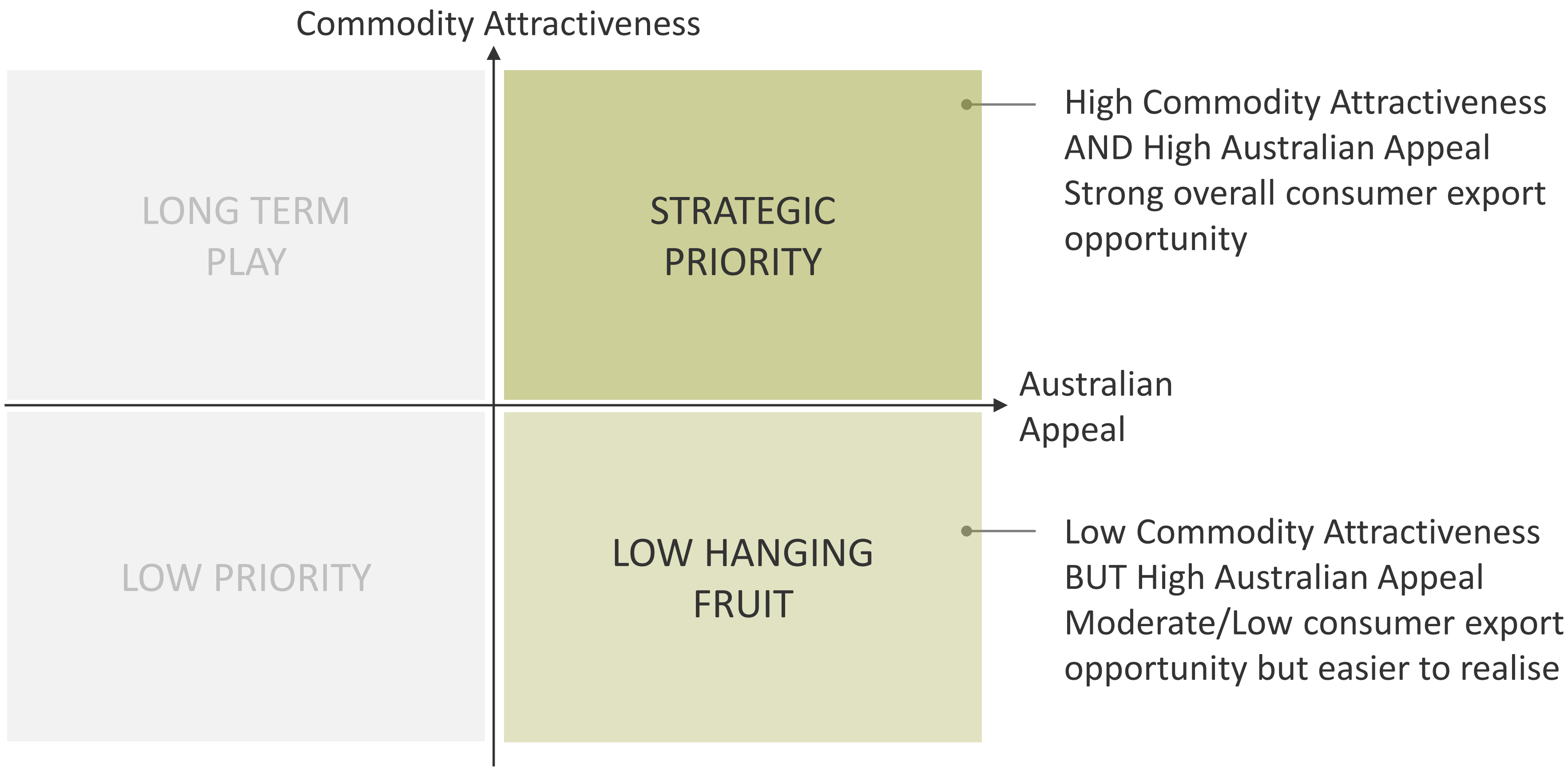
We bring this data together into a prioritisation matrix

The matrix will enable us to determine which commodities represent a strong consumer opportunity for Australian export

We plot each commodity's metrics on a strategic matrix to identify priority opportunities based on consumer preference and behaviour



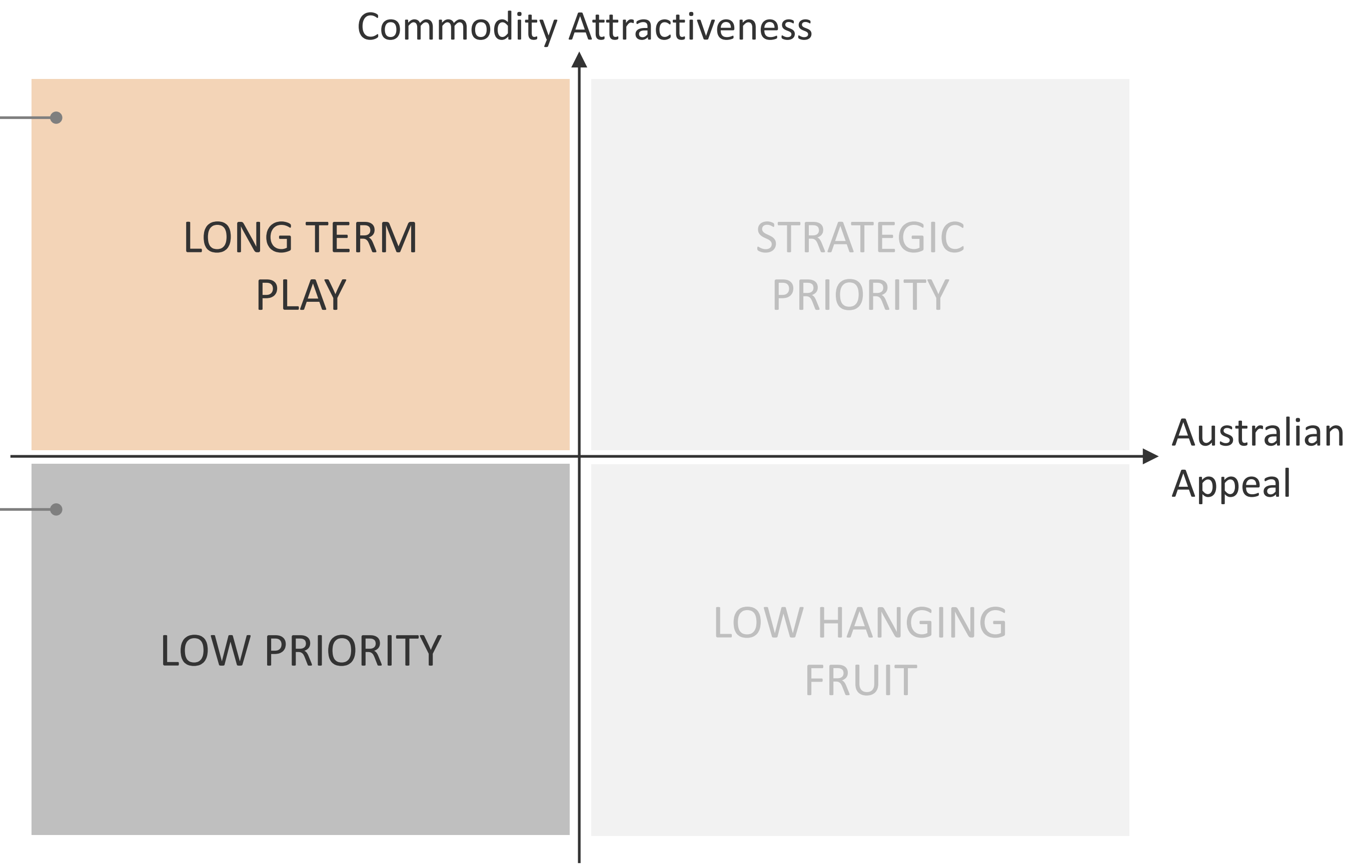
Commodities on the right-hand side of the matrix represent more attractive consumer opportunities for export and investment is more likely to generate a return



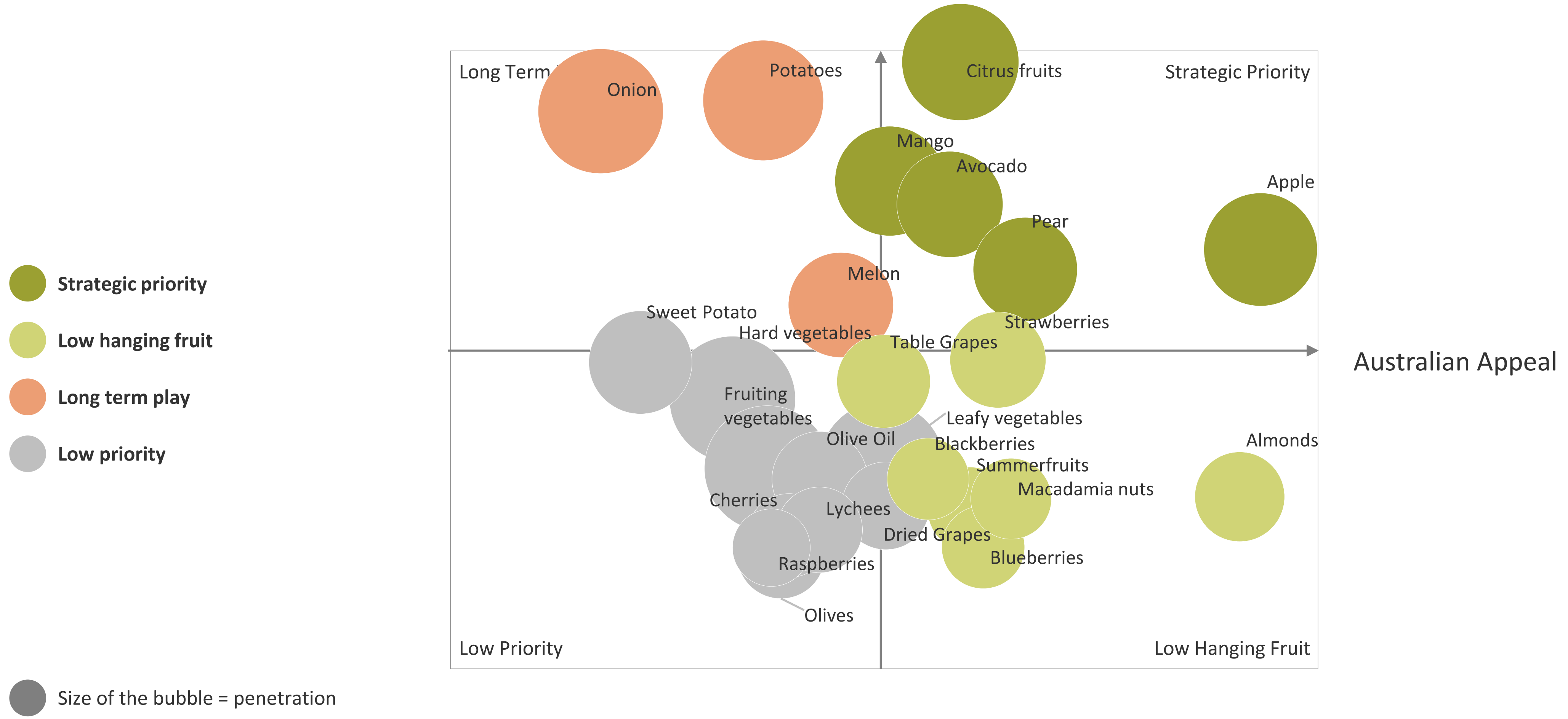
By contrast, commodities on the left-hand side of the matrix may require more investment with a longer term pay-off or minimal to no returns

High Commodity Attractiveness
BUT Low Australian Appeal
Moderate consumer export opportunity and potentially more investment to realise

Low Commodity Attractiveness
AND Low Australian Appeal
Low consumer export opportunity and any investment may not generate a return



We have identified 5 strategic priority commodities that represent the most attractive and appealing export opportunity, based on consumer preference and behaviour



Source: Kantar HIA International Demand Study 2022

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Indonesia: Summary of Strategic Priorities

	 Apples	 Citrus Fruits	 Pear	 Avocado	 Mango
STRATEGIC IMPLICATIONS	Apples are a highly addressable in Indonesia given their high Australian appeal and claimed likelihood to pay for premium quality. Strong penetration bolsters this opportunity	Citrus fruits are a more attractive opportunity given they're widely consumed, but addressability is lower and moderate Australian association is a headwind to overcome	Pears have strong Australian appeal so despite a moderate premium quality opportunity, there is Australian equity to leverage when exporting	Avocados are highly penetrated and are a premium commodity. Leveraging Australia's quality Avocados that consumers would be willing to pay more for is an attractive opportunity	Similarly, mangoes are highly penetration and there's a strong quality appeal that makes a premium positioned mango a strong opportunity for export to Indonesia
ATTRACTIVENESS	• Very high penetration (75% consume weekly) • Lower willingness to pay 1.5x more vs. other commodities	• Very high penetration (#1 ranked fruit) • #1 ranked commodity for willingness to pay 1.5x more	• High penetration (2 in 3 consume weekly) • Moderate willingness to pay more	• High penetration • Very high (#2 ranked commodity) for willingness to pay more	• High penetration • High willingness to pay 1.5x more for premium
ADDRESSABILITY	• Very high Australian appeal (#1 ranked commodity) • High likelihood to pay for premium quality	• Moderate Australian appeal • High likelihood to pay for premium quality (#3 ranked commodity)	• Very high Australian appeal (#3 ranked commodity) • Moderate likelihood to pay for premium quality	• Moderate-high Australian appeal • High likelihood to pay for premium quality (#1 ranked commodity)	• Moderate Australian appeal • High likelihood to pay for premium quality (#2 ranked commodity)

6. Appendix A

The following groups of fruits, vegetables and nuts are included in the study

Fruits


Apple & Pear


Blueberries


Cherry


Citrus
(e.g. orange, lemon, lime, grapefruit)


Lychees


Mango


Melons


Raspberries & Blackberries


Strawberries


Summer fruit
(e.g. apricots, nectarines, peaches, plums)


Table Grapes

Nuts & dried fruits


Almond


Macadamia


Dried Grapes
(e.g. raisins, sultanas)

Vegetables


Potatoes


Sweet Potato


Avocado


Olives/Olive Oil


Onion


Hard Veg
(e.g. carrots, sweet corn, pumpkin, cauliflower, cabbage, beetroot)


Fruiting Veg
(e.g. tomatoes, capsicum, cucumbers, zucchini, eggplant)


Leafy Veg
(e.g. salad greens, broccoli/broccolini, fresh herbs, lettuce, leafy Asian greens, spinach, silverbeet, kale

While avocados and olives are technically fruits, this report aims to provide a consumer lens and in the minds of consumers, these commodities are considered vegetables. The substitute set is vegetables, hence they are included here.