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Understanding International Consumer Demand

United Arab Emirates 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.

Contents

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

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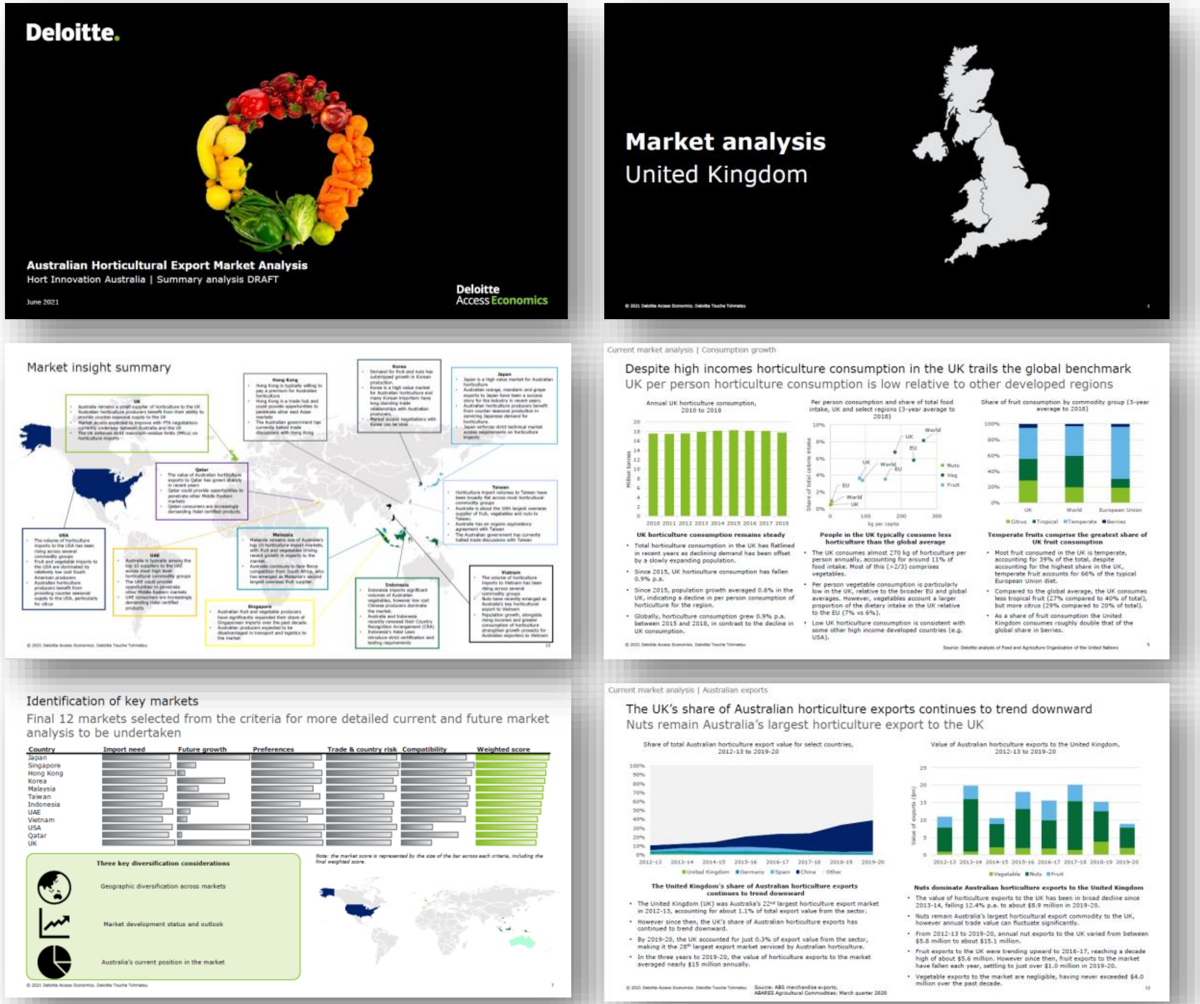
The Deloitte report

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

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

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3. Develop Growth Plan
Outputs & reporting structure

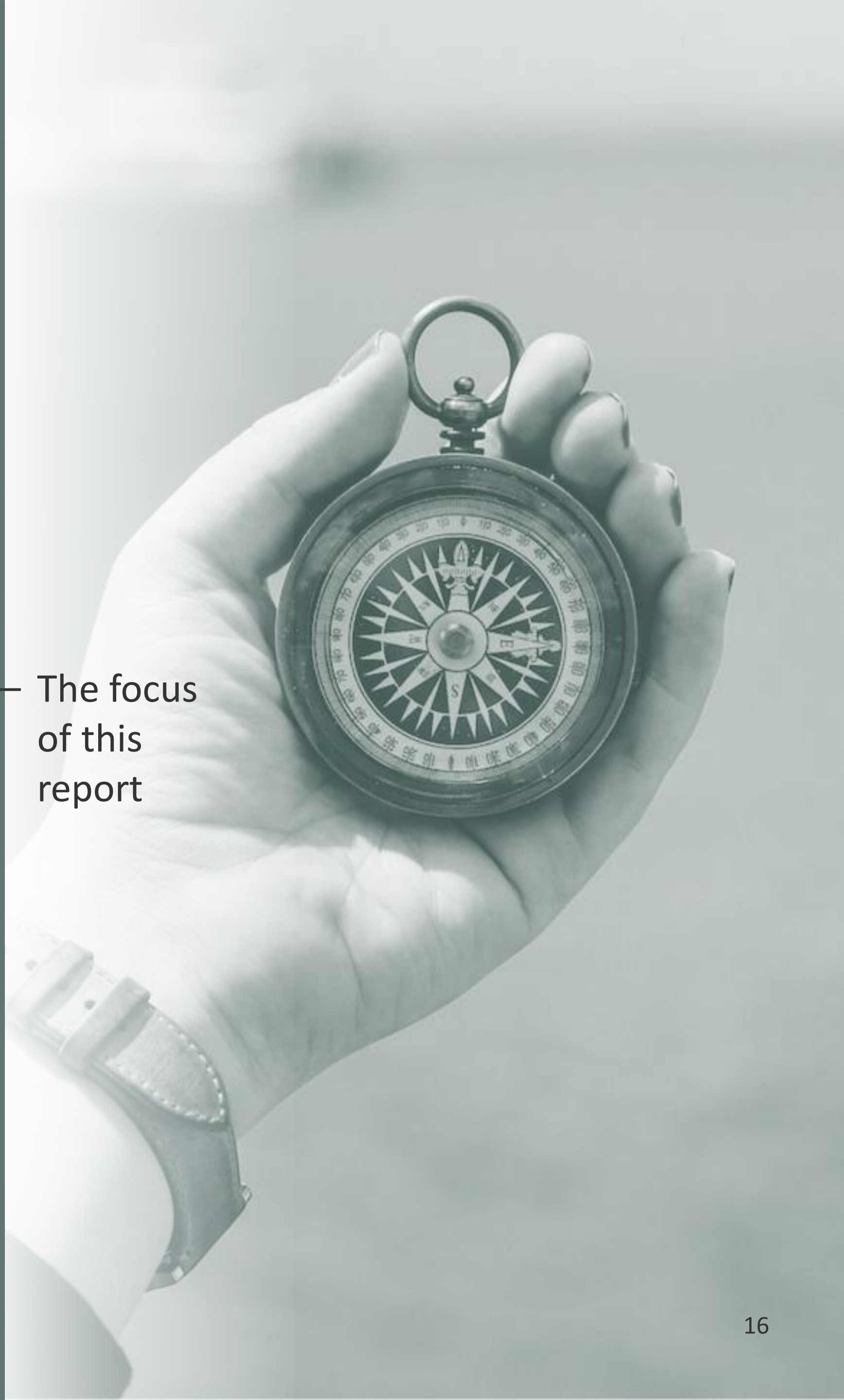
Market reports

- 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



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

UAE expert interviewees

Paul Morgan

General Exports Manager, APAC for JHF Australia on behalf of Spinneys and Waitrose Middle East (2022 – present)

10+ years industry experience

Responsible for all fresh produce exported from Australia, New Zealand and Southeast Asia that is supplied to Spinneys and Waitrose in the Middle East. Previously managed Sales in the Middle Eastern region for Driscolls berries globally. Commercial Manager for Fresh Produce and Flowers at Spinney's Dubai (2015 – 2019) where he was responsible for the local and global sourcing of fruit, vegetables and flowers. Previous Trading Manager Fruit at Musgrave Retail Partners GB (2008 – 2012).

Mansour M. Ninaa

Purchasing and Logistics Manager (2019 – present) at WAHA Fruits Riyadh, a fruits trading company

15+ years industry experience

WAHA Fruit, based in Saudi Arabia specializes in importing different types and kind of fresh fruits and vegetables from 30 countries around the world to the Middle East. Prior to this position, he was a Category Manager (2002 – 2019) at Panda Retail Company, a Saudi Arabian grocery retailing company.

Neil Gibson

Category Manager, Fresh Produce at Spinneys Middle East (2019 – present)

10+ years industry experience

As of 2011, the Spinneys Group Limited is a premium supermarket retailer in the Middle East and operates hypermarkets and supermarkets. Prior to this, he served as the Category Manager Produce (2014 – 2019) for Iceland Foods in Britain. Formerly, he was employed with Morrisons as the Trading Manager Produce (2012 – 2014).

UAE expert interviews: Key observations

Strong imports, but domestic production is increasing

The vast majority of fresh produce in the UAE is imported due to the climate of the region. This is set to continue; however domestic production is on the up as technology improves and growers can produce vegetables (and some fruits) there.

The UAE is a hugely diverse market

Emiratis are only one group of consumers in the UAE. There's a huge number expats from Europe, the US, Oceania and India. This drives a varied range of produce in stores to cater to various groups.

Supermarket reign, online is growing

For fresh produce, consumers almost exclusively shop at one of the three major retailers. However, because of the small footprint of the UAE, speedy home delivery apps are growing rapidly and consumers are increasingly comfortable shopping online.

Visual appearance and taste are paramount

Visual vibrancy, colour and appeal are really important in the UAE as consumers want good looking fruit. However, it also needs to taste good. Sweetness is a key driver.

Premium produce & Australia have strong flavor credentials

There's a strong market for premium produce in the UAE, driven by quality and variety. Consumers are willing to pay more for the appearance and interesting flavour profile. Australia has a strong reputation for tasty fruit.

The UAE is a prime for importing produce, but local production is increasing

"If you go back 10 years, imports would have been very close to 100%... Now it's probably closer to 85% to 90%.

- Paul Morgan

"The UAE has access to the whole world because A), it's right in the middle, it's not too far from anywhere. And B), the customer base are used to spending a higher proportion of their income on fresh fruit and vegetables because they understand they're not grown there.

- Paul Morgan

"As a whole, I would say, it [imports] used to be 90%. I think it's probably dropped to 80%. But there's certain categories that have driven that: tomatoes, berries, capsicum, peppers and aubergines.

- Neil Gibson

"the local production is growing, and there's a great deal of investment that is going into the growing of local production, and that has affected in some categories, it's quite significantly affected imports

- Paul Morgan

"Between October and April, you've got a pretty strong vegetable growing season [in UAE] because the average day temperature is quite low or low enough to grow good produce and the humidity is much lower… It's tomatoes, capsicum, Eggplant, aubergine, sweetcorn, marrow, cucumbers.

- Paul Morgan

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The UAE is diverse, consumers are open to new produce. Emiratis favor larger packs for sharing & premium produce.

The UAE is a diverse market. There's a large number of expats. There's representation from all of Europe and the States, India, Australia and New Zealand, etc.

- Neil Gibson

Consumers are probably the most open in the world… If you have to try something different in this market, it's probably one of the best markets to try it in.

- Neil Gibson

One of the main characteristics [of the Emiratis] is larger families, family gatherings and eating together. Therefore, some of the bulk packs can be appropriate.

Some of the pack formats that may have deemed to be quite too big for customers in other markets would work quite well here. And also the super-premium products, would be a category of interest to the Emiratis.

- Neil Gibson

There's a big proportion of the population that do not cook.

You get some people who if they're not eating out, will be getting deliveries 100% of the time.

- Paul Morgan

Supermarket reign. Online is growing in significance.

Almost 100% [of fresh produce is sold through] supermarkets or independent convenience stores.

- Paul Morgan

You've got 3 major players. Carrefour have probably 30% of the market… And LuLu, are predominantly hypermarkets and are entry level, low cost, basics, and lots of ethnic vegetables. And then who would be your predominantly expat retailer, high-end, premium products, more expensive products, better quality, and but a much smaller proportion of the market, so maybe only 8% to 10%.

- Paul Morgan

Plastic is becoming more of an issue. You see lots of retailers now charging for plastic bags and moving packaging away from plastic and into cardboard or recyclable material.

- Paul Morgan

Online retailers are growing quite significantly, and they are very focused on fresh fruits and vegetables too.

- Paul Morgan

There's several [grocery app] platforms. The UAE is a very small area, so with online most of the time, you can get stuff within 15 minutes or 30 minutes. It's super instant, super convenient.

- Paul Morgan

Online is relatively big. I would say, 15% to 20%. The rest is very much supermarket-driven. There's very few independent greengrocers.

- Neil Gibson

Online is increasing day, but not all people trust getting fresh fruit or vegetable online.

- Mansour Ninaa

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The visual appearance of fruit is important, but increasingly consumers care about the taste, and they love sweetness

"Because a lot of produce is sold loose, it's all about the visual. If it's not visually attractive, there has to be a really interesting story around it, so customers want to pick it up.

- Paul Morgan

"Vibrancy, color, internal. You get some supermarkets who will have on display, let's say, Australian mango. They slice the mango in half, so the customer can see the inside color.

- Paul Morgan

"Previously, look was #1, and then the taste was #2. But I think that's starting to change. Customers are saying, we don't mind so much what looks like as long as it tastes amazing.

- Neil Gibson

"I would say there is definitely a market for premium fruit. If there is a distinct taste profile difference this can be done in many of the fruit areas. For example, if you take grapes, there's a variety called Cotton Candy, which have a very high sugar level. Customers – especially local customers – get very excited.

- Neil Gibson

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There’s a market for premium produce and Australia has strong flavor credentials

“Country of origin plays such a big role. In Australia you see a mango, I don't know where it's from. But in the UAE, you might see 8 different mangos on the shelf at one time all from different places. And they're all catering a different flavor profile.

- Paul Morgan

“Australia is a premium, reliable origin with strong flavor. The negative connotation would be it's always expensive.

- Paul Morgan

“So we've had some quite good success with Australian products, where the quality is standout.

- Neil Gibson

“10%, 20%, 30% sometime and sometimes reaching 50%. When I go to that market, I see sometimes double price.

- Mansour Ninaa

“I'd say maybe 20% to 30%. You'll get some which are happy to pay twice, some of which are happy to pay 10x as much

- Neil Gibson

“Australian produce has the perfect taste. And, because it comes by air the shelf life is still fresh.

- Mansour Ninaa

“During Ramadan, all the retailers would have hampers made up in stores, gift baskets with special fruit.

- Paul Morgan

3. The Consumer

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

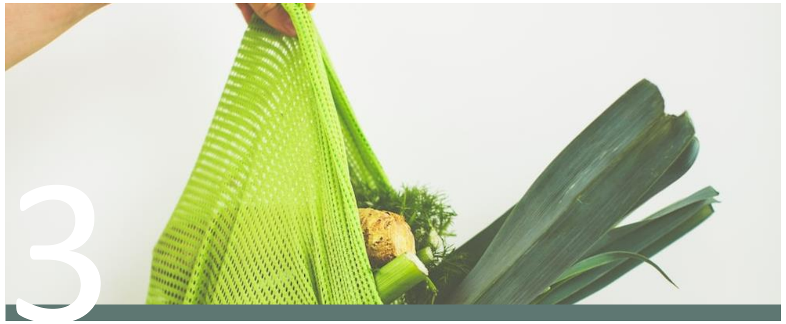
We will unpack 3 key themes to unpack consumers in the UAE

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 the United Arab Emirates

POPULATION

9.4million

UAE population[1]
vs. 25.7m Australians

31% 69%

female/male population split
vs. 50/50 globally

79y/o

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

0.8%

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

WEALTH

$415b

UAE GDP (USD)[1]
vs. $1.6t in Australia

$44,315

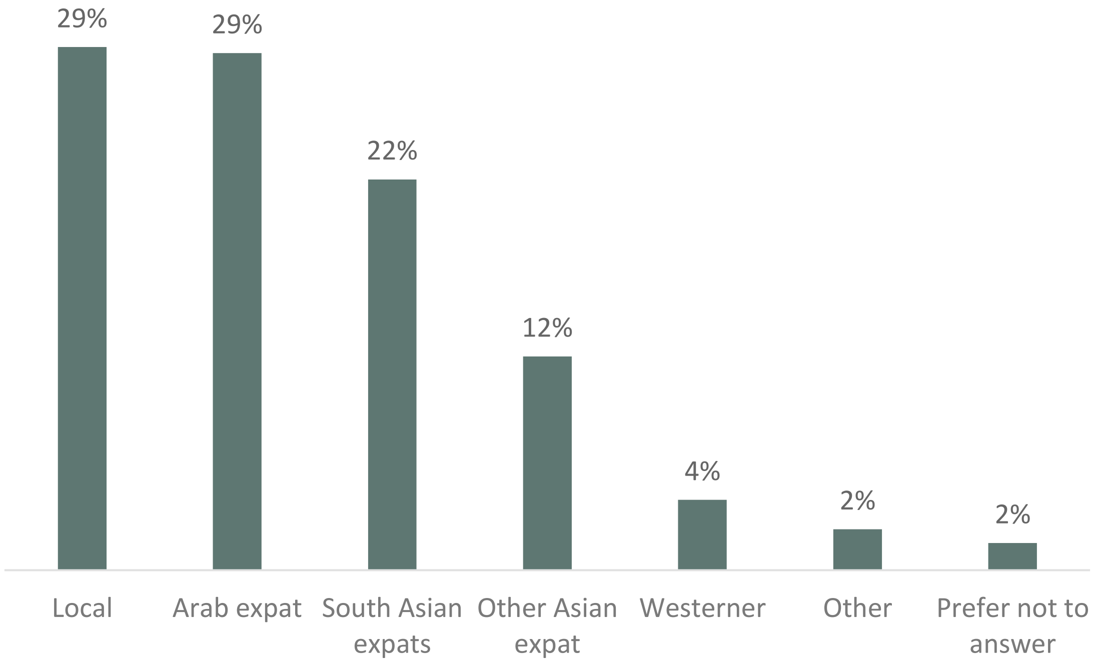
UAE GDP/Capita (USD)[1]
vs. $60k in Australia

[1]Source: the World Bank, 2021

Unpacking the United Arab Emirates survey sample

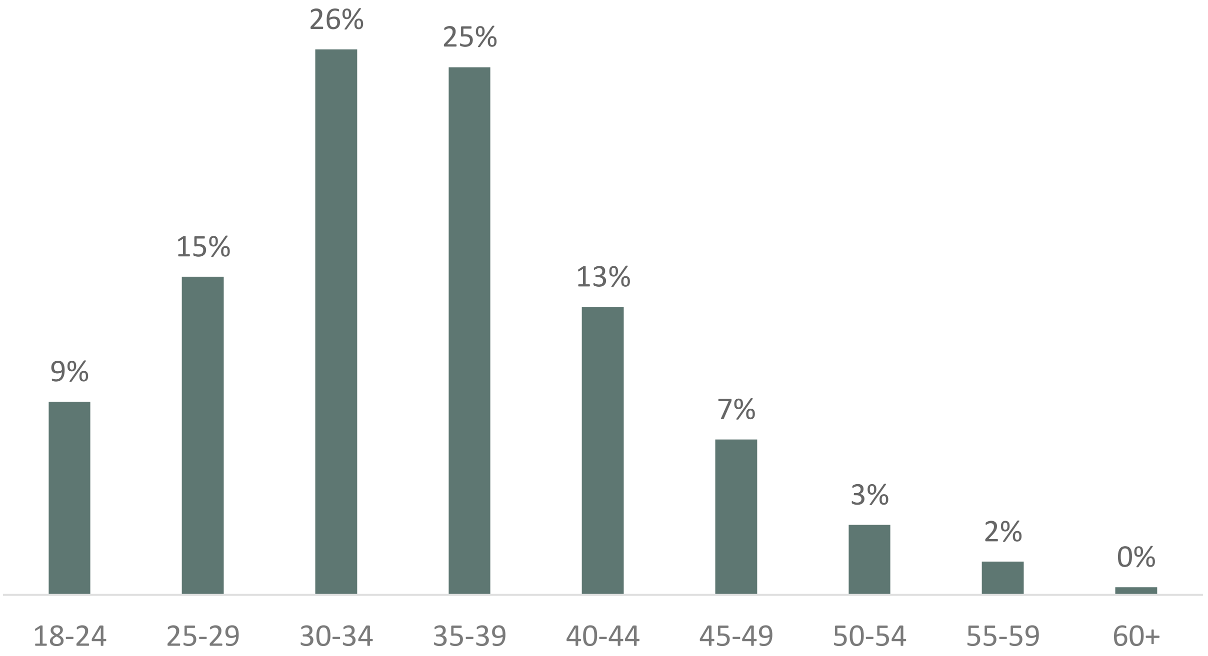
BACKGROUND

How would you describe your nationality/background?



AGE

How old are you?



Kantar HIA International Demand Study 2022; n=4018
*NB Low income consumers screened out of survey & religious identity not asked

Key attitudes & values of UAE consumers

UAE consumers love food & cooking

80%

Enjoy cooking

70%

Consider food a passion

They are willing to pay for brands and premium quality

62%

Believe it important to buy trusted brands

54%

Often pay extra for premium quality food

They worry about food safety and the environment

79%

Tend to buy products that are better for the environment

76%

Worry about poor quality, toxic or contaminated food

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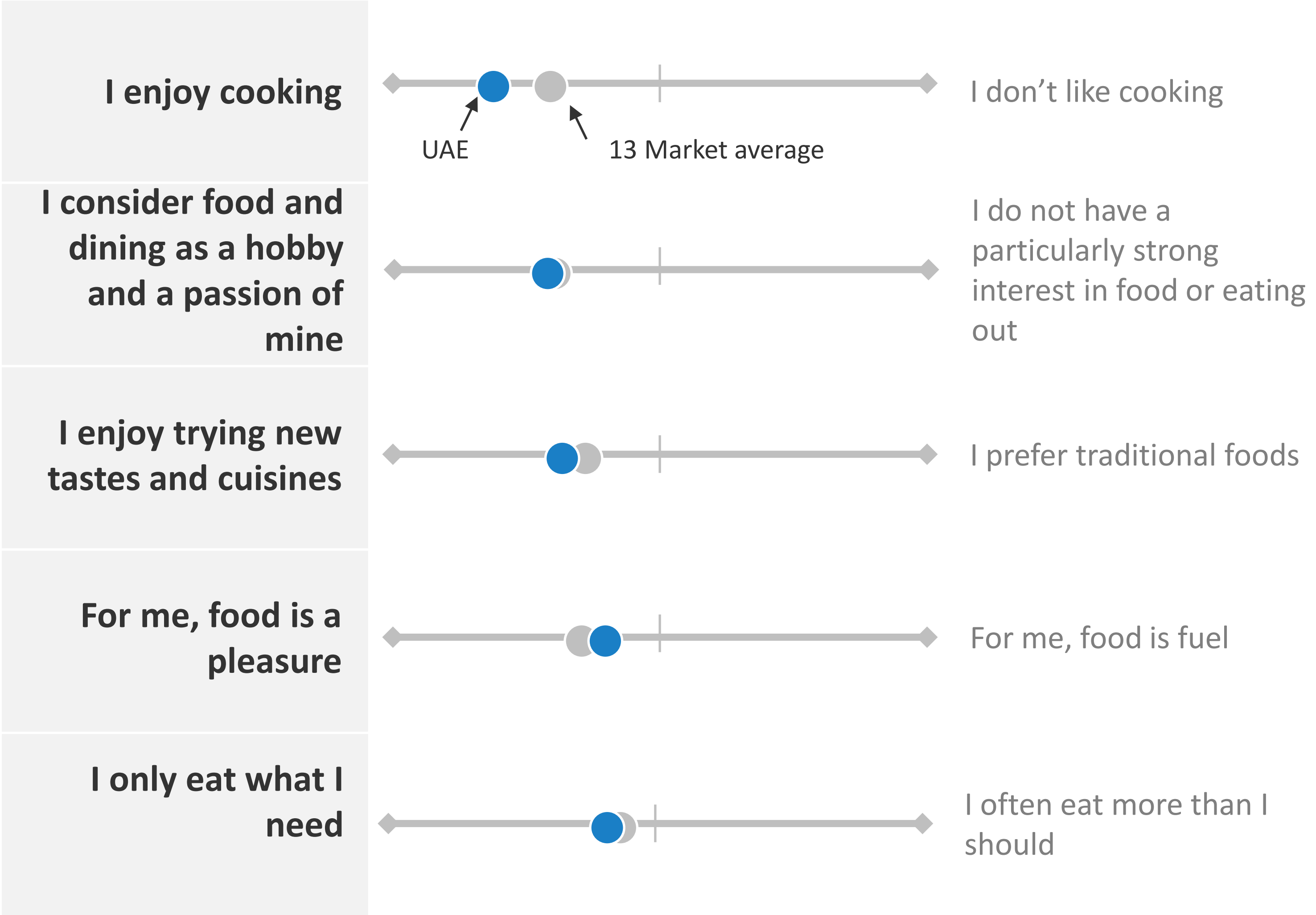
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4129

> I love cooking and dining and find great pleasure in all types of food and cuisines. Though I only eat what I need

Attitudes & values related to

Food & Cooking

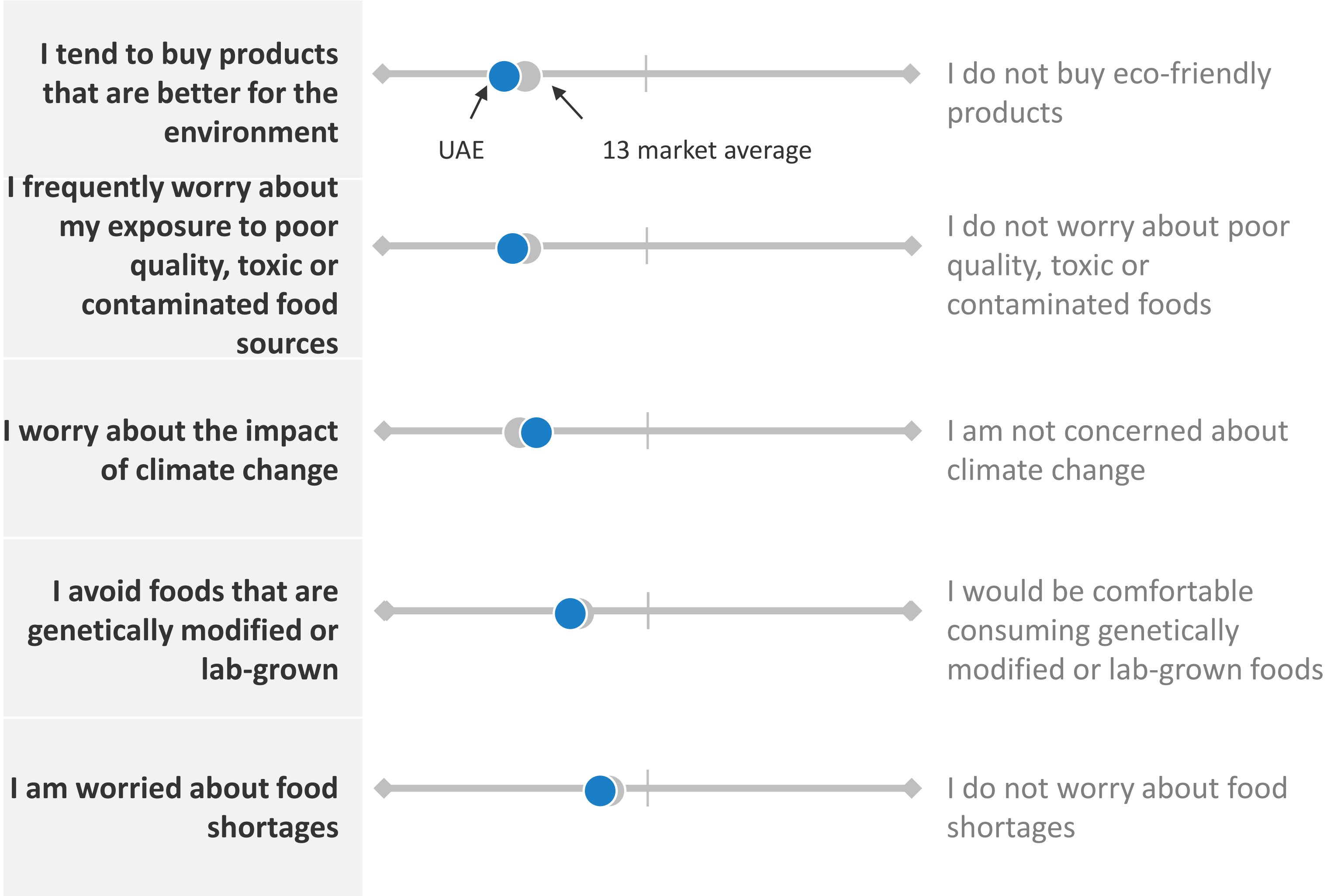


Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4129

> "I worry about climate change and try to buy products that are better for the environment.
>
> Food safety is a concern for me, and I worry about contaminated food"

Attitudes & values related to

Safety & Sustainability



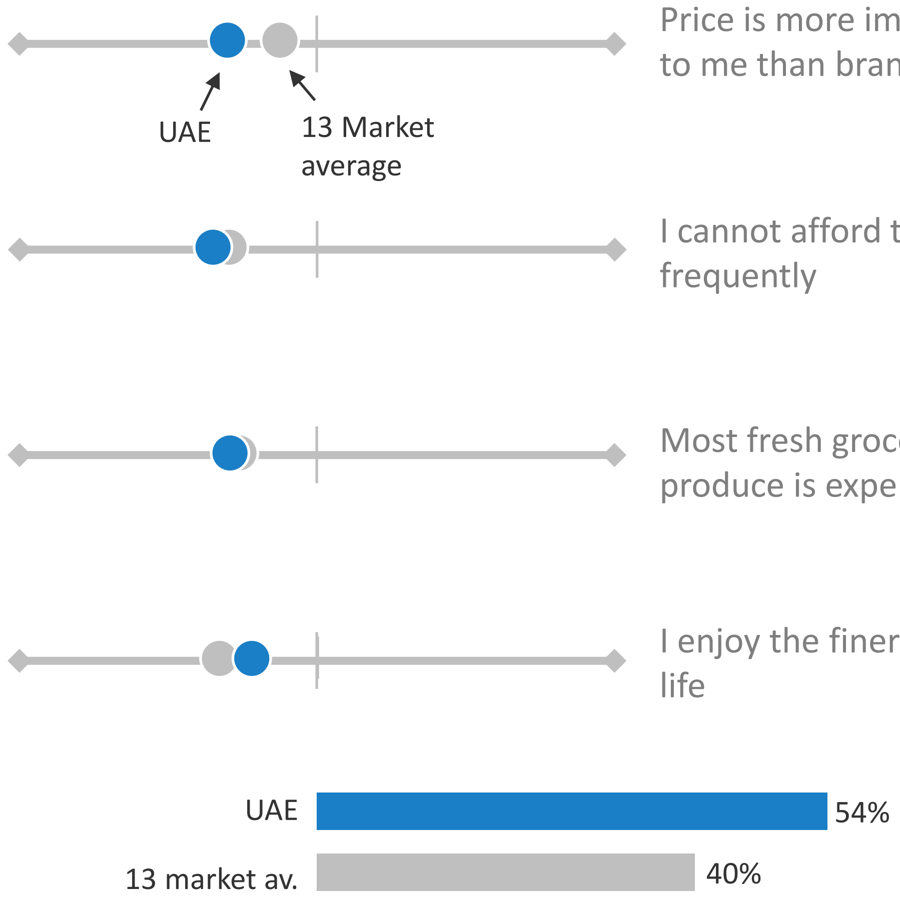
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4129

> It is important to buy trusted brands and I often pay extra for premium quality food. That said, I feel I pay the right price for fresh produce
>
> I can afford to eat out whenever I like but am happy with simple pleasures

Attitudes & values related to

Premium vs. Value

It is important to buy trusted brands, even if they are more expensive	Price is more important to me than brand names
I can afford to eat out as often as I like	I cannot afford to eat out frequently
Fresh grocery produce is worth the price I pay	Most fresh grocery produce is expensive
I am happy with simple pleasures	I enjoy the finer things in life
I often pay extra for premium quality food	



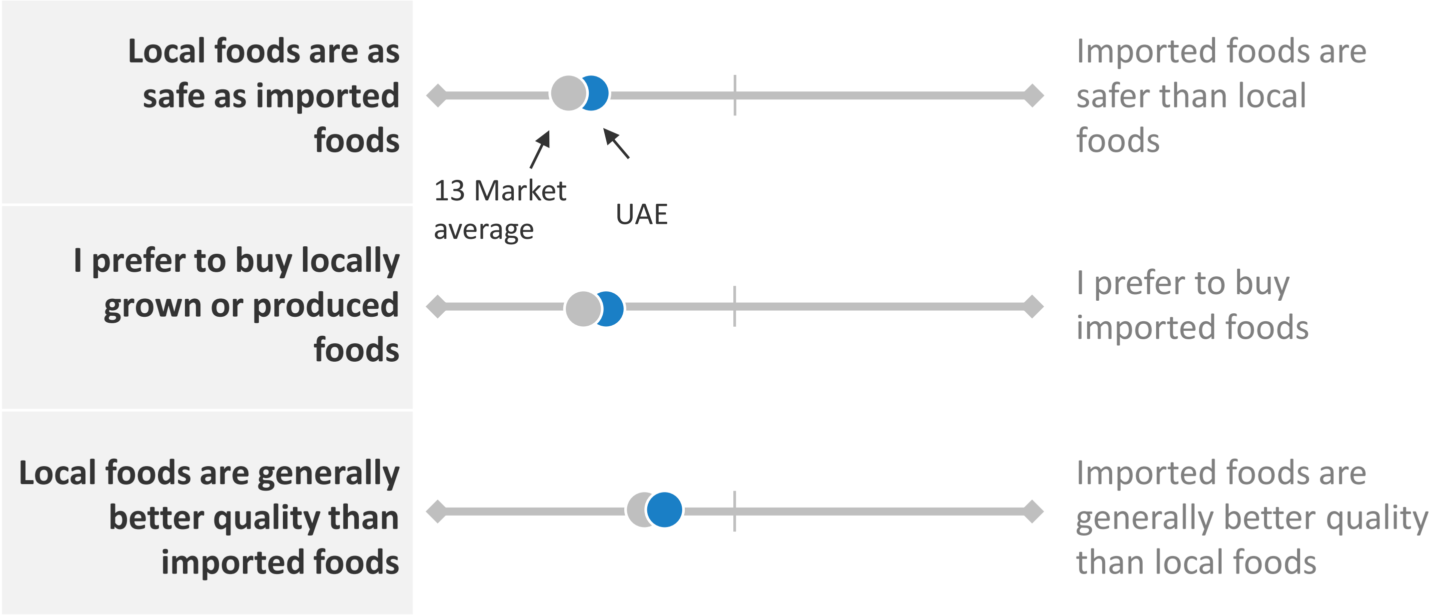
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4129

“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.

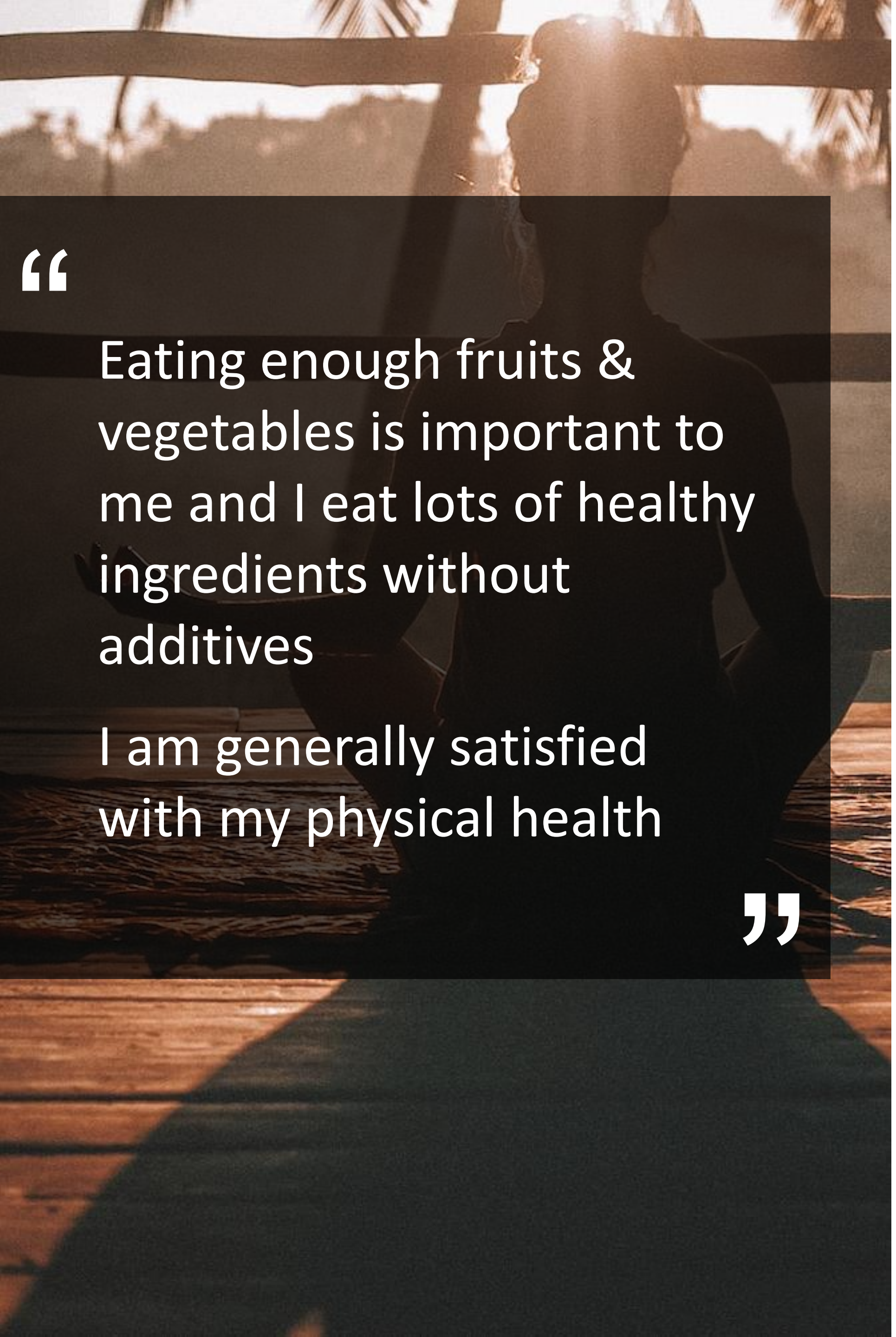
I consider local foods as **safe** as imported alternatives”

Attitudes & values related to

Local vs. Imported

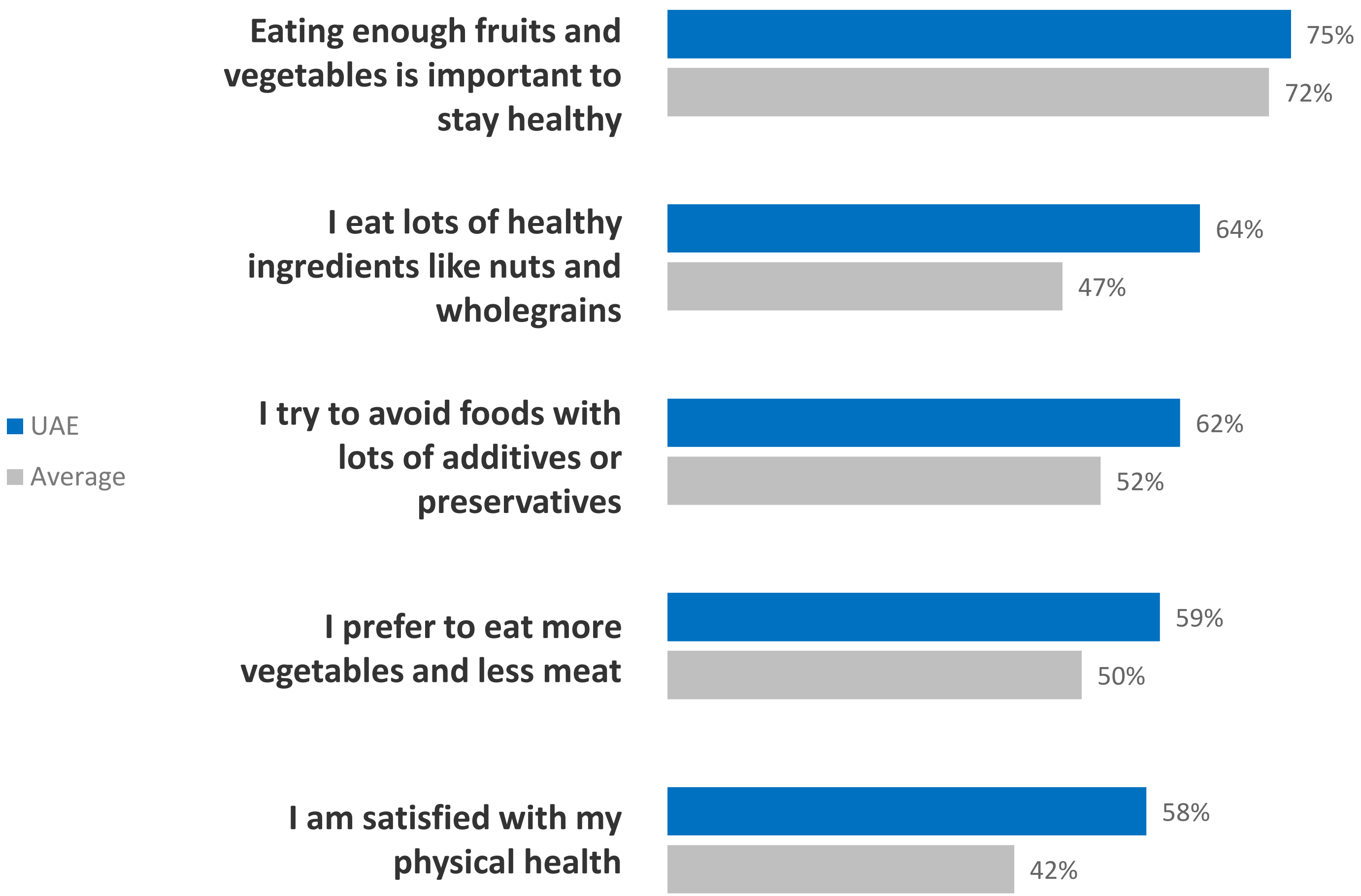


Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4129



Attitudes & values related to

Health & Wellbeing

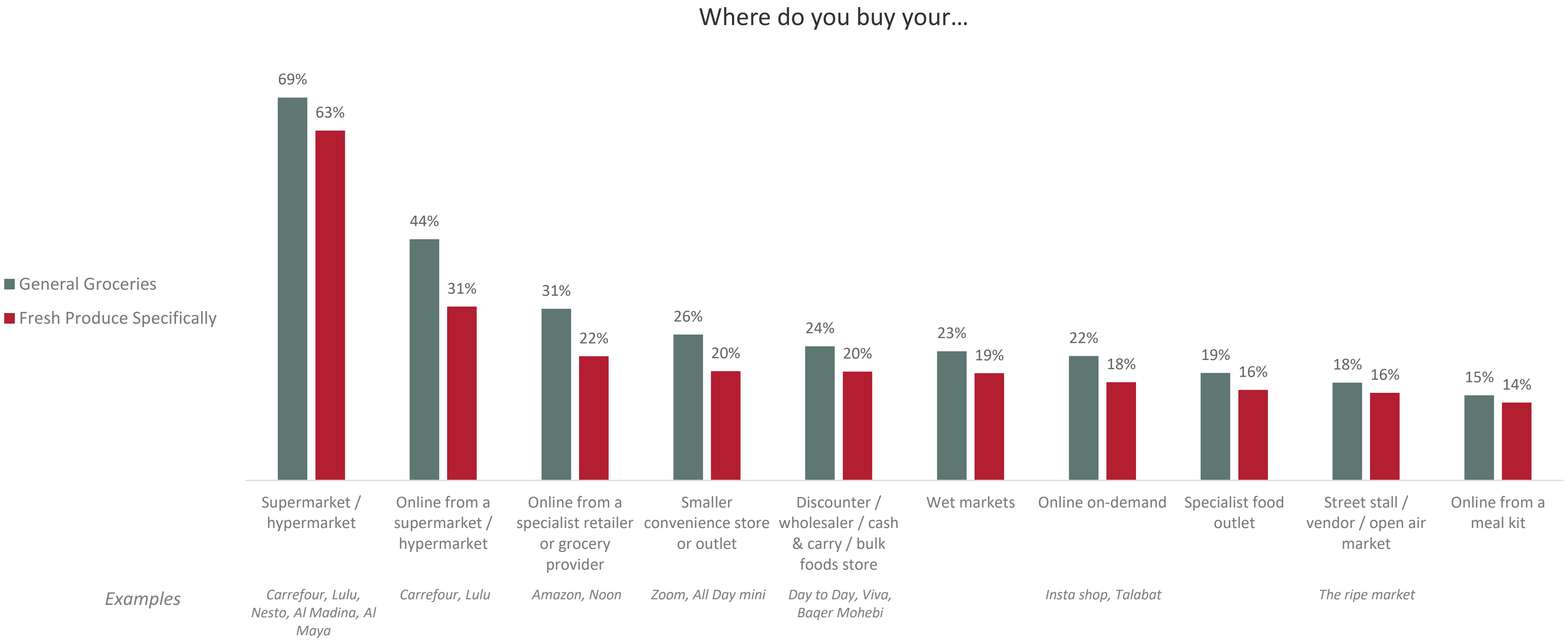


Question: To what extent do you agree with the following statements?
Source: Kantar HIA International Demand Study 2022
n=4129

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

Source: <sources here; divided by a semi-colon; all on one line>

Supermarkets (including online) are the predominant channels for purchasing fresh produce, as well as fresh produce

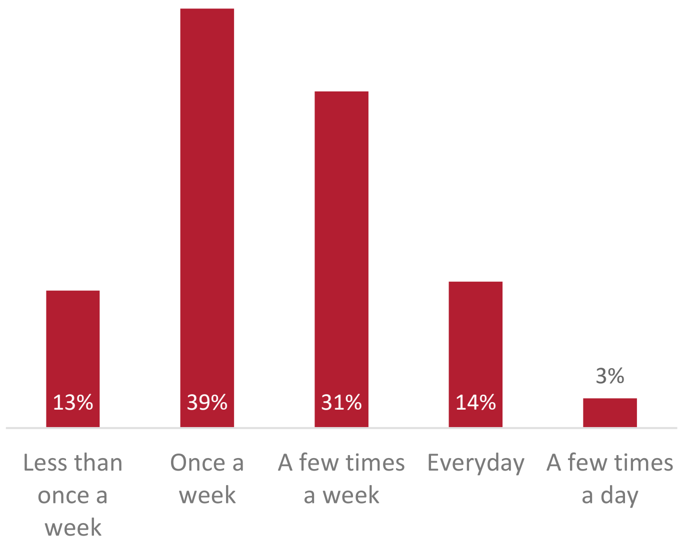


Source: Kantar HIA International Demand Study 2022
N=4108

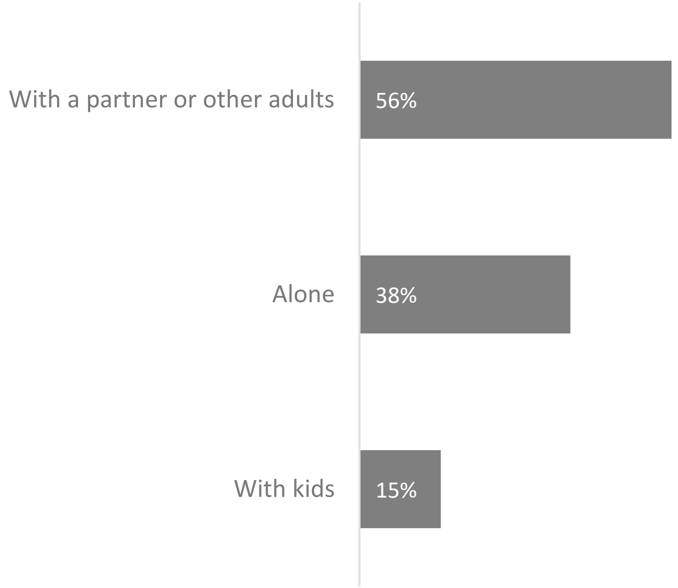
Most people (39%) are shopping once a week but almost half go more frequently.

Adults typically shop with a partner, but where they have under 18's in the household, 40% of fresh produce is for them

How often do you shop for fresh produce?



With whom?



How much are the kids having?

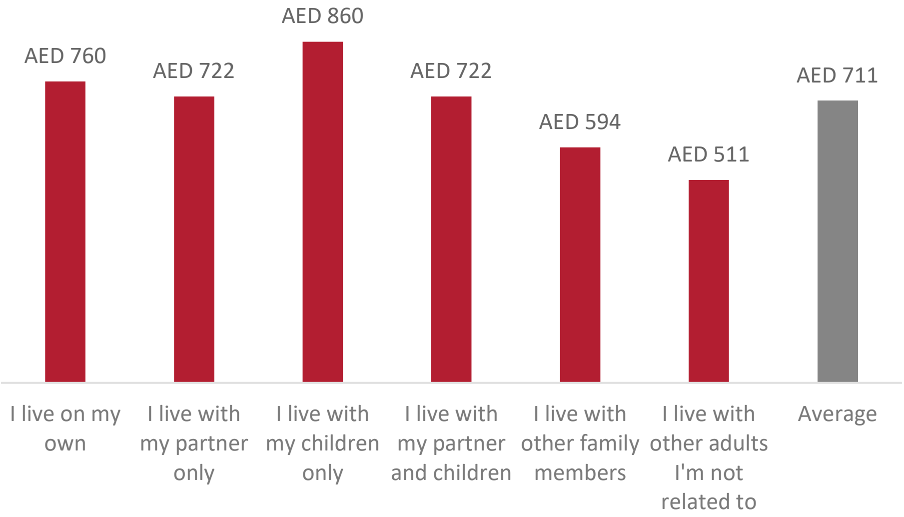
40%

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= 1576
Source: Kantar HIA International Demand Study 2022; n= 3575

Most households are spending around AED 700 (approx. $290 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)?



How much do you spend on fresh produce?

45%

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= 4108

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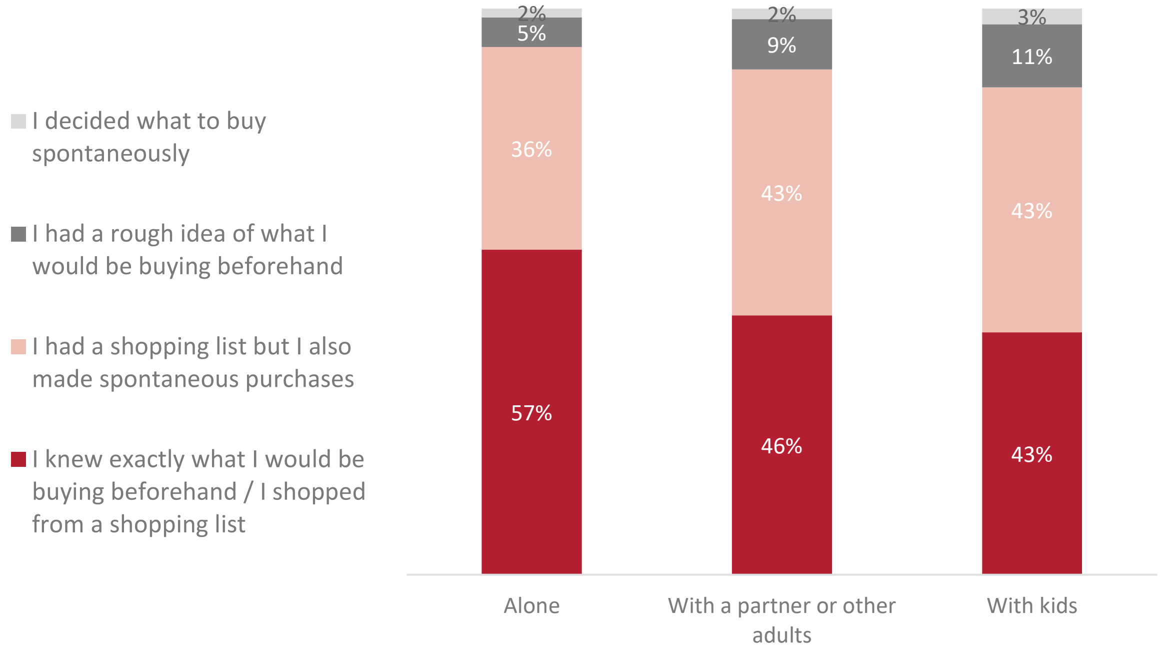
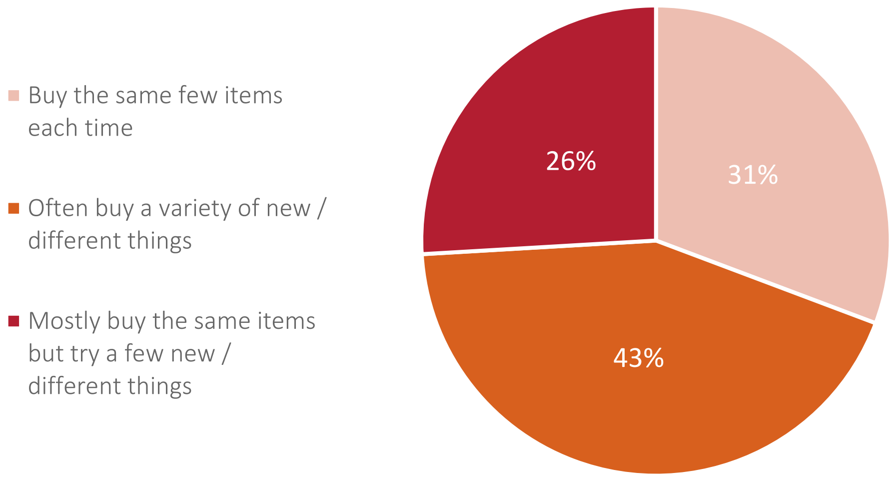
Consumers are typically shopping from a list, regardless of who they are with (though especially alone). **When it comes to fresh produce, there's a relatively even split between people buying the same items vs. trying at least some new things.**

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= 4108

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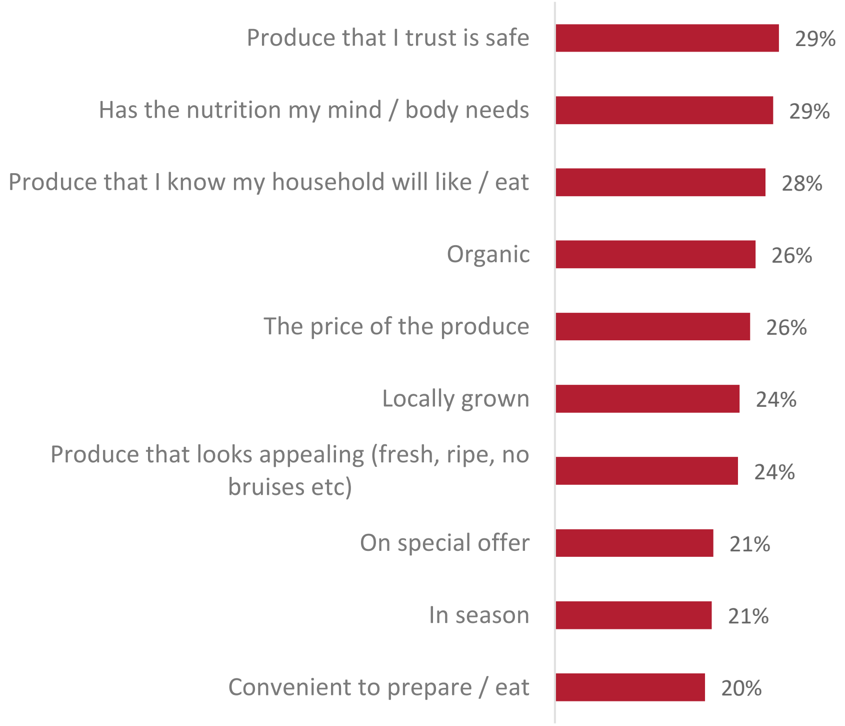
Safety and nutrition are the strongest drivers of fresh produce purchase though a range of factors are similarly important. Price, recipes or knowing how to prepare produce also drive purchase

When shopping for fresh produce what determines your choice?



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= 4108

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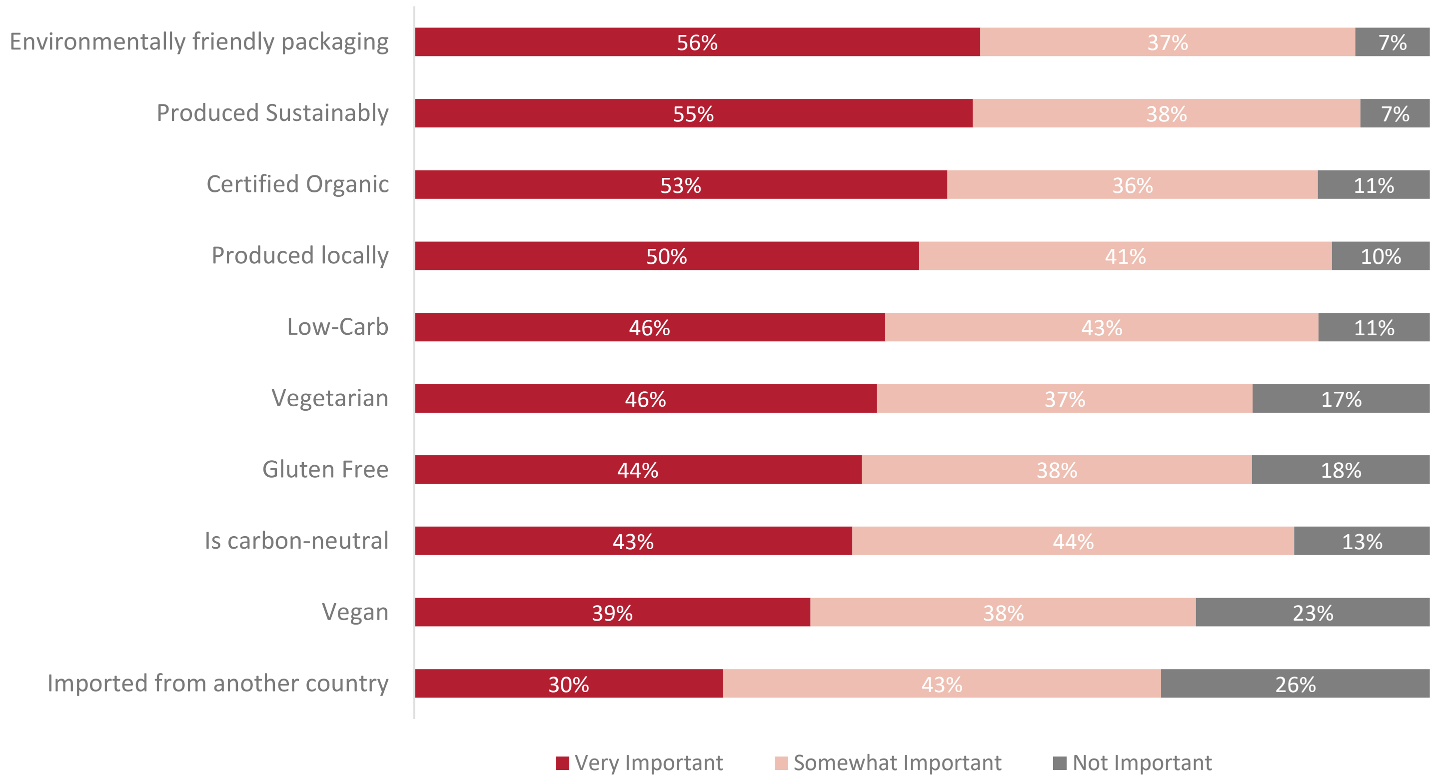
‘Eco’ factors are important for people when purchasing groceries. Environmentally friendly packaging, sustainable and certified organic are the top ranked factors

How important are the following when purchasing groceries?



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Source: Kantar HIA International Demand Study 2022
N=4108

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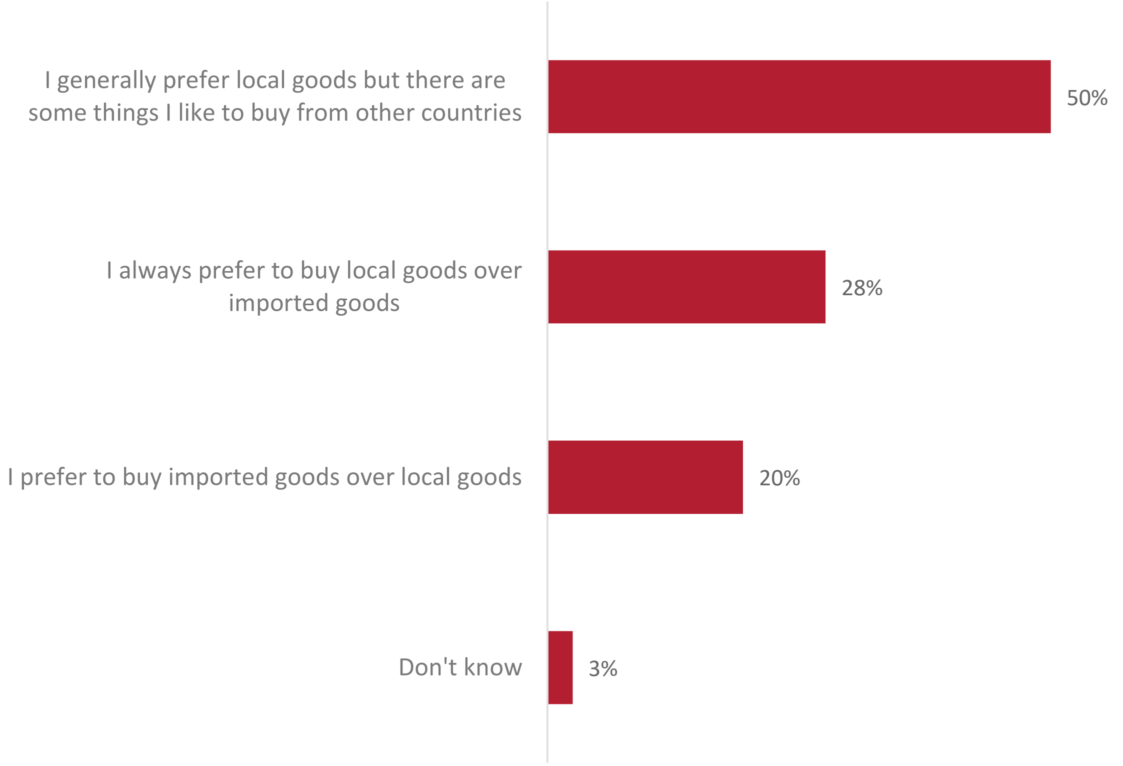
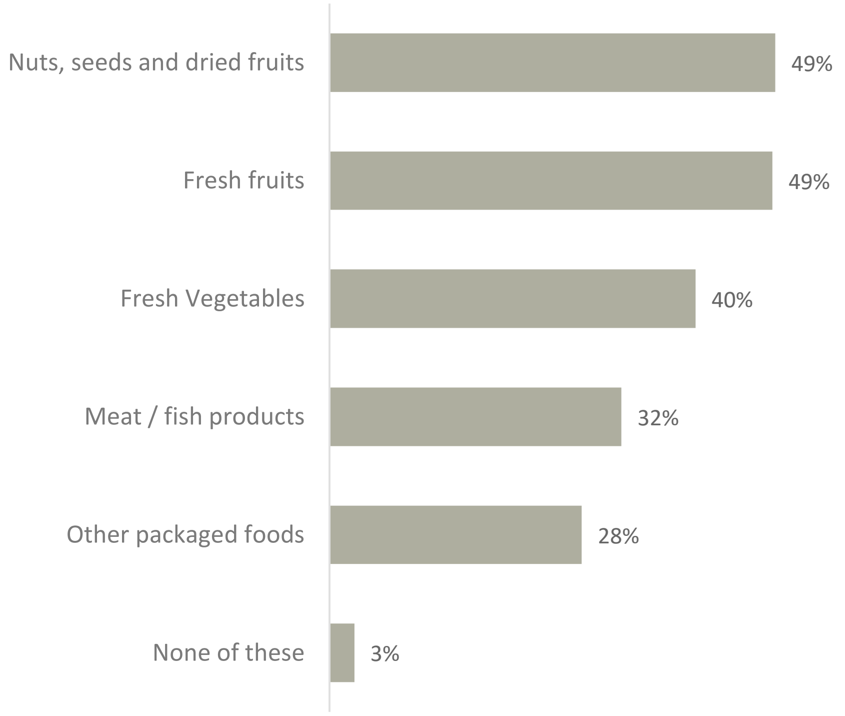
The majority of UAE consumers claim to have a preference for local goods, but only 28% <u>always</u> prefer to buy local. Nuts, seeds and dried fruits and fresh fruits are the most popular choice of imported produce

Preferences for Import vs Local



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



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Source: Kantar HIA International Demand Study 2022
N=4129

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Key consumer take-aways

1

In the UAE consumers are typically less price conscious

Over half of respondents ‘Often pay extra for premium quality food’ and people claim to ‘like the finer things in life’ more so vs. other markets

2

Unsurprisingly supermarket dominate grocery purchases

Online shopping for food and groceries still accounts for a significant proportion, followed by specialist retailers and convenience stores

3

‘Produce that I trust is safe’ is the leading purchase driver

People are mindful of the nature of their produce and that it is not contaminated

4

However, respondents are also driven ensuring that they are healthy

Providing their body with the nutrition it needs is a strong driver, as is organic. These variables rank higher than price

5

Generally, consumers prefer to buy local goods

However, they claim that there are some things they’d rather imported. Fresh fruits and dried fruits and nuts are the most likely choice (over other commodities, meat or fish)

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	98% penetration	96% penetration	99% penetration
When	As a snack, lunch or at dinner	Most often as a snack or lunch	At lunch or dinner
How	Fresh on its own	Fresh on its own or as part of a snack	As an ingredient in cooking
Where	At home	At home	At home
Who with	With spouse/partner, parents or family group, alone or children	With spouse/partner, parents or family group, alone or children	With spouse/partner, parents or family group, children or alone

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

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The 13 fruits of interest


Apple & Pear


Blueberries


Cherry


Citrus


Lychees


Mango


Melons

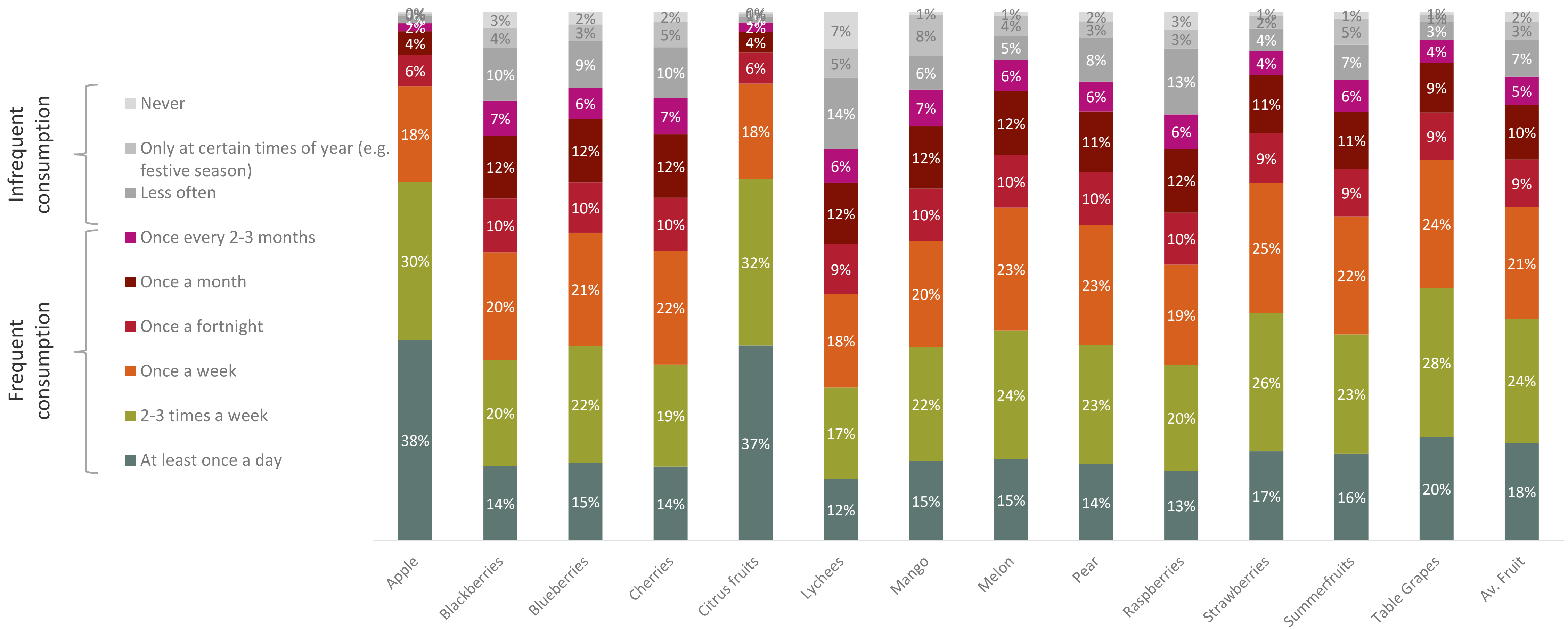

Raspberries
& Blackberries


Strawberries


Summer fruit


Table Grapes

All fruits are highly penetrated in UAE with apples and citrus fruits consumed particularly frequently



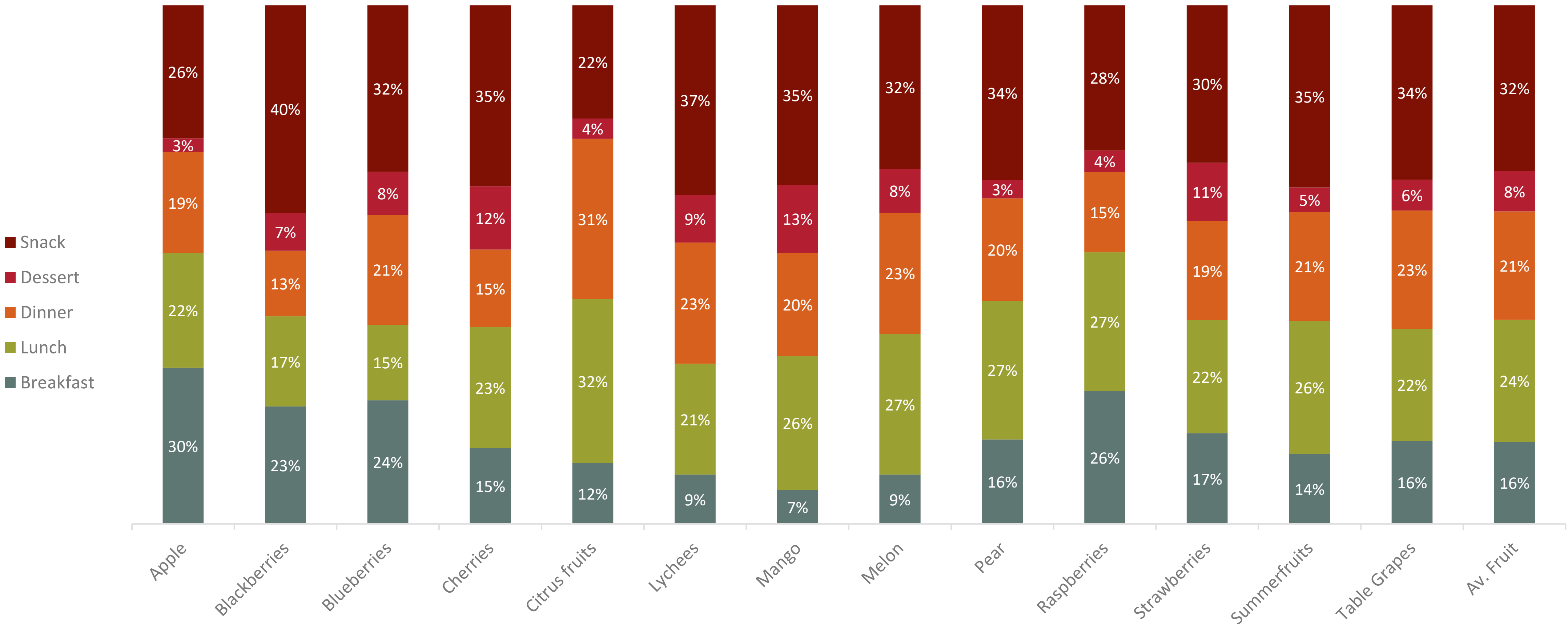
Source: Kantar HIA International Demand Study 2022
N=4157

KANTAR

Hort Innovation

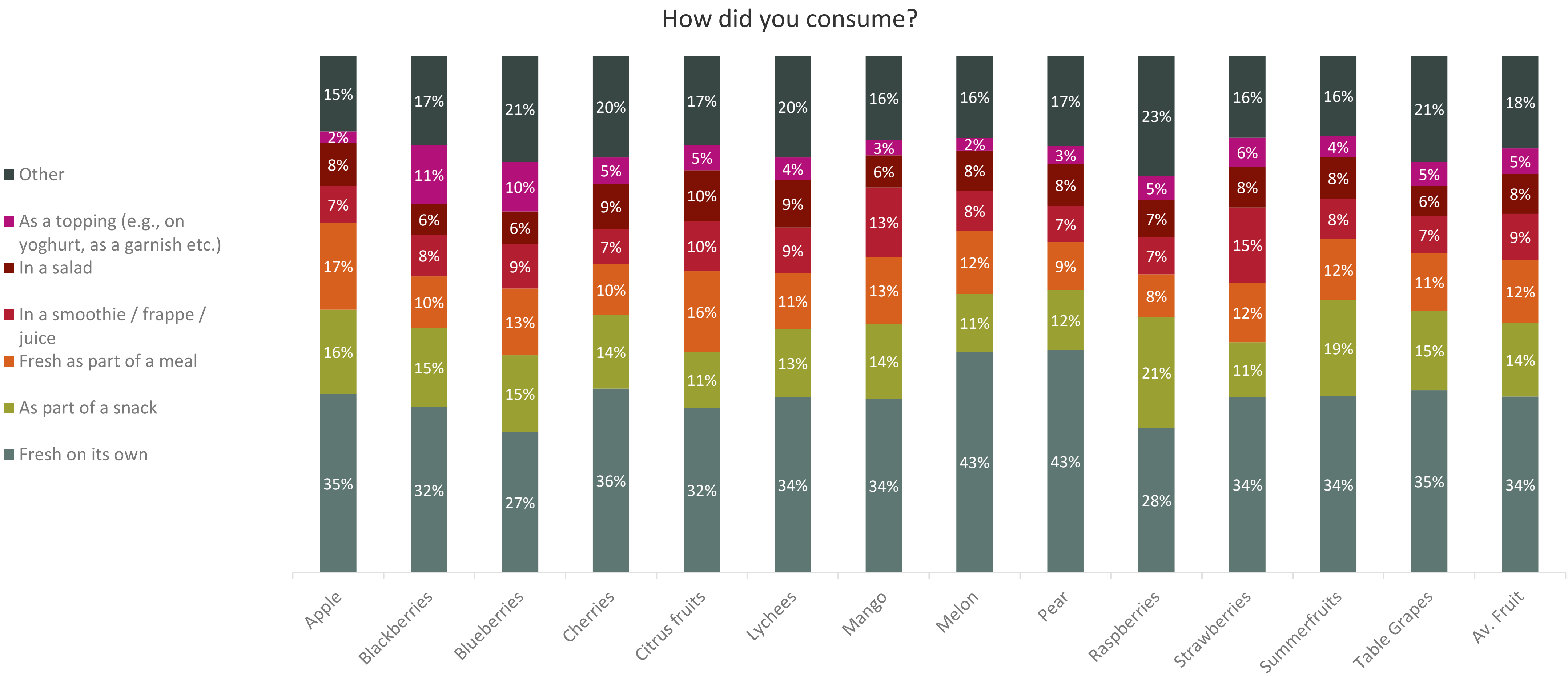
Fruit consumption tends to be throughout the day as a snack or with a meal, especially lunch or dinner

When did you consume?



Source: Kantar HIA International Demand Study 2022
N=3335

Fruits are generally consumed fresh on their own or less frequently as part of a snack

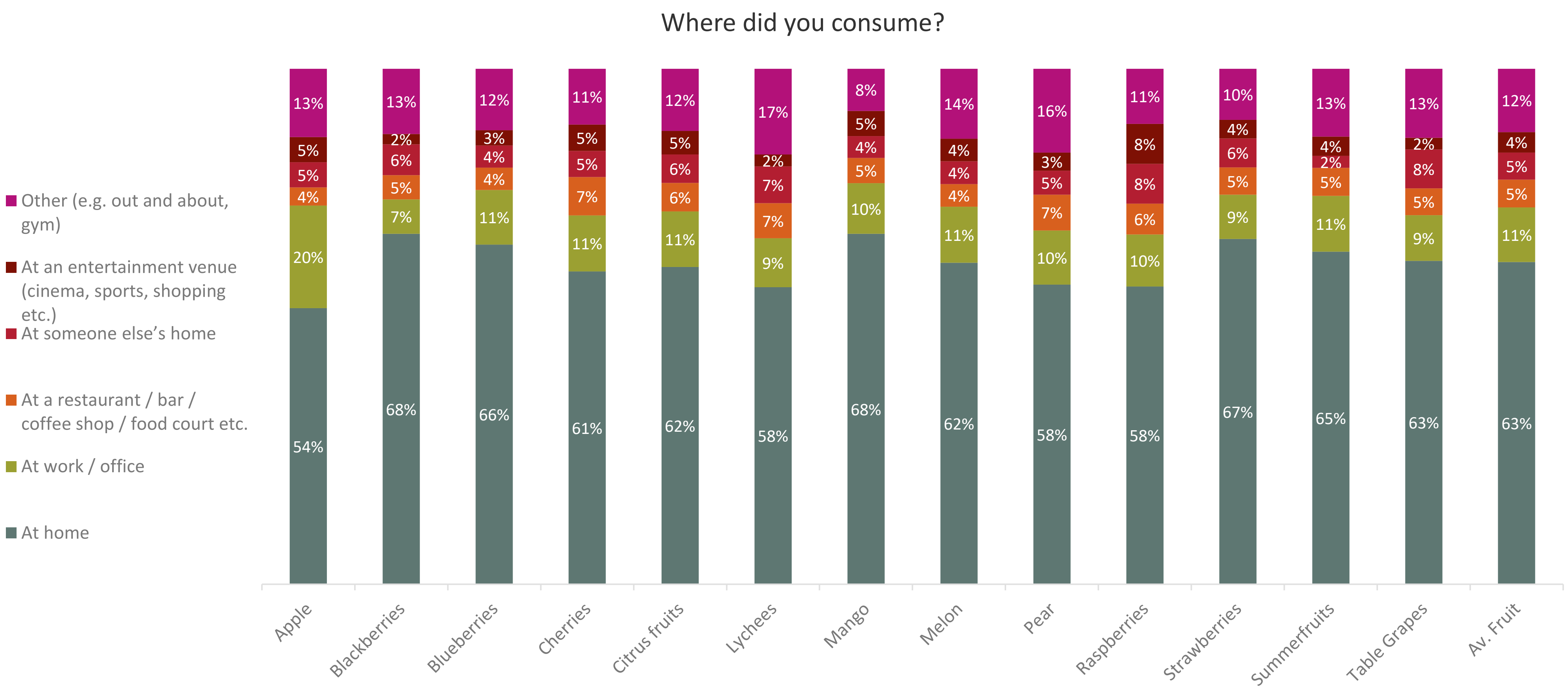


KANTAR

Source: Kantar HIA International Demand Study 2022
N=3335

Hort Innovation

Fruit in UAE is mostly consumed in the home. The second ranking location is work / office

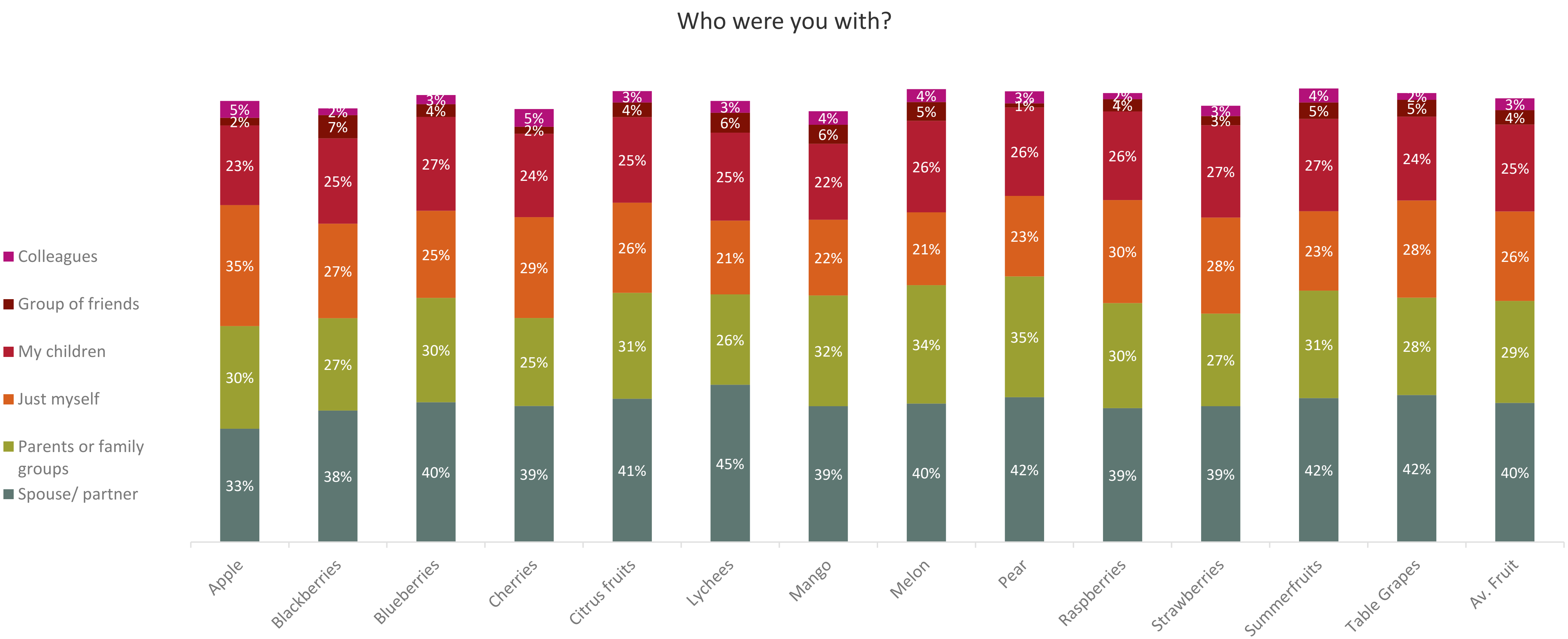


KANTAR

Source: Kantar HIA International Demand Study 2022
N=3335

Hort Innovation

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



KANTAR

Source: Kantar HIA International Demand Study 2022
N= 3335

Hort Innovation

The 3 nuts & dried fruits of interest

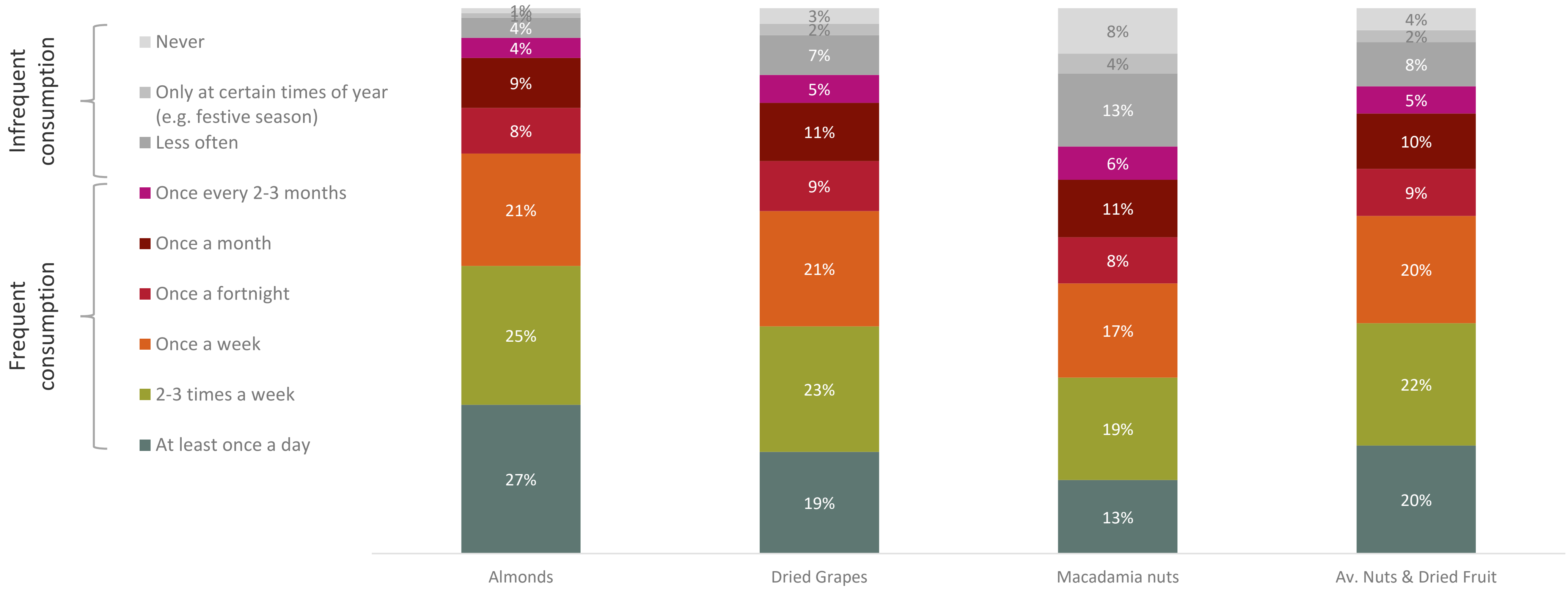
Almond

Macadamia

Dried Grapes

Nuts and dried grapes are highly penetrated and frequently consumed in UAE

How often do you consume each commodity?

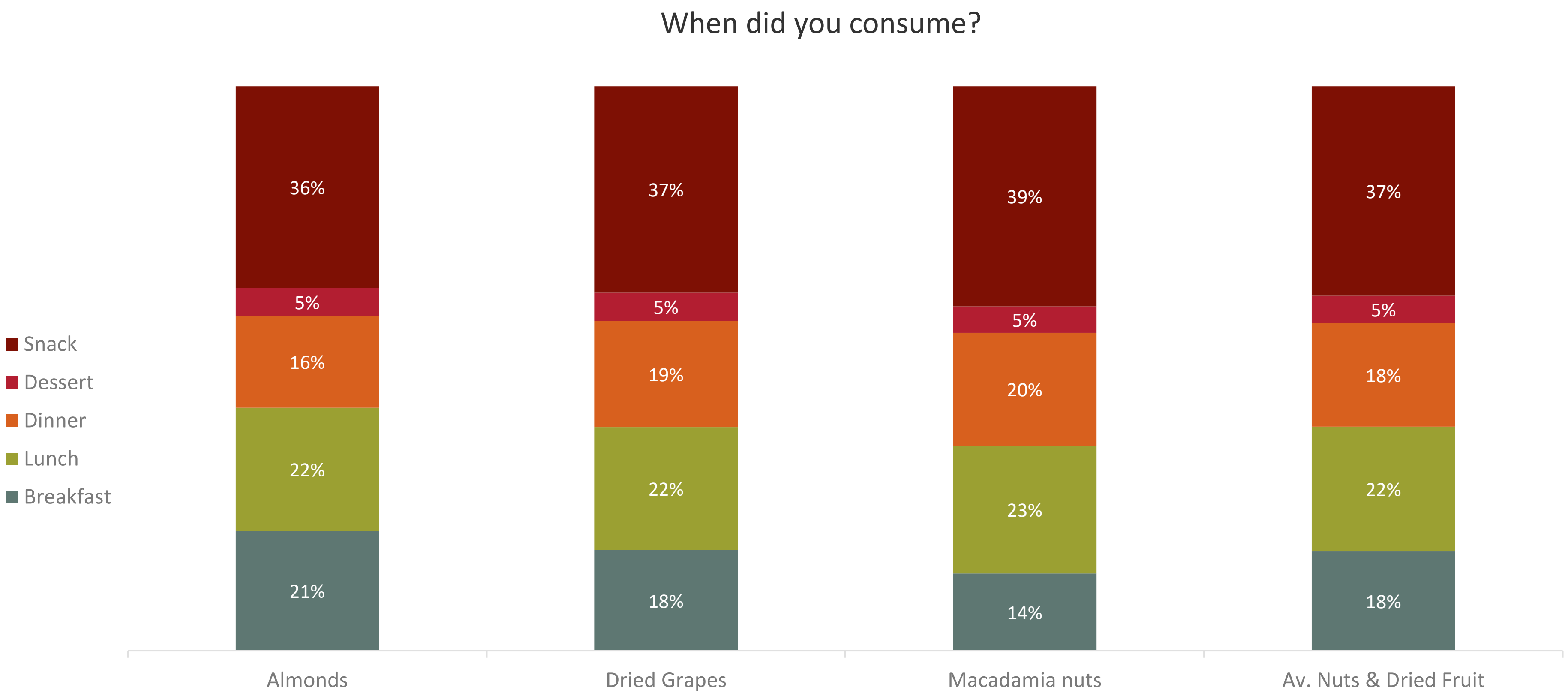


KANTAR

Source: Kantar HIA International Demand Study 2022
N=4157

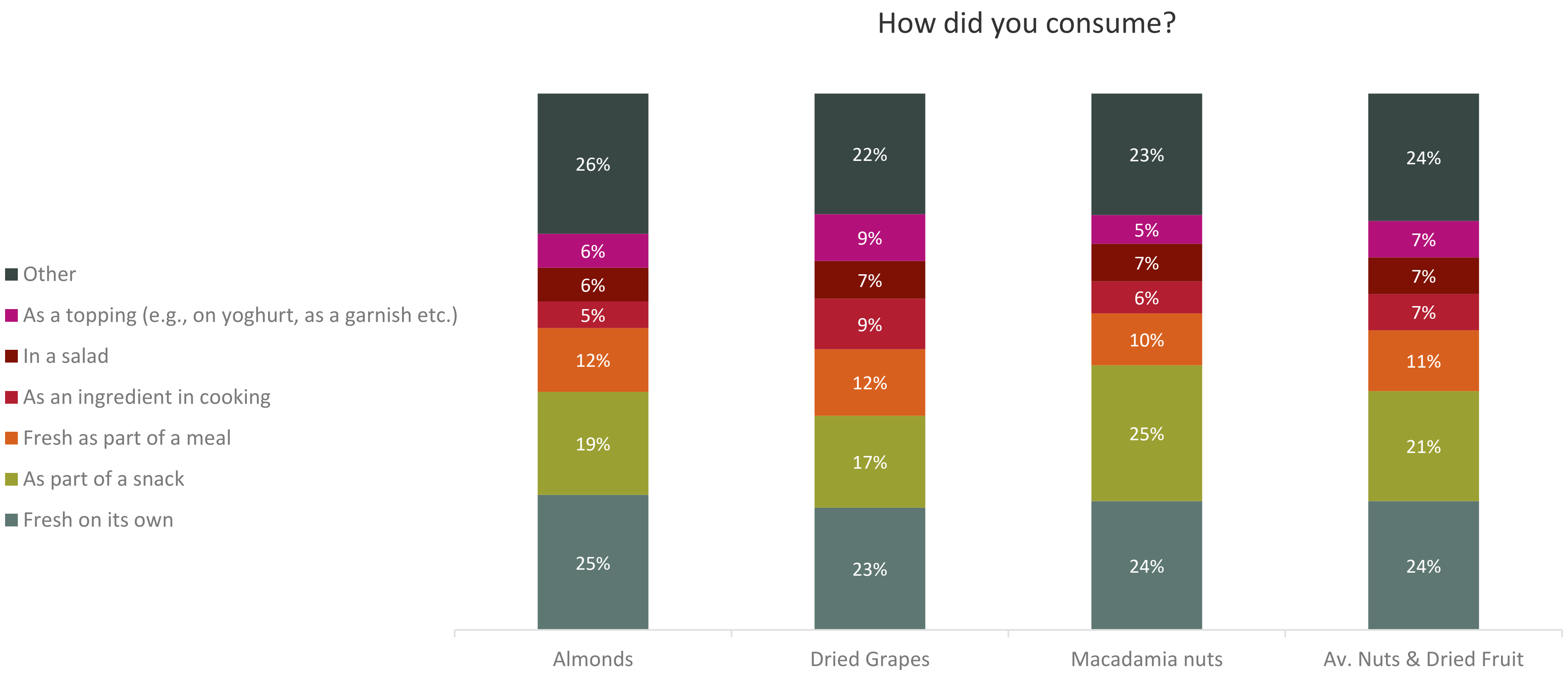
Hort Innovation

Nuts and dried grapes are consumed throughout the day as snacks or with meals, especially lunch or dinner



Source: Kantar HIA International Demand Study 2022
N=900

Nuts and dried grapes are typically consumed on their own or as part of a snack



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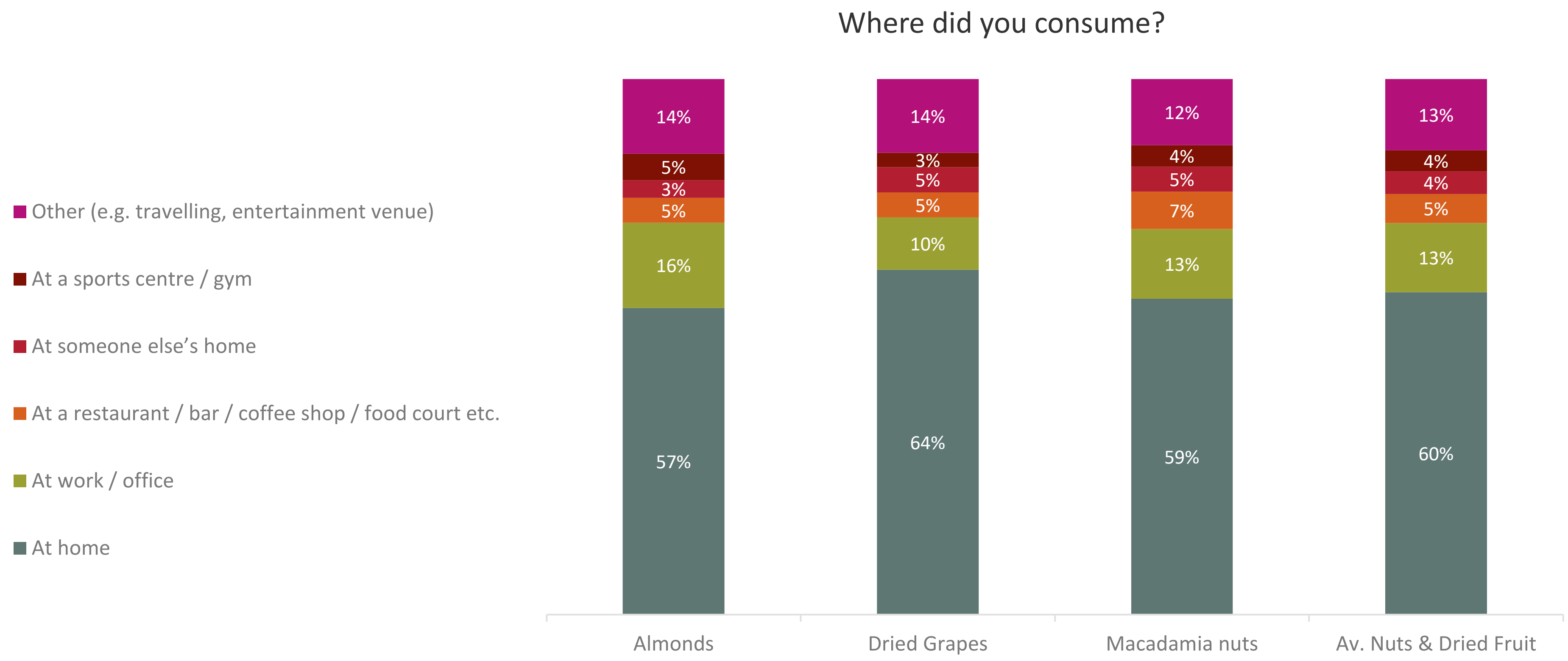
Source: Kantar HIA International Demand Study 2022
N=900

Hort Innovation

The majority of consumption of nuts and dried fruits is in the home followed by work / office

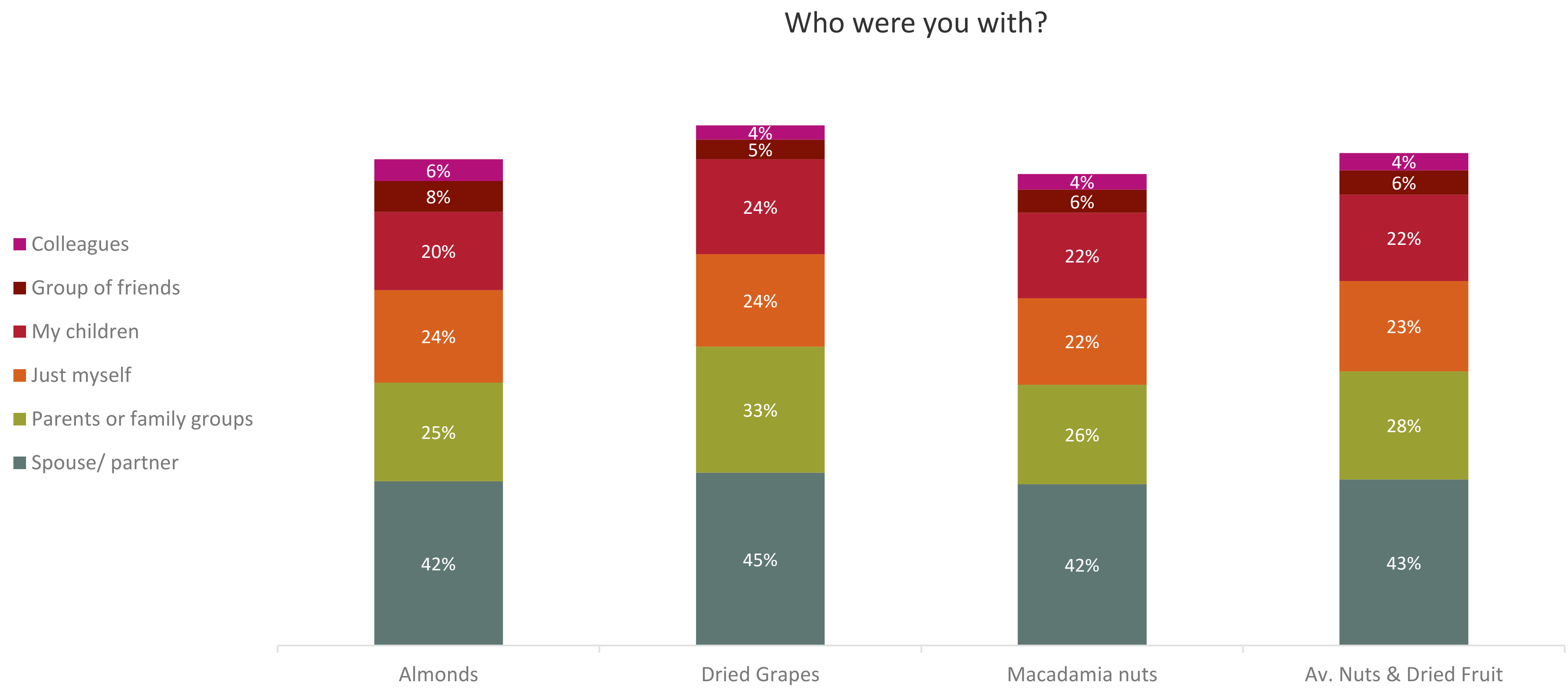


KANTAR

Source: Kantar HIA International Demand Study 2022
N=900

Hort Innovation

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



KANTAR

Source: Kantar HIA International Demand Study 2022
N=900

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

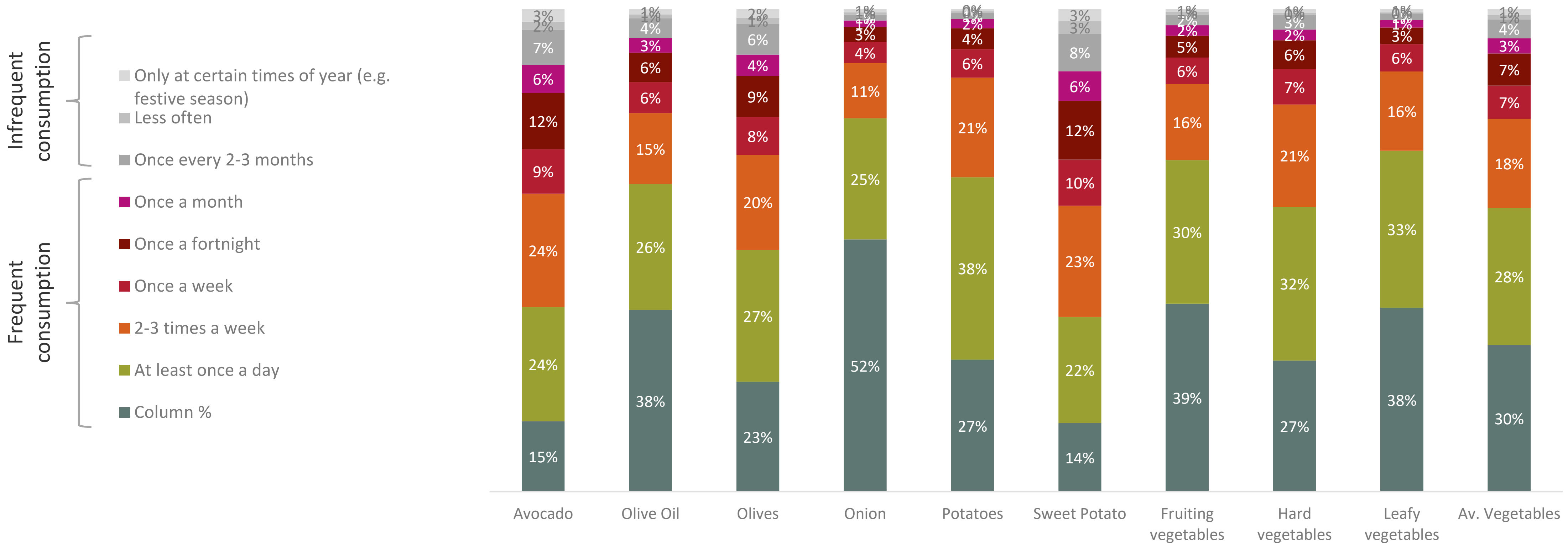
Potatoes

Sweet Potato

Hard Veg,
Fruiting Veg & Leafy Veg

All vegetables are highly penetrated and frequently consumed in UAE

How often do you consume each commodity?

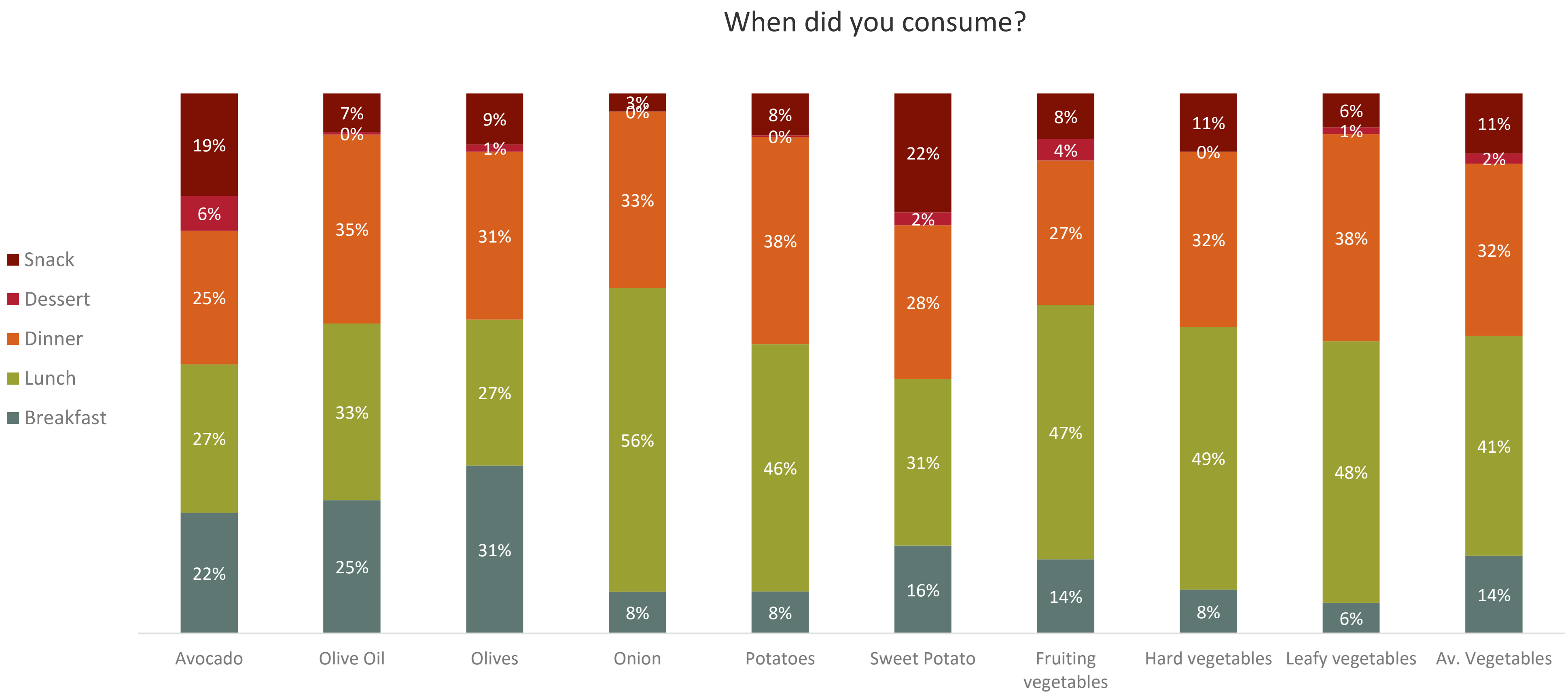


Source: Kantar HIA International Demand Study 2022
N=4157

KANTAR

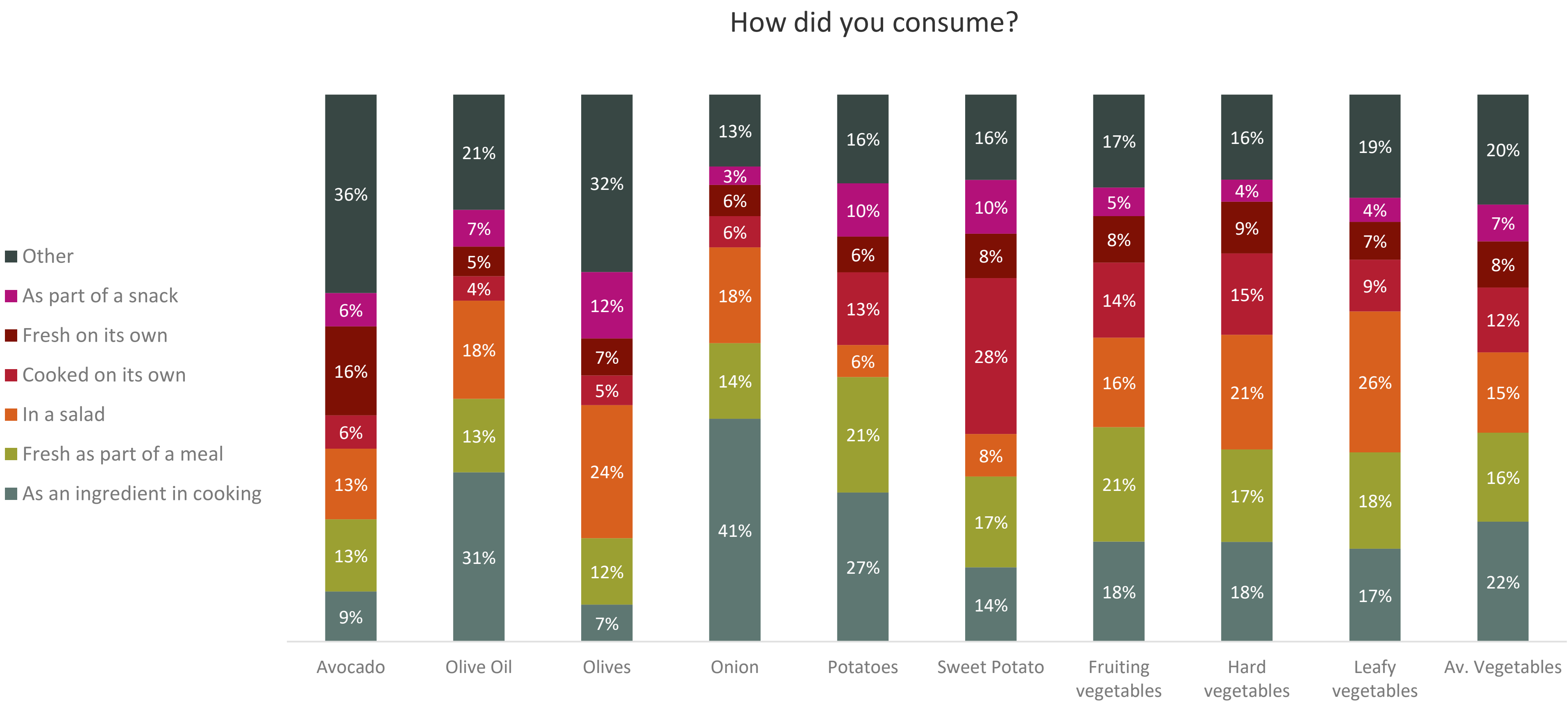
Hort Innovation

Vegetables tend to be consumed at lunch or dinner



Source: Kantar HIA International Demand Study 2022
N=1952

In UAE, vegetables are used in a variety of ways, fresh or cooked, as an ingredient or on their own

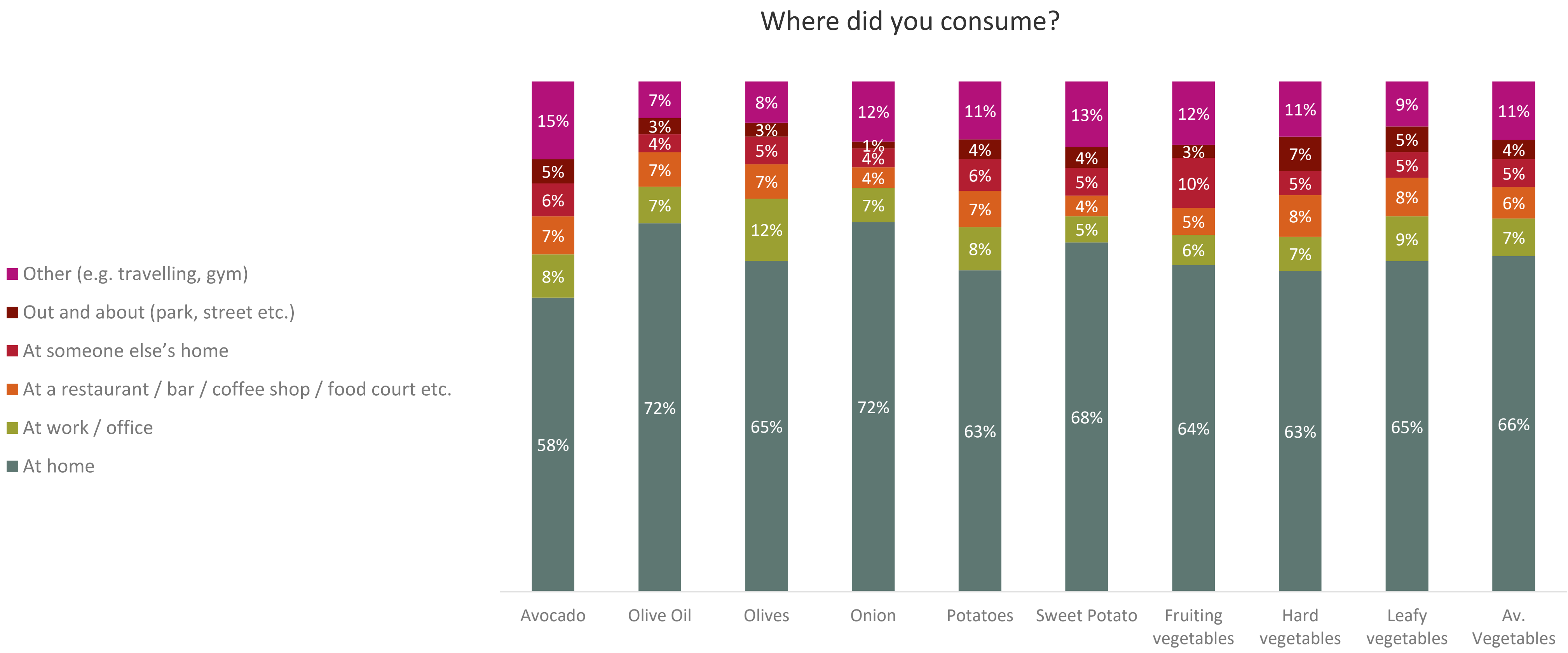


KANTAR

Source: Kantar HIA International Demand Study 2022
N=1952

Hort Innovation

Vegetables are typically consumed at home



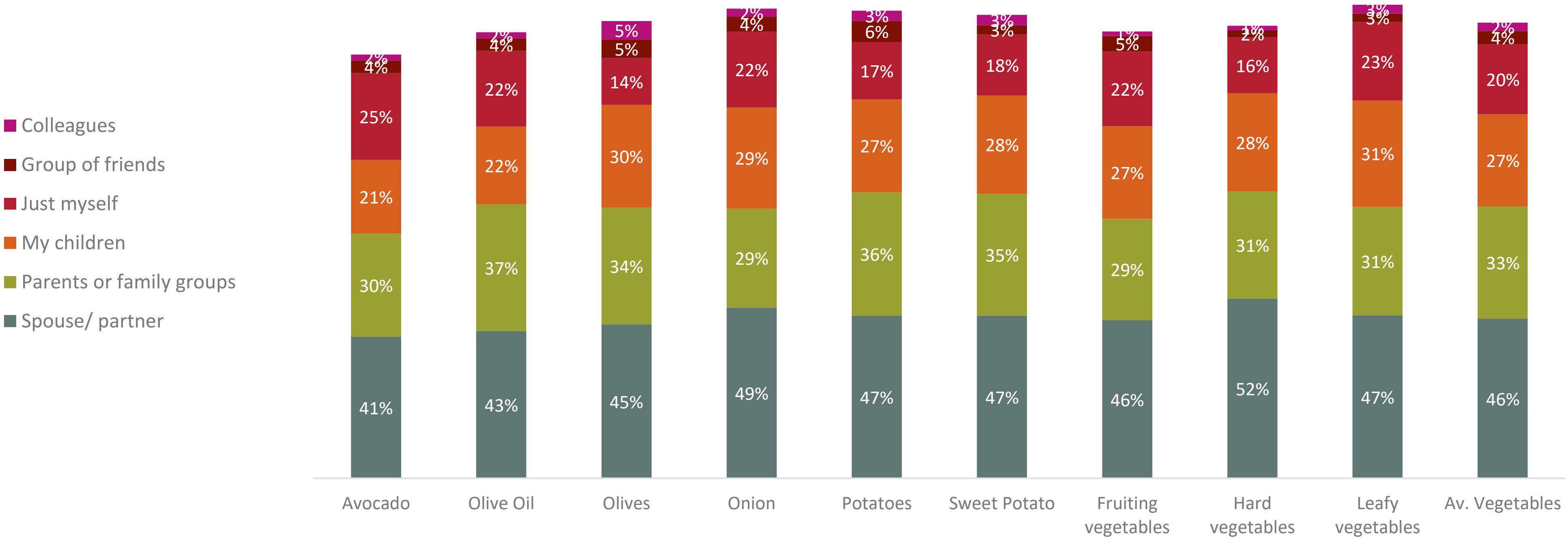
KANTAR

Source: Kantar HIA International Demand Study 2022
N=1952

Hort Innovation

Vegetable consumption is primarily with spouse / partner, parents of family groups, children or alone

Who were you with?



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Source: Kantar HIA International Demand Study 2022
N=1952

Hort Innovation

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 UAE 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

Penetration
(consumed at least once a week)

30%

Likelihood to pay at least 1.5x premium

70%

Likelihood to purchase Australian

40%

Ability to command a premium

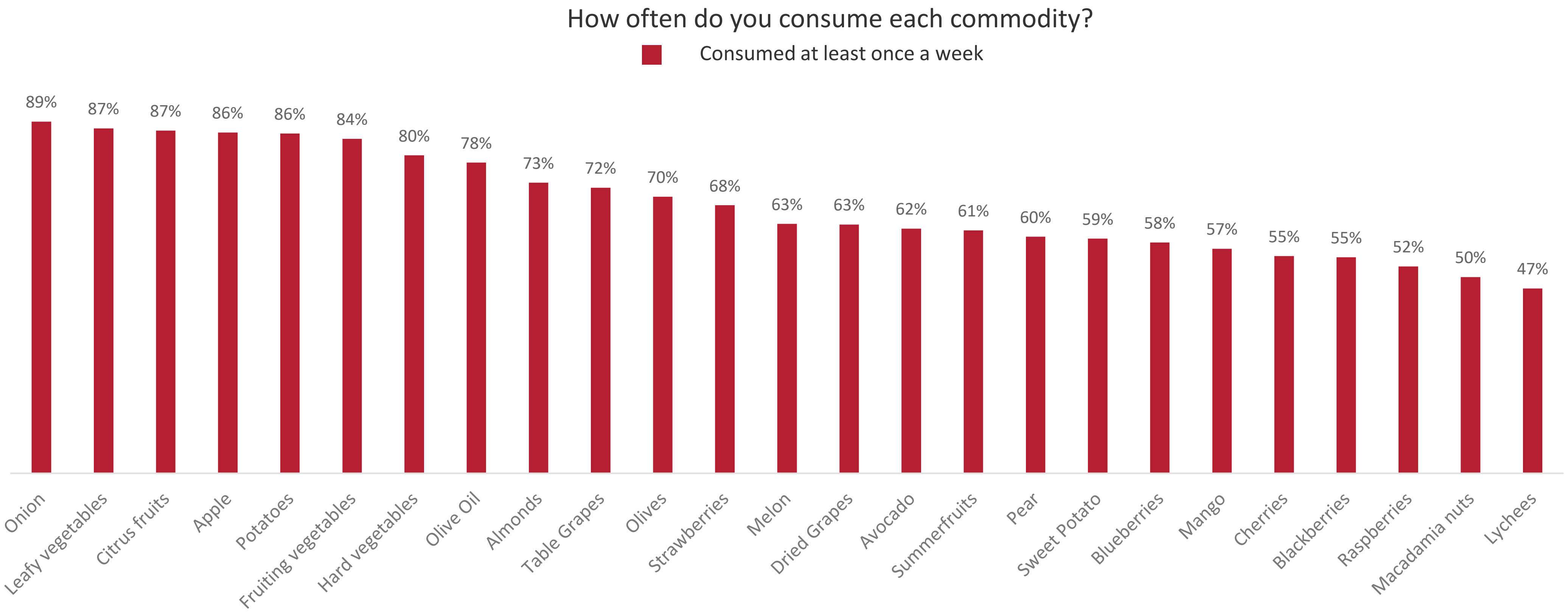
60%

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

nmodity Attractiver

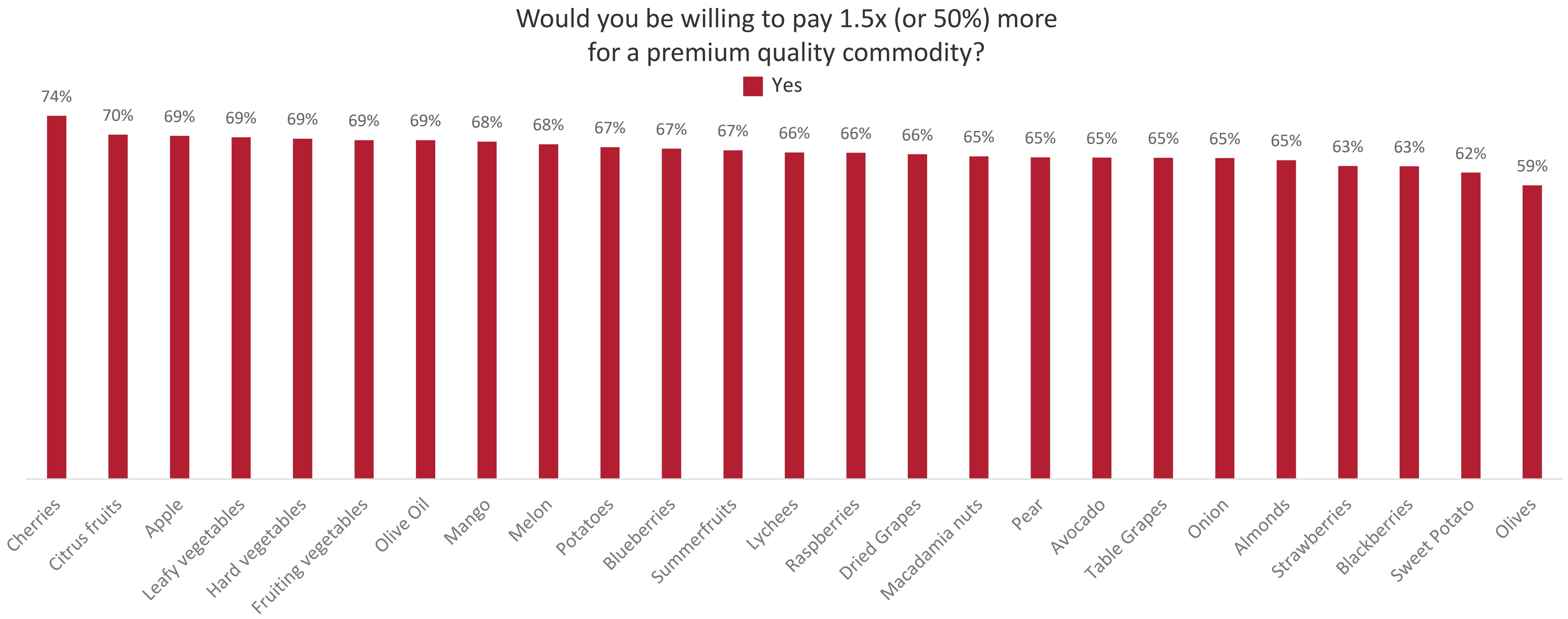
Metric	Question	What this gives us
Penetration Once a week or more	*How often do you consume each commodity?*	Existing commodity penetration that represents an indicative size of the opportunity
Likelihood to pay premium 50%, or 1.5x, more	*Would you be willing to pay more for a premium quality commodity?*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

A wide range of commodities are frequently consumed, especially onions, leafy vegetables, citrus, apples and potatoes



Source: Kantar HIA International Demand Study 2022; n=4157

UAE consumers are willing to pay a premium for the full range of commodities, especially cherries and citrus fruits



KANTAR

Source: Kantar HIA International Demand Study 2022, n=4157

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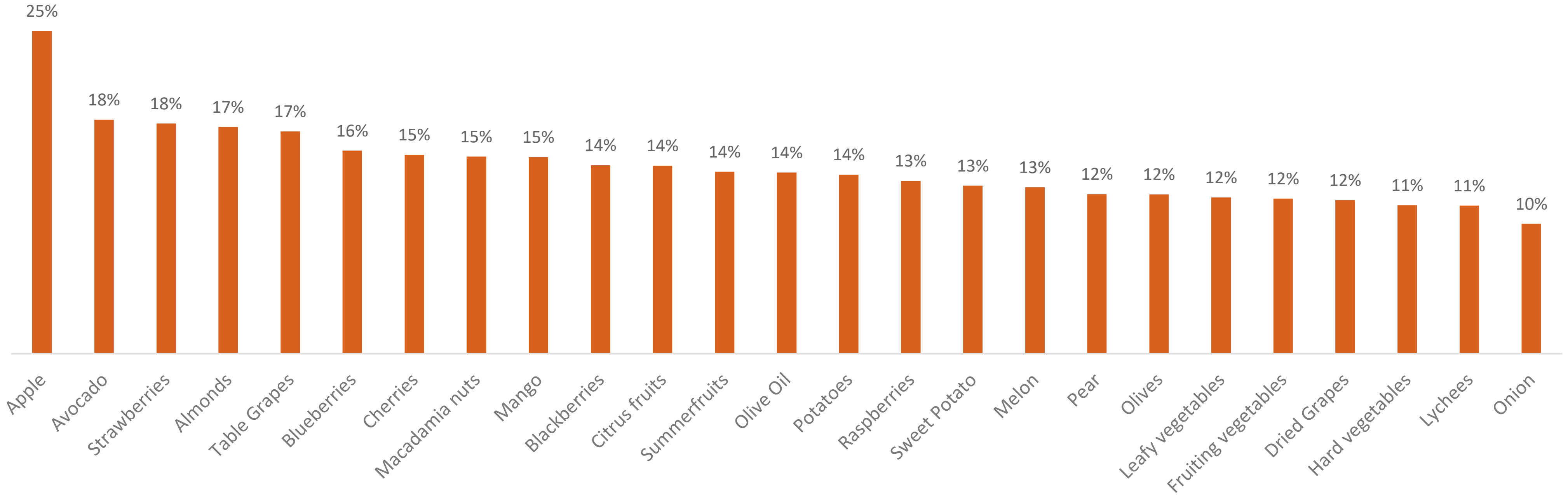
Australian Appeal provides an indication of the potential to realise the export opportunity based on how likely consumers are to purchase Australian or pay a premium for quality

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 have strongest Australian appeal for UAE consumers, followed by avocados and strawberries

Which of the following would you be
most likely to buy imported from Australia?

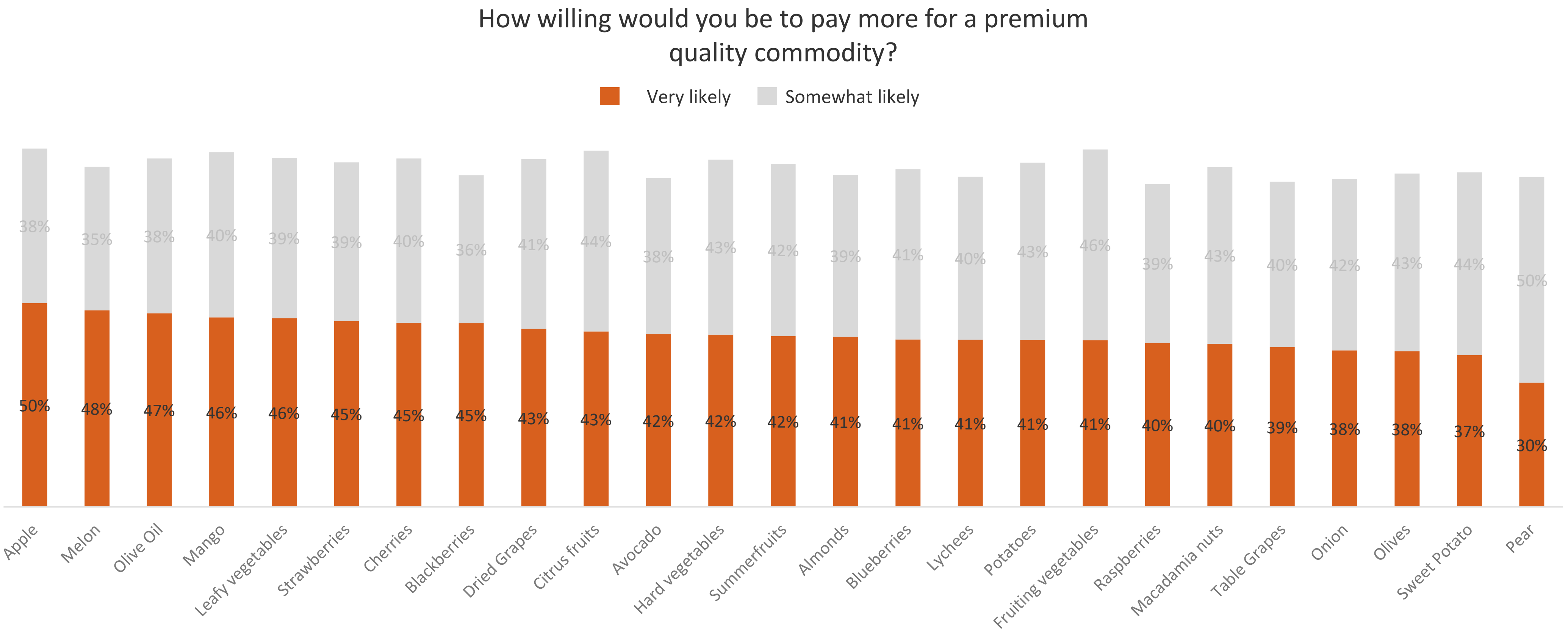


KANTAR

Source: Kantar HIA International Demand Study 2022, n=4157

Hort Innovation

Apples, melon and olive are the strongest ranking for likelihood to pay more for a premium commodity, however UAE consumers will pay for the full range of commodities



KANTAR

Source: Kantar HIA International Demand Study 2022, n=4157

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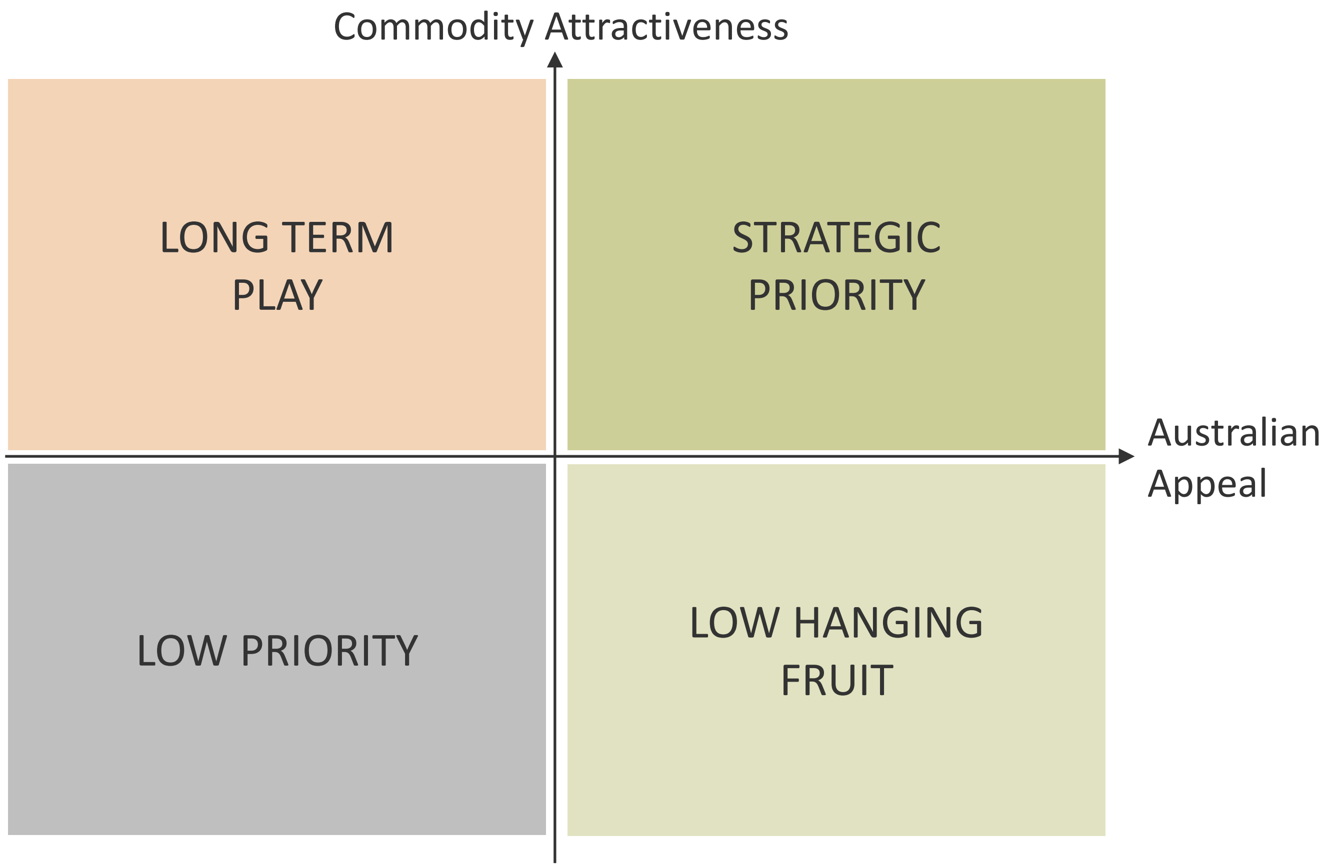
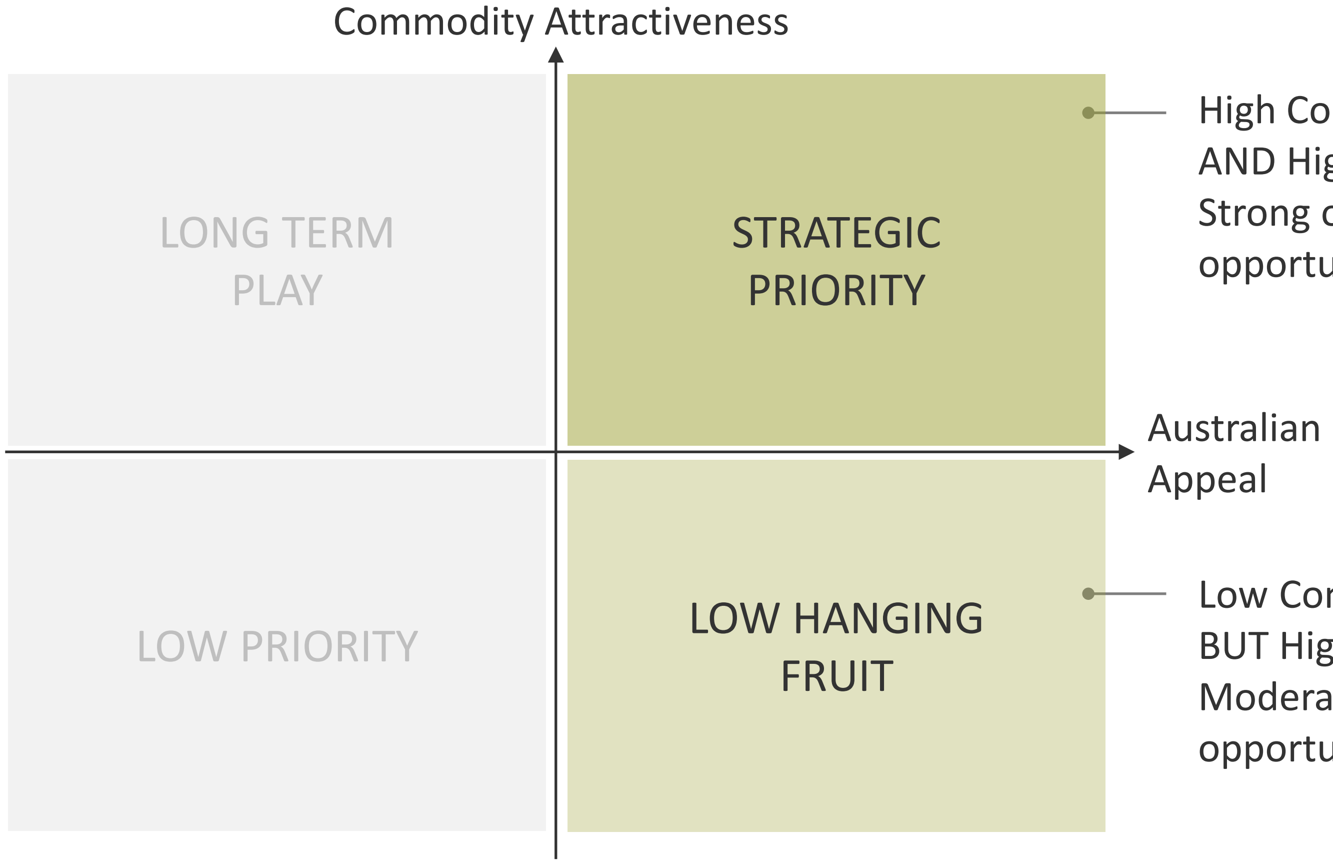
We bring this data together into a prioritisation matrix

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



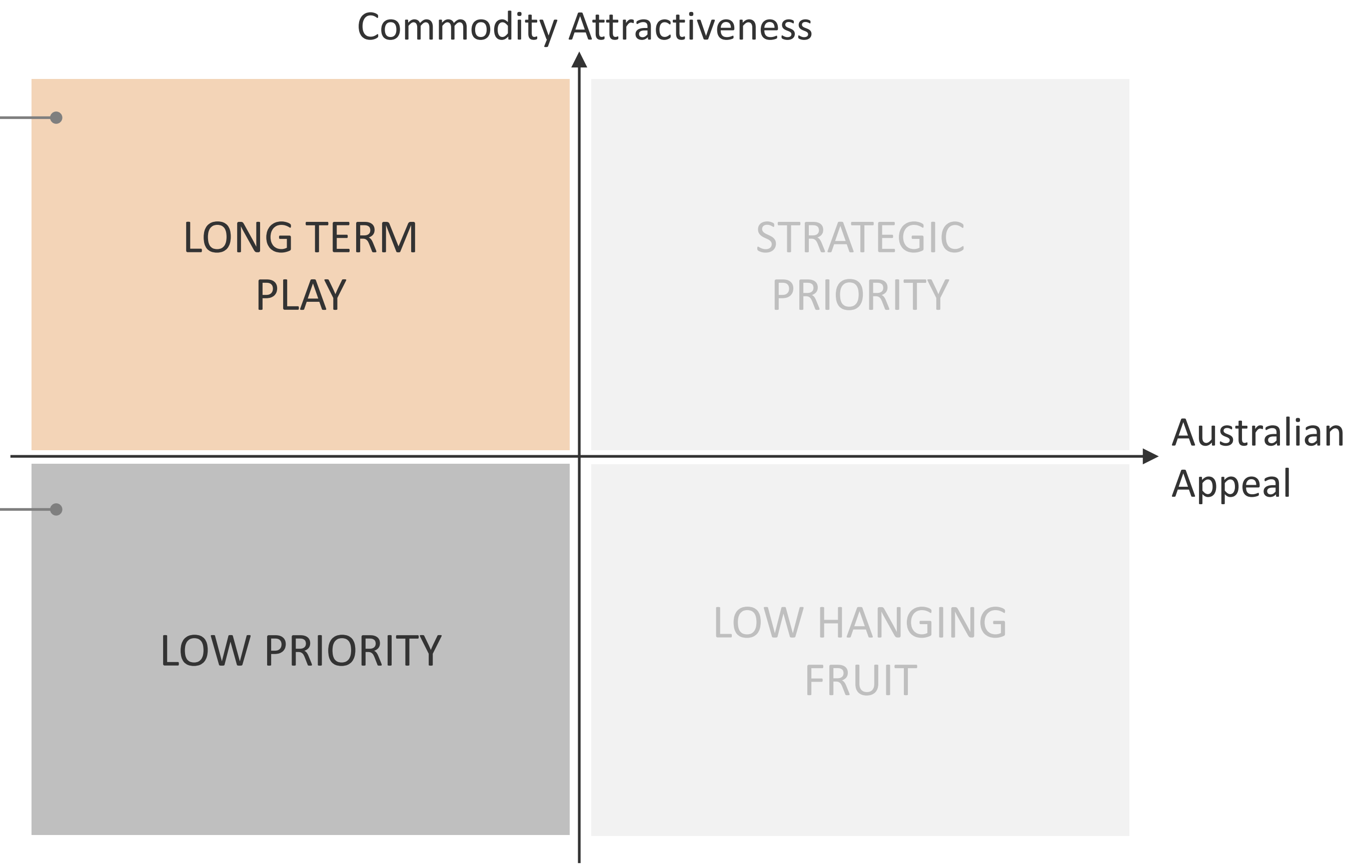
High Commodity Attractiveness AND High Australian Appeal
Strong overall consumer export opportunity

Low Commodity Attractiveness BUT High Australian Appeal
Moderate/Low consumer export opportunity but easier to realise

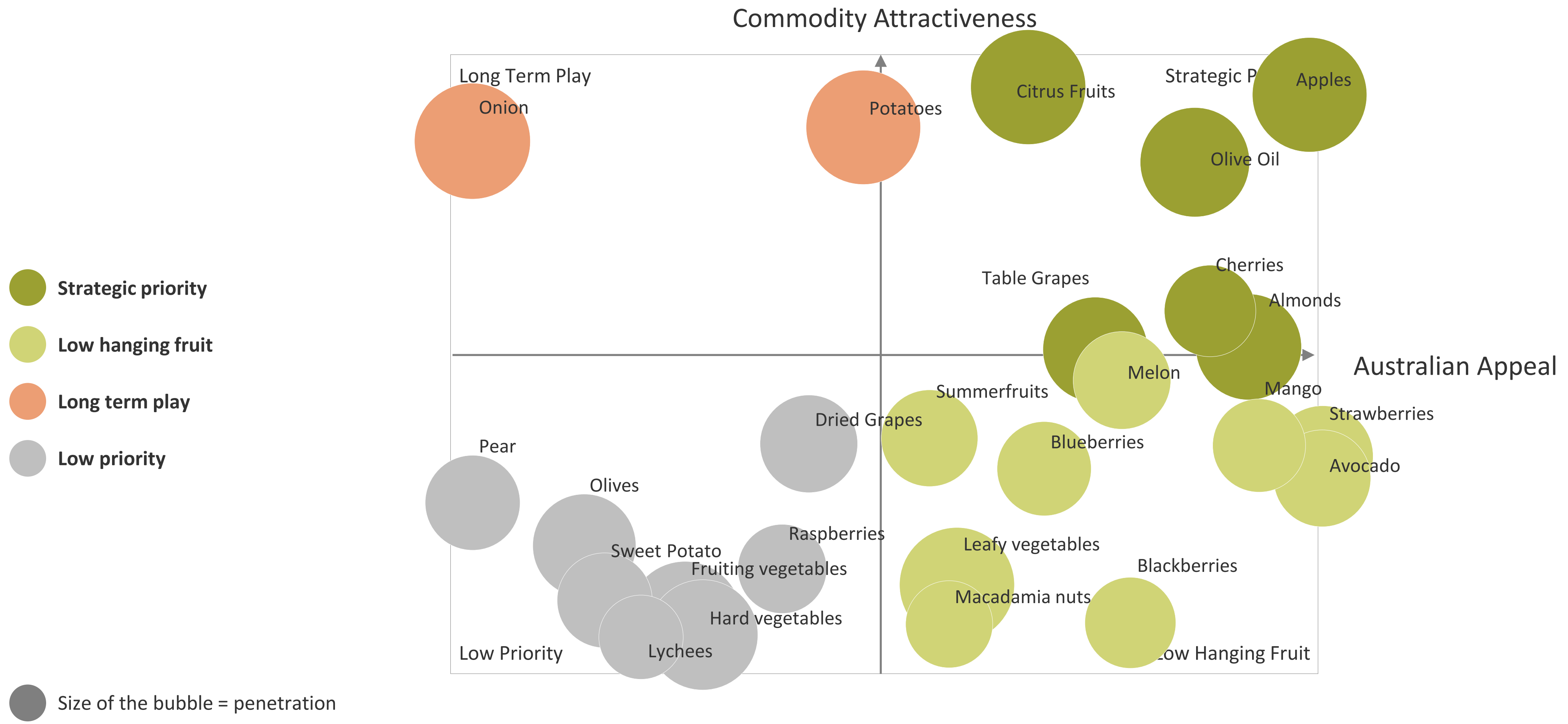
By contrast, commodities on the left-hand side of the matrix may require more investment with a longer term pay-off or minimal to no returns

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 6 strategic priority commodities that represent the most attractive and appealing export opportunity, based on consumer preference and behaviour



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Source: Kantar HIA International Demand Study 2022

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UAE: Summary of Strategic Priorities

	 Apples	 Olive Oil	 Citrus Fruits	 Almonds	 Cherries	 Table Grapes
STRATEGIC IMPLICATIONS	Apples are a strong export opportunity to the UAE, primarily driven by high penetration and very high Australian appeal	Olive Oil is also widely consumed; a strong willingness to pay for quality also drives the attractiveness and addressability of this commodity	Citrus fruits are also highly attractive, but driven more by desired premium quality and strong penetration over Australia appeal	Almonds are the most highly addressable opportunity of all priority commodities given high Australian appeal, opportunity attractiveness is lower	Similarly, Cherries are a key export opportunity due to the strong Australian association that can be leveraged in the UAE, despite lower relative penetration	Tables grapes also have very high Australian appeal that has high appeal in the UAE
ATTRACTIVENESS	• Wide consumption of Apples, high penetration (86% weekly consumption) • High willingness to pay 1.5x more	• Strong penetration • High willingness to pay 1.5x more	• Wide consumption, highest fruit penetration • High willingness to pay 1.5x more (#2 ranked commodity)	• Strong penetration • Moderate willingness to pay 1.5x more	• High penetration, but lower relative to other commodities (55% weekly consumption) • High willingness to pay 1.5x more (#1 ranked commodity)	• Moderate penetration • Moderate willingness to pay 1.5x more
ADDRESSABILITY	• Very strong Australian appeal (highest of all commodities) • Moderate premium appeal	• Moderate Australian appeal • Strong premium appeal	• Moderate Australian appeal • Strong premium appeal	• High Australian appeal • Moderate premium appeal	• High Australian appeal • Moderate premium appeal	• High Australian appeal • Moderate premium appeal

6. Appendix

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.