

KANTAR

Hort Innovation

Understanding International Consumer Demand

UK Market Report

2023



Hort
Innovation





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



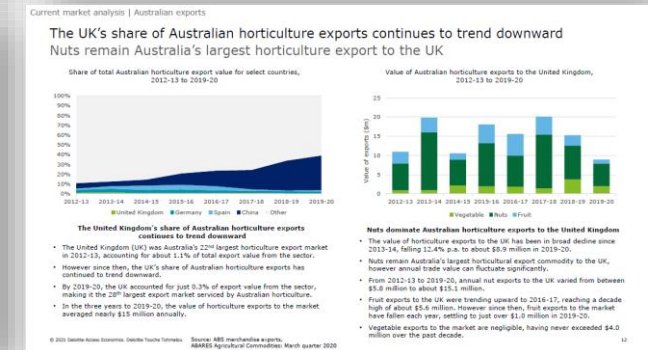
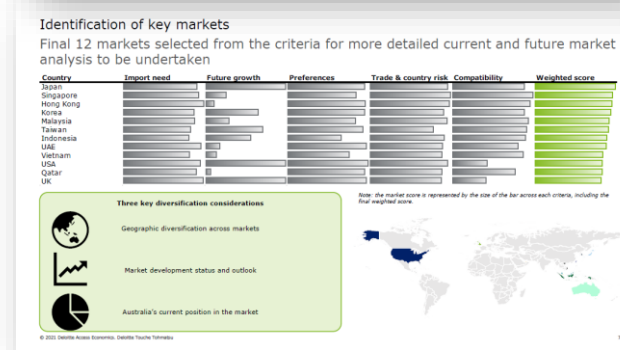
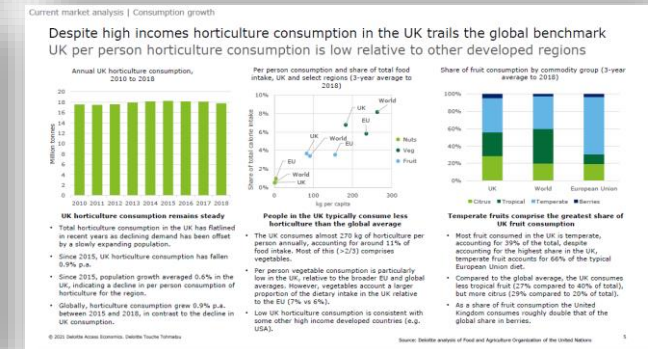
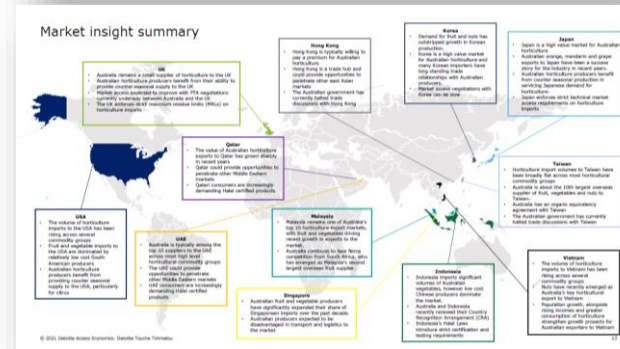


The Deloitte report

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.



A photograph of a grocery store produce section. The image shows several baskets filled with fresh vegetables, including leafy greens, tomatoes, and other produce. The lighting is bright, and the colors are vibrant. The text is overlaid on the image, centered horizontally and vertically.

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



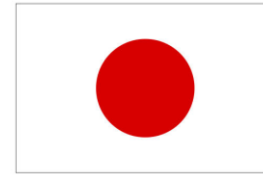
UK



Singapore



India



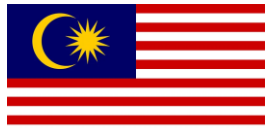
Japan



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



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



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

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



A photograph of a lush green field, likely corn, under a sunset sky. The sun is low on the horizon, creating a bright sunburst effect with rays of light. The background shows a line of trees silhouetted against the sky.

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



We asked the following x3 experts their opinion on the UK fresh produce market dynamics as importers and in retail



James Bridges

Director of a privately owned Fresh Produce import company supplying retail and wholesale customers in the UK (2022 – present)

10 years industry experience

Long term veteran of sales and marketing in the fresh produce industry. He has more than 30 years of first-hand industry experience and has held senior-level positions in several international and publicly traded companies, including: Managing Director Desiva Produce (2013 – 2022), Business Unit Director at Dole Fresh UK (2004 – 2013) and Trading Director at Gaia Fruits (2002 – 2004). His specialties include sales, marketing, product development sourcing, finance, operations, stores, business development and logistics.



Kenny Macleod

Trading Manager for fruit at Marks and Spencer (2022 – present)

10+ years industry experience

As Trading Manager for fruit at Marks and Spencer, Kenny Macleod is responsible for the buying and selling of all fruit, avocado and dried fruit and nut and sets the strategy for these products within the business. Previously Head of Procurement-Citrus at The Jupiter Group (2019 –2022), a world leading Grower, Procure and Supplier of Fresh Fruit. Prior experience includes Senior Buyer, Citrus at IPL International Procurement and Logistics, Asda and Walmart group (2016 – 2019) and Commercial Manager at AMC South Africa- part of the Muñoz Group (2014 – 2016).



Sébastien Bijasson

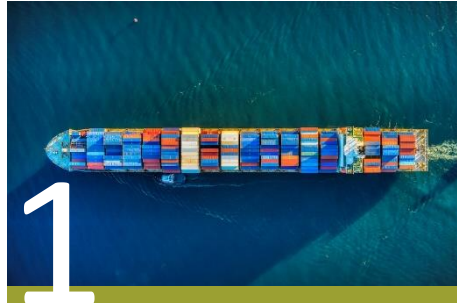
Previous Head of Fruits & Vegetables at Carrefour, France (2013 – 2022) and UK import-export expert

20 years industry experience

Sebastien Bijasson is a pan-Europe import-export expert. Currently Head of Sales at Etablissements Plo Primeurs (2021 – present) and previously Europe Head of Fruits & Vegetables (2013 – 2021) at Carrefour; France. Prior, he was a Category Manager responsible for fruits and vegetables (2013 – 2015) at Carrefour and a Commercial Director, Export (2008 – 2013) at AGIRE. Overall, he has over 20 years of experience in the Fruits and Vegetables market in Europe.

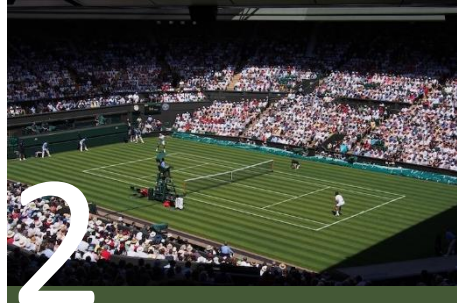


Key observations from UK import and retail experts



Strong fresh produce imports

The vast majority of produce in the UK is imported with domestic production limited. This results in consumers not being that engaged or knowledgeable about the origin of their produce (aside from “being British”) and price/value is the primary driver of their choice



Best of British

Improvements in technology has allowed more produce to be produced domestically particularly strawberries and apples however currently the scale is limited. There is a desire and following for British produce and it will be marketed on packaging, but it comes at a price premium.



52 week season for fruits & vegetables

Without strong domestic productions, high level of imports mean consumers expect to see most produce items in stores all year round and are less aware of the seasons that may be expected in other markets



Impact of Brexit still unfolding

Brexit appears to have had some impact on the cost of import and the level of administrative complexity but many of the day to day activities appear unaffected at this stage. Brexit potentially levels the playing field between Europe and other export markets



What’s Australia?

Perceptions of Australian produce are not particularly clear and the opportunity for premium produce in the UK is limited. Exceptional quality appears to be the main driver enabling a small price premium for certain commodities



Imports dominate the fresh produce market with a limited domestic production

“ In the U.K. they don't really have their own production. In France, you can say, "Okay. We don't want to buy something abroad. We can produce them it ourselves." But in U.K., 90% of the product is import. They just have apples and strawberries.

- Sébastien Bijasson

“ I think consumers in the U.K. aren't necessarily massively informed on where the fruit comes from so your average customer wouldn't necessarily know that their bananas have come from Costa Rica or at the moment that their oranges have come from South Africa, especially younger people.

- James Bridges

“ I would say no more than 15% would be domestic.

- James Bridges

“ I mean most consumers haven't got an idea I think here in the U.K. where their products actually come from other than the product maybe is sold as British and they know that it's been growing in this country. But after that, they pick up a punnet of grapes, I don't think they really know that it's either come from India or from Chile. So I don't think that's important other than they are expecting to buy that product.

- Kenny Macleod





There is a following for British produce and improvements in local production has extended their season

“ There is a following for British, but it comes at a premium. So only certain retailers will offer that. So Marks and Spencer is famous for British stone fruits for example.

- Kenny Macleod

“ There’s certainly a benefit to selling something with a Union Jack. They are being supported by the retail sector to buy British and people are being educated in that way

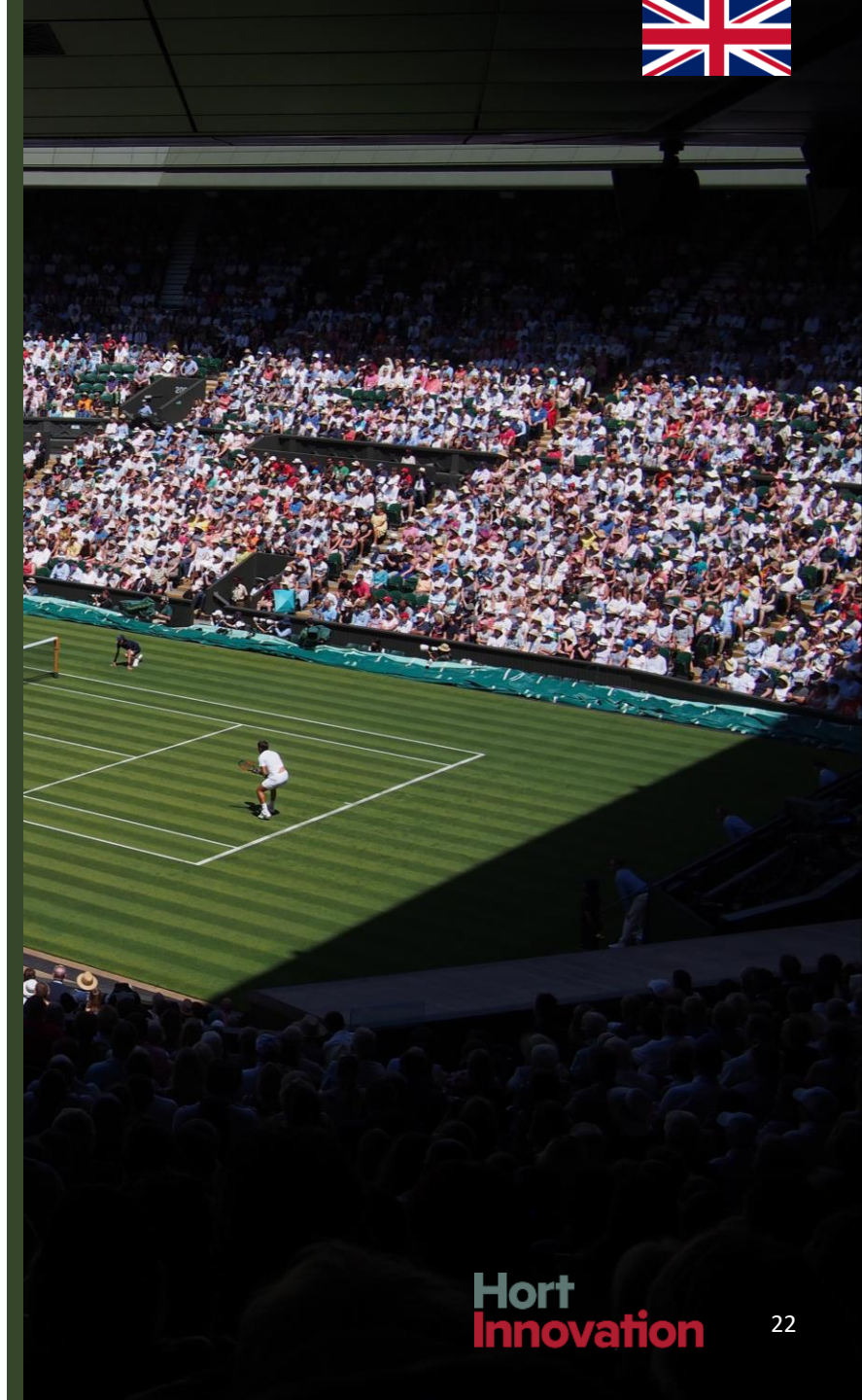
- James Bridges

“ Different retailers have got different strategies on what they want to do, where some champion British, other retailers might probably look to achieve more value and source from Europe.

- Kenny Macleod

“ With strawberries, there will be some retailers that are able to do 52 weeks British. So that some of that's outdoor, some of it is internal, some of it's in glass houses, but the bulk of strawberries sold in this country will be British.

- Kenny Macleod





High levels of imports means consumers lack an understanding of seasonality and expect produce to be available all year round

“ People just expect fruit 52 weeks of the year. And the reason for that is because we don't have a lot of domestic production.

So if you go to countries like U.S., Australia, and Continental Europe, people are used to what is in season. And we don't necessarily have that understanding here because so little of what we produce comes from here. So I guess the retailers have built a 52-week market, and therefore, customers are expecting to see products 52 weeks of the year.

I think younger people are slightly blinded by the fact that basically any fruit that they want will be available in the supermarket all year. They don't necessarily pay much attention to it. They might notice that at certain times, it's slightly cheaper or slightly more expensive, but they probably understand seasonality on the retail price rather than on what they're actually purchasing.

- Kenny Macleod

“ Supply-wise, there's a 12-month supply. There's an endless supply of berries now from around the world. As I mentioned earlier, there's a lot of investments gone into U.K. production. So that has definitely extended the window.

Now our consumer is expecting to be able to go into a supermarket, and it doesn't matter if it's March or November, they want to be able to buy a punnet of grapes because they've had that as a situation now for some time. So yes, I think a lot of people will expect to be able to go in and buy a particular product and not have any idea.

- James Bridges



Brexit has increased import complexity and evened the playing field for exporters

“ I think we're not necessarily fully feeling the impact because the rules change on a regular basis. And see the, every truck of imported fresh produce from anywhere in Europe is subject to customs checks. The reality is that we don't have the time, money or resource for that to happen. So yes, the documentation process has become more complicated.

- Kenny Macleod

“ Obviously, it just isn't the same situation now since Brexit has occurred. We, as importers, are now facing slight hiccups in importing. Whereas obviously, beforehand, being part of the European Union, the product could obviously cross borders without any problems. Whereas now it crosses borders, but it crosses borders with a lot of paperwork.

I think this presents an opportunity, Brexit, in respect of all the European countries had a free ticket into the U.K., whereas now everybody is on the same level playing field. So I would say there are opportunities for countries that there weren't before. Because now as an importer, it doesn't make any difference if I'm dealing with a country such as France or Italy, which is just across the water, or a country that is the other side of the world because the import procedures now are the same and maybe potentially attracts a tariff as well.

- James Bridges





There aren't strong perceptions of Australia and the ability to command a premium is limited

“Do you know what, I'm not really sure that has much of a reputation at all because if I think across it in my area, there's very, very little product that we see from Australia on U.K. shelves. So yes, I think that there truly has to be a bit of work done by Australia to get across the point of difference because people would look at it and say that's come a long way.

- Kenny Macleod

“So tomatoes, for example, French tomatoes is very cheap for the moment. With the cost of transport coming from Australia, it's going to be very difficult. I think that there is an opportunity for exotic and import product, because when you buy a mango, you want something exceptional. So you agree to pay a little bit more expensive or even very more expensive.

- Sébastien Bijasson

“But specifically to Australia, I think a lot of people wouldn't even know that there's probably fresh produce available from Australia. So in years gone by, you do see countries with a marketing campaign. So maybe that's something Australia would consider, is actually advertising what Australia actually produces because I would say the British consumer here doesn't have an idea.

- James Bridges

“I would say unless there is a significant point of difference underpinning it, the challenges that you've got on fruit, in particular is that you walk into a U.K. retailer, almost everything is a retailer-owned brand.

- Kenny Macleod





3. The Consumer

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

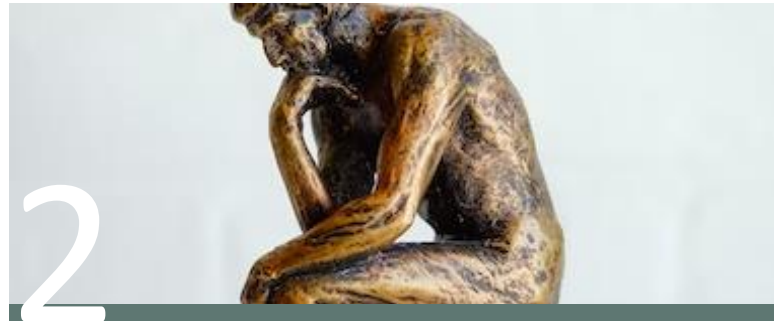


We will unpack 3 key themes to unpack consumers in the UK



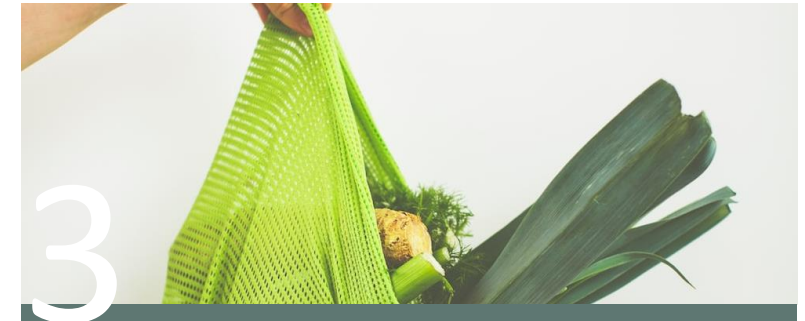
Demographics

- 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 UK

POPULATION

67 million

UK population¹
vs. 25.7m Australians

51%  49%

Male/ female population split
vs. 50/50 globally

81 y/o

Life Expectancy¹
vs. 72 y/o globally

+0.4%

UK population per annum
growth¹ vs. 0.8% globally

WEALTH

\$3.1t

GDP (USD)¹
vs. \$1.6t in Australia

\$46.5k

GDP per capita (USD)¹
vs. \$60k in Australia



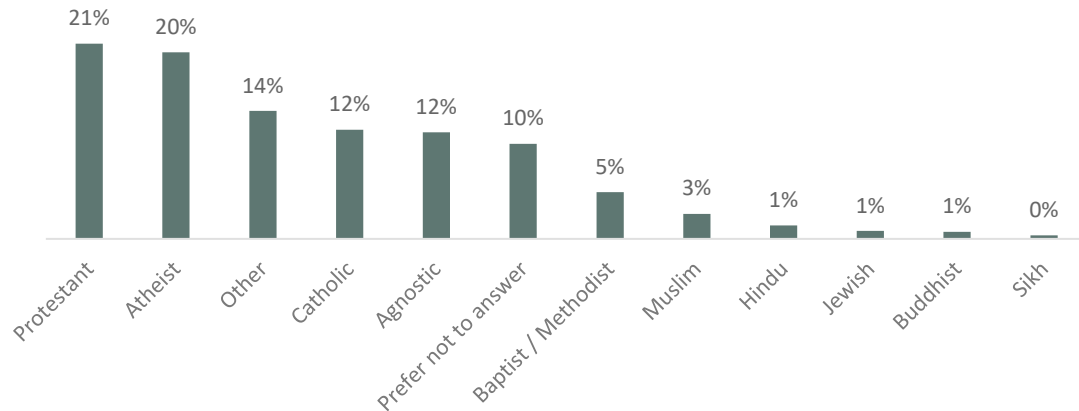
Age and nationality/ background of UK consumers

BACKGROUND

How would you describe your nationality/background?

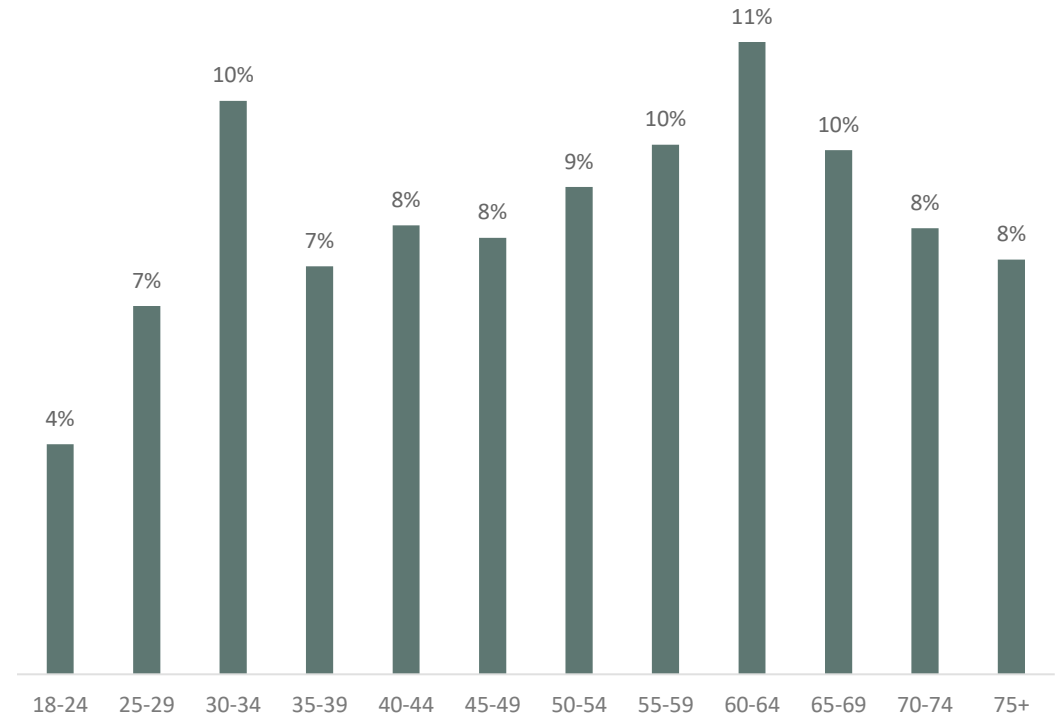
85% 'White British' population

How would you describe your religious identity?



AGE

How old are you?



Key attitudes & values of UK consumers

UK consumers love food & cooking



73%

Enjoy cooking

72%

Think that food is a pleasure

However, they're price sensitive



58%

Cannot afford to eat out frequently

25%

Often pay extra for premium quality food

There's a sustainability value-action gap



73%

Worry about the impact of climate change

57%

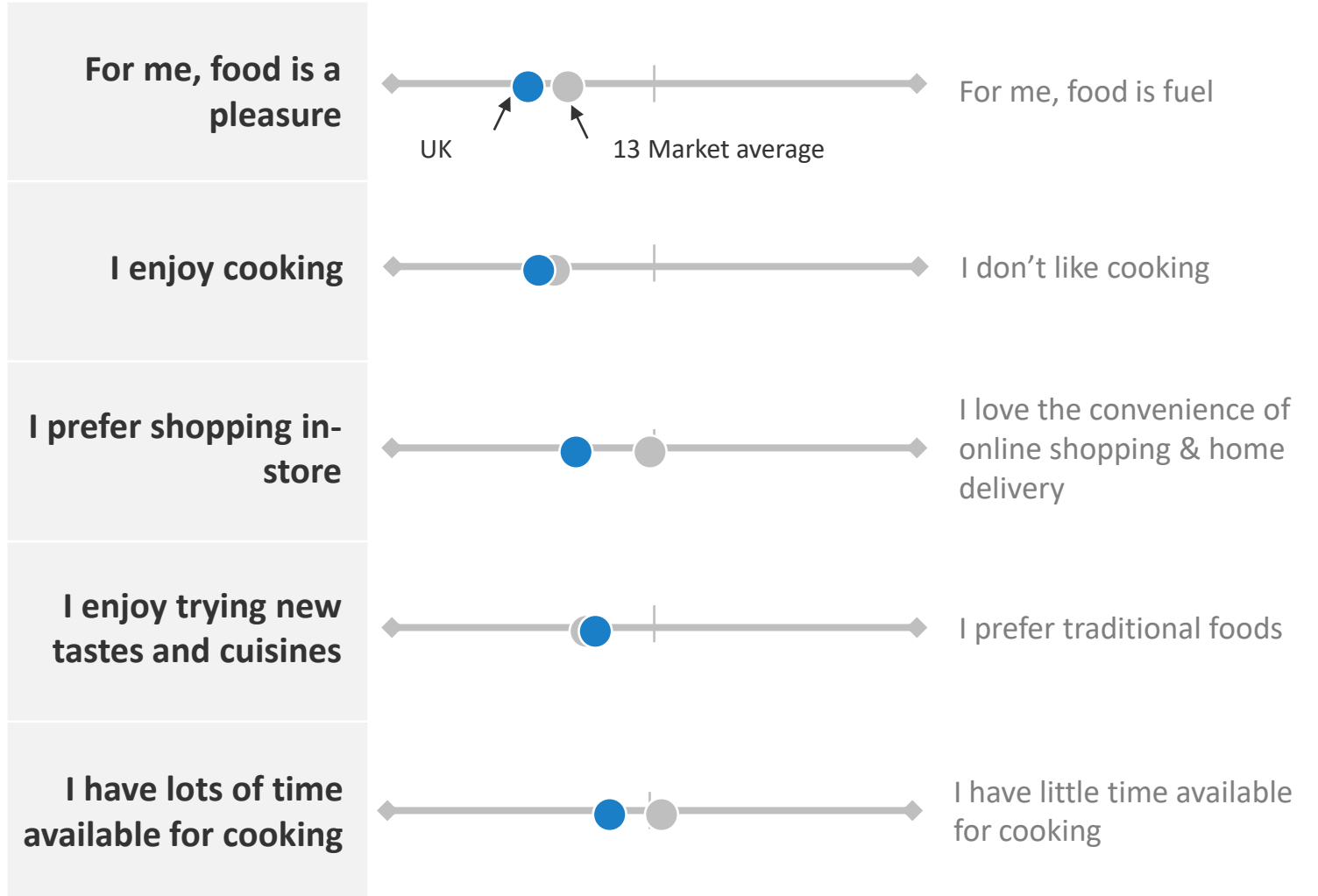
Seek to buy products with reduced packaging





“ I love cooking and find great pleasure in all types of food and cuisines. I even enjoy shopping for the ingredients and will take the time to browse the supermarket, then cook up a feast ”

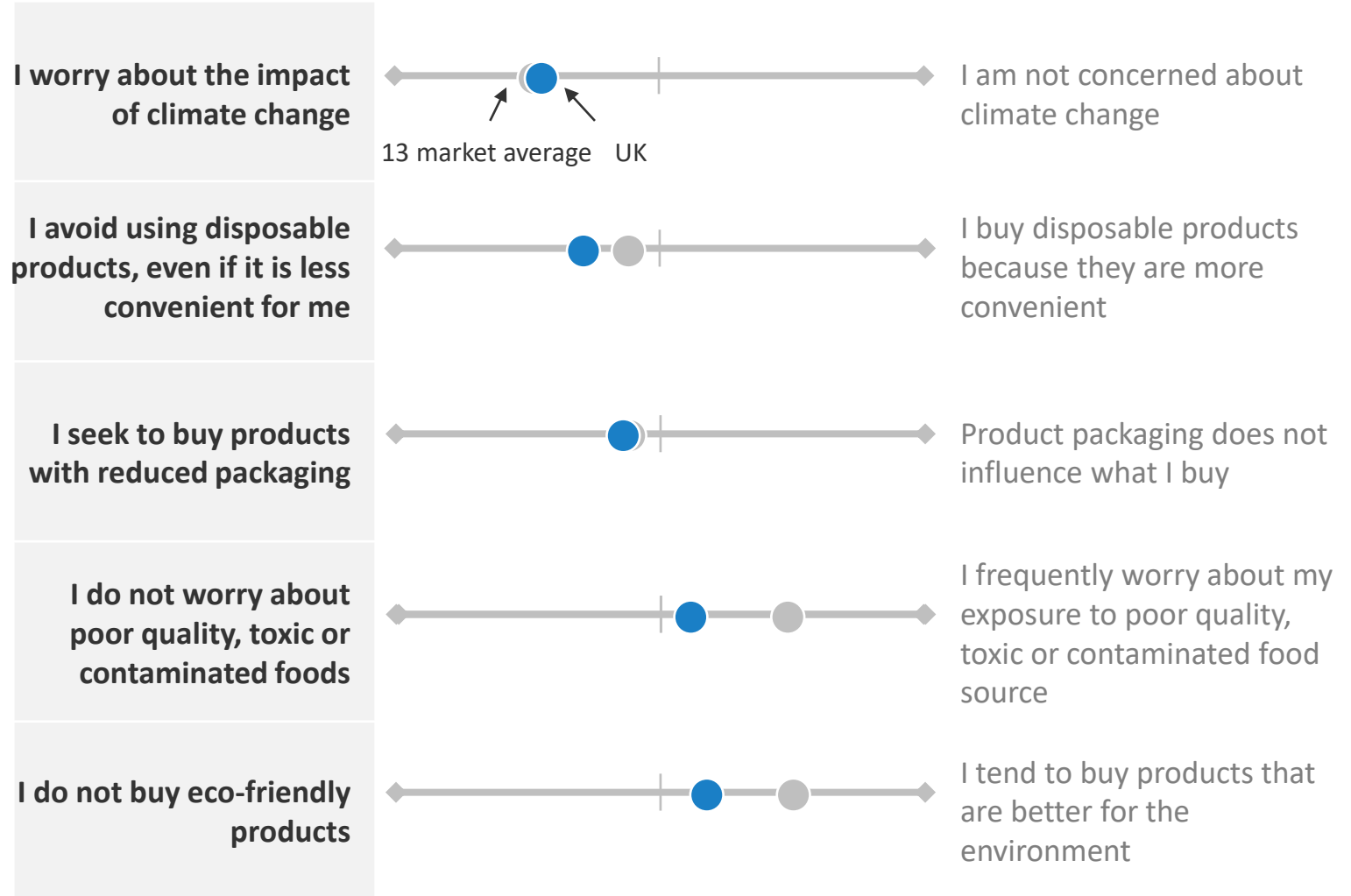
Attitudes & values related to Food & Cooking



Question: Which of these statements appeals to you more?
 Source: Kantar HIA International Demand Study 2022
 n=4018



Attitudes & values related to Safety & Sustainability



“ Living in the UK, I don’t need to worry about food safety, food is rarely contaminated

Although I worry about the impact of climate change, I don’t always buy ‘eco’ products

”

Question: Which of these statements appeals to you more?
 Source: Kantar HIA International Demand Study 2022
 n=4018



Attitudes & values related to Premium vs. Value

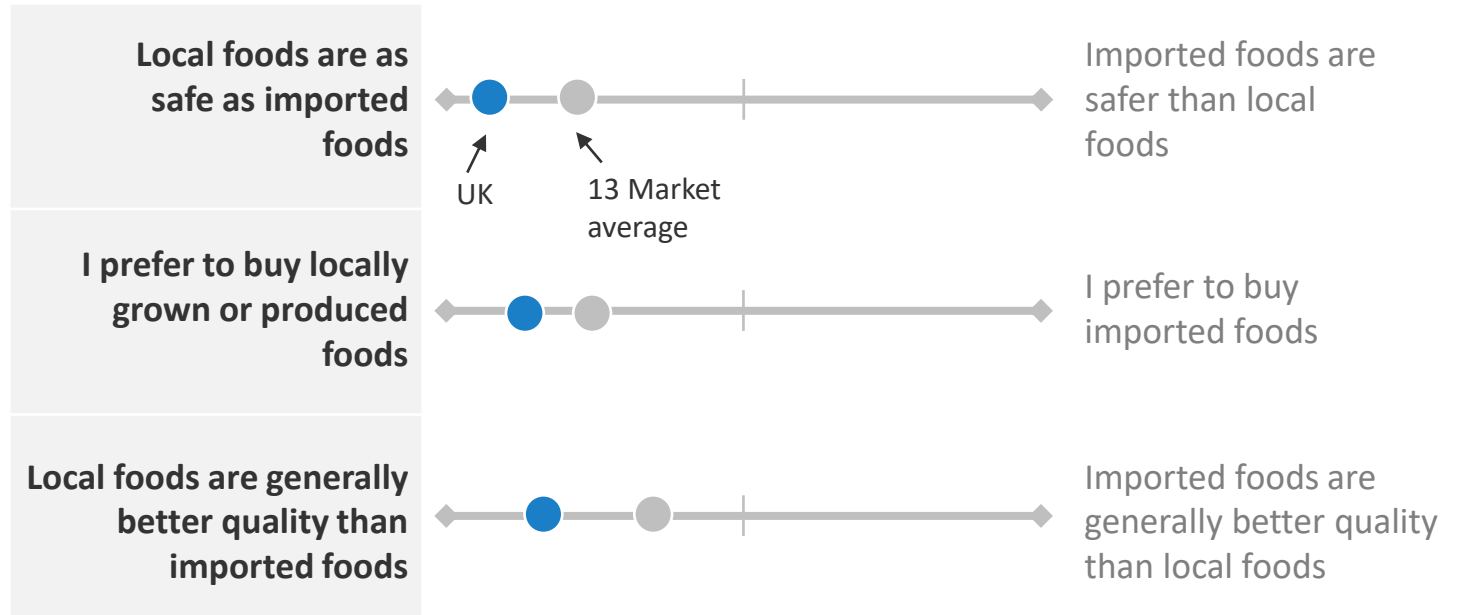


Question: Which of these statements appeals to you more?
 Source: Kantar HIA International Demand Study 2022
 n=4018

“ I love a bargain and I rarely pay extra for good food since I can usually get good quality fresh produce at a fair price. I don't eat out that often and I am happy to cook at home ”



Attitudes & values related to Local vs. Imported



“
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.

Food safety is not really an issue in the UK but I will buy local if its available.
”

Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n=4018

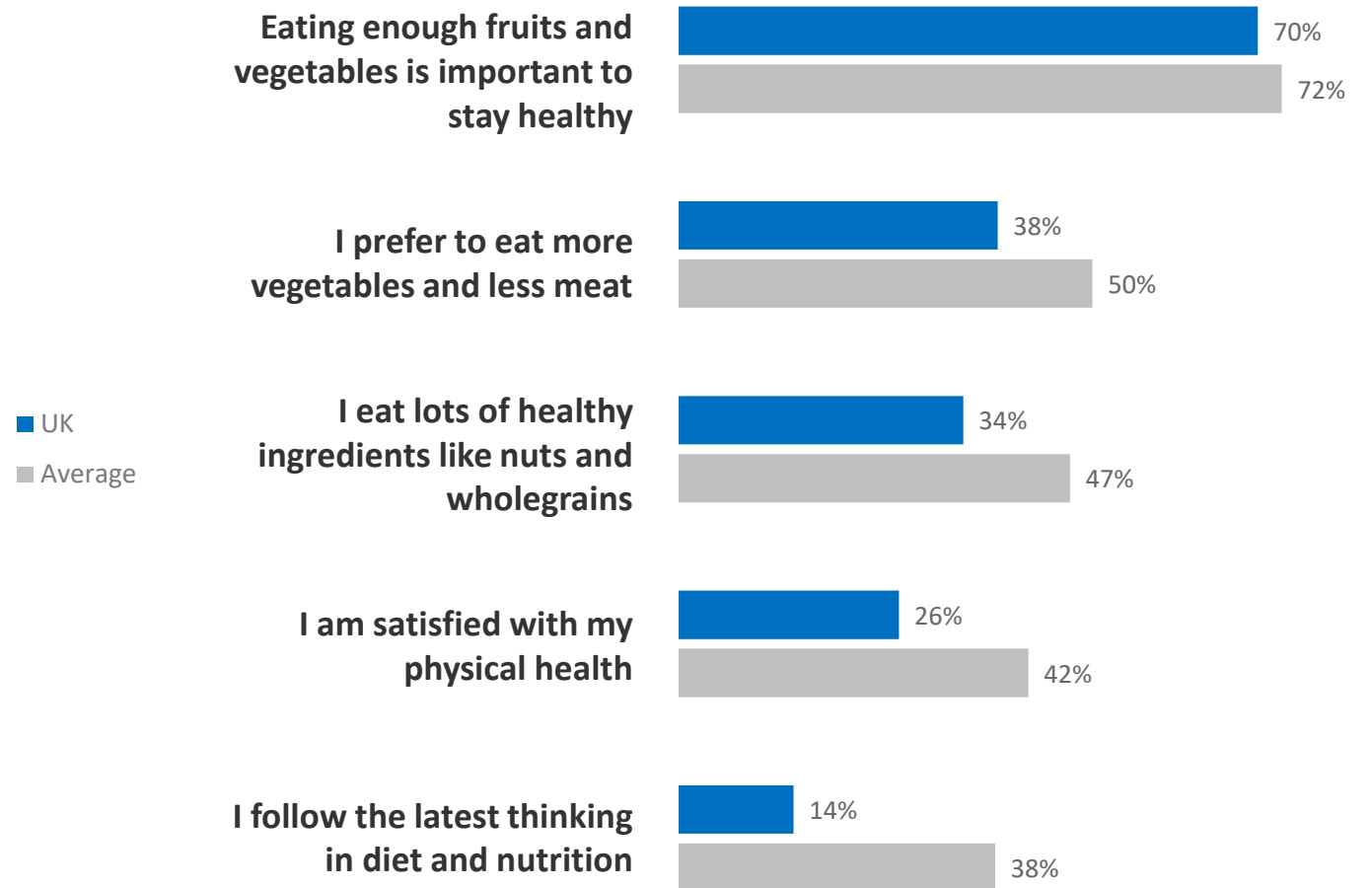


Attitudes & values related to Health & Wellbeing


“ Eating enough fruits & vegetables is important to me...

When it comes to other food groups, I try to eat healthily but I'm not always satisfied with my physical health

”



Question: To what extent do you agree with the following statements?
Source: Kantar HIA International Demand Study 2022
n=4018

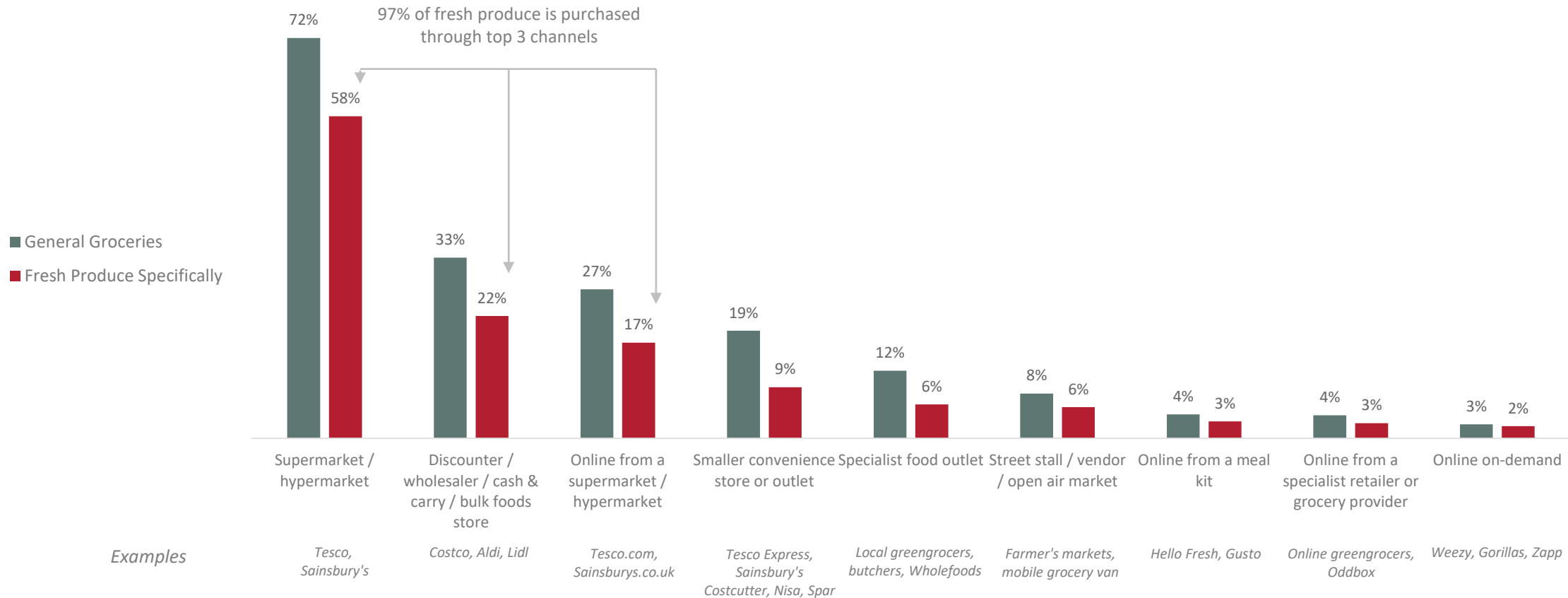
A photograph of a grocery store vegetable section. The shelves are filled with various fresh produce, including red and yellow bell peppers, green and red tomatoes, mushrooms, cucumbers, and leafy greens. The lighting is bright, highlighting the colors of the vegetables. The text is overlaid on the left side of the image.

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



Supermarkets (including online) and discount bulk food stores are the predominant channels for purchasing fresh produce

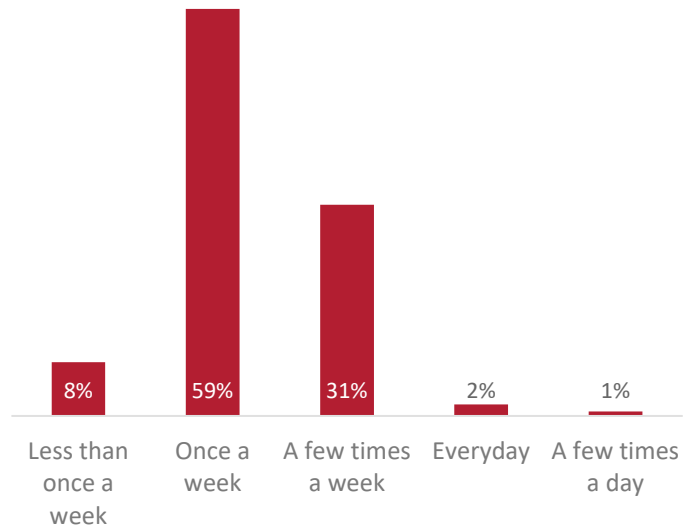
Where do you buy your...



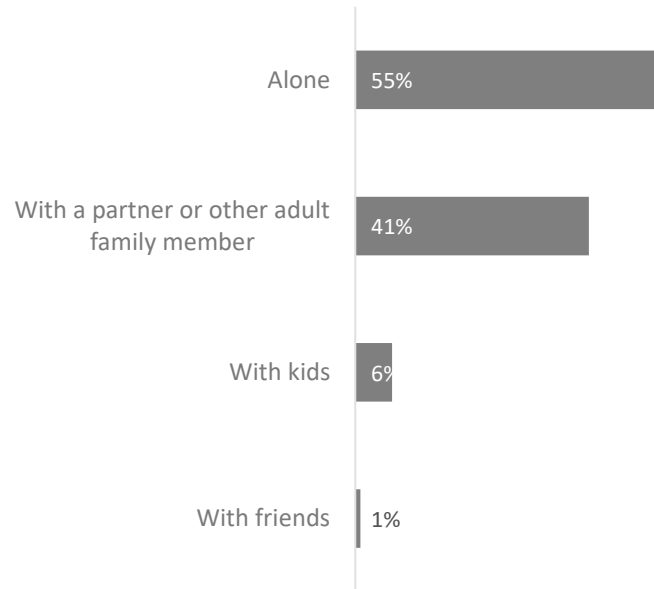


Most people (59%) are shopping once a week and a further third go more frequently. Adults typically shop alone, but where they have under 18's in the household, a third of fresh produce is for them

How often do you shop for fresh produce?



With whom?



How much are the kids having?

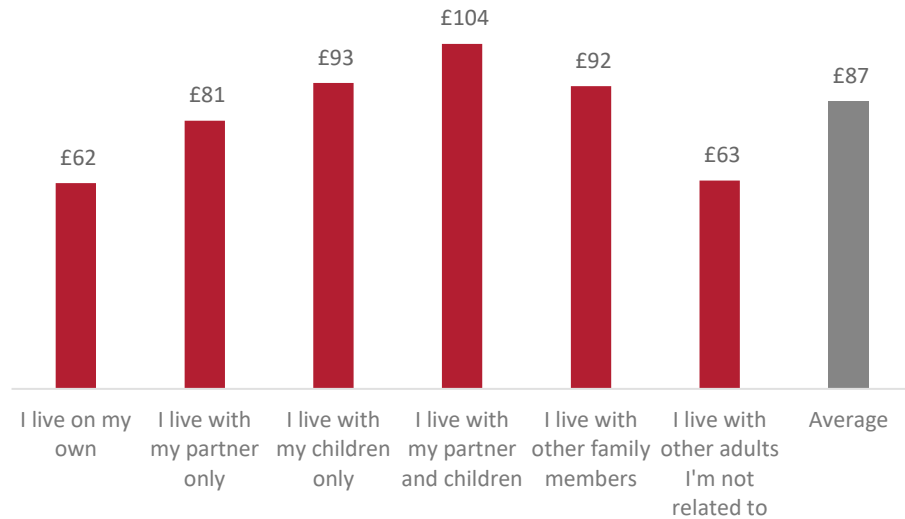
35%

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



Most households are spending less than £100 (approx. \$180 AUD) on groceries a week, of which about a third 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?

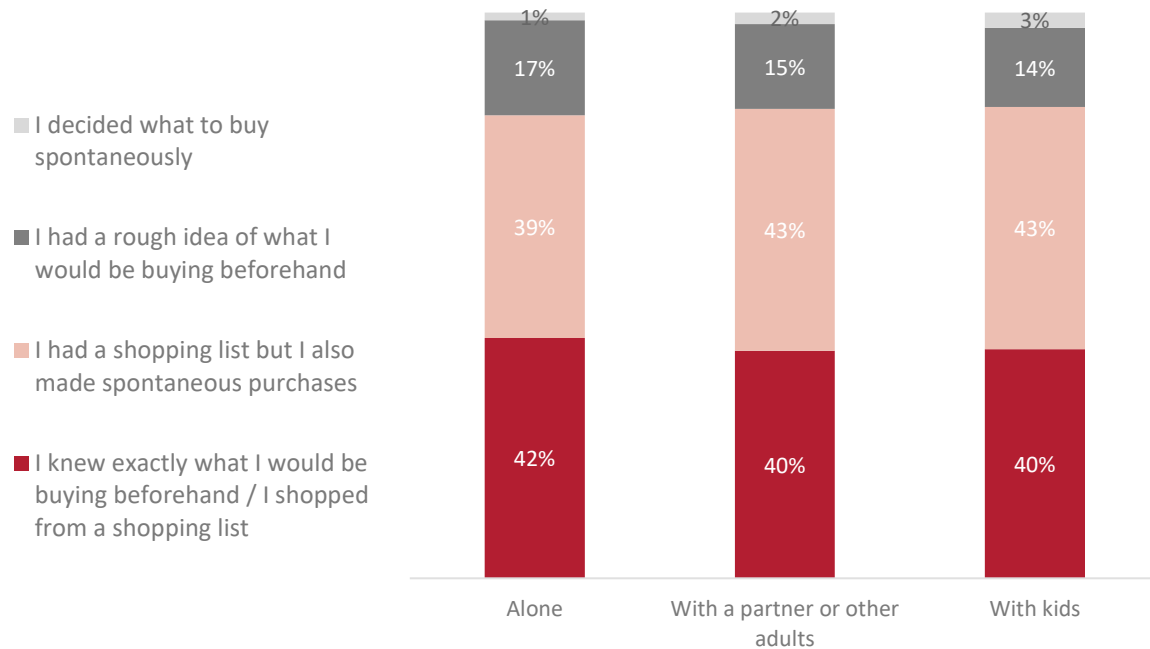
29%

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



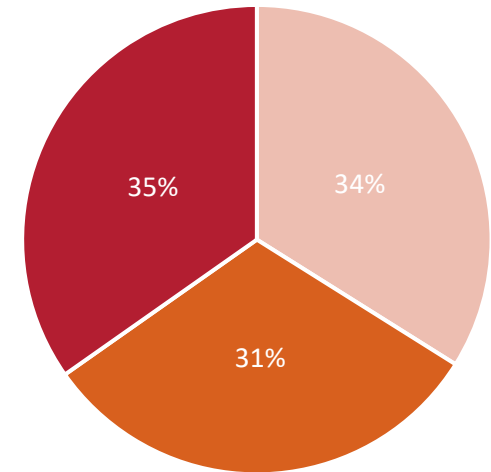
Consumers are typically shopping from a list, regardless of who they are with. **When it comes to fresh produce, there's a relatively even split between people buying the same items vs. trying new things.**

Which would you say describes your shop when shopping...



When shopping for fresh produce do you...

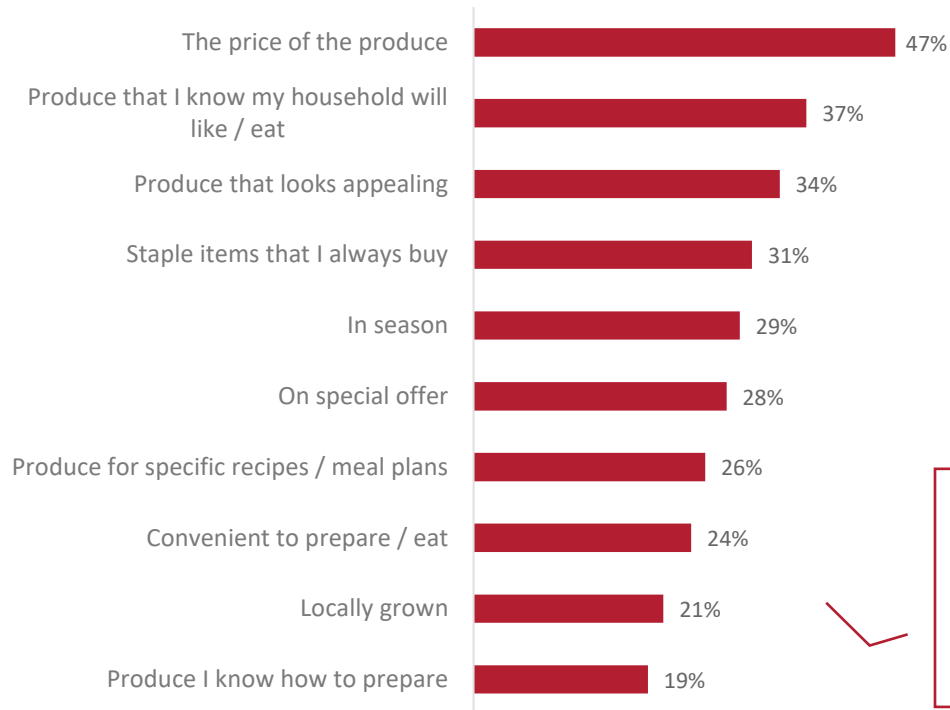
- Buy the same few items each time
- Often buy a variety of new / different things
- Mostly buy the same items but try a few new / different things





Price is the strongest driver of fresh produce purchase. But consumers are also buying to both satisfy the household and experiment with recipes.

When shopping for fresh produce what determines your choice?



Gifts is not a strong driver of choice in the UK. Only 2% of people buy commodities 'for a gift'.

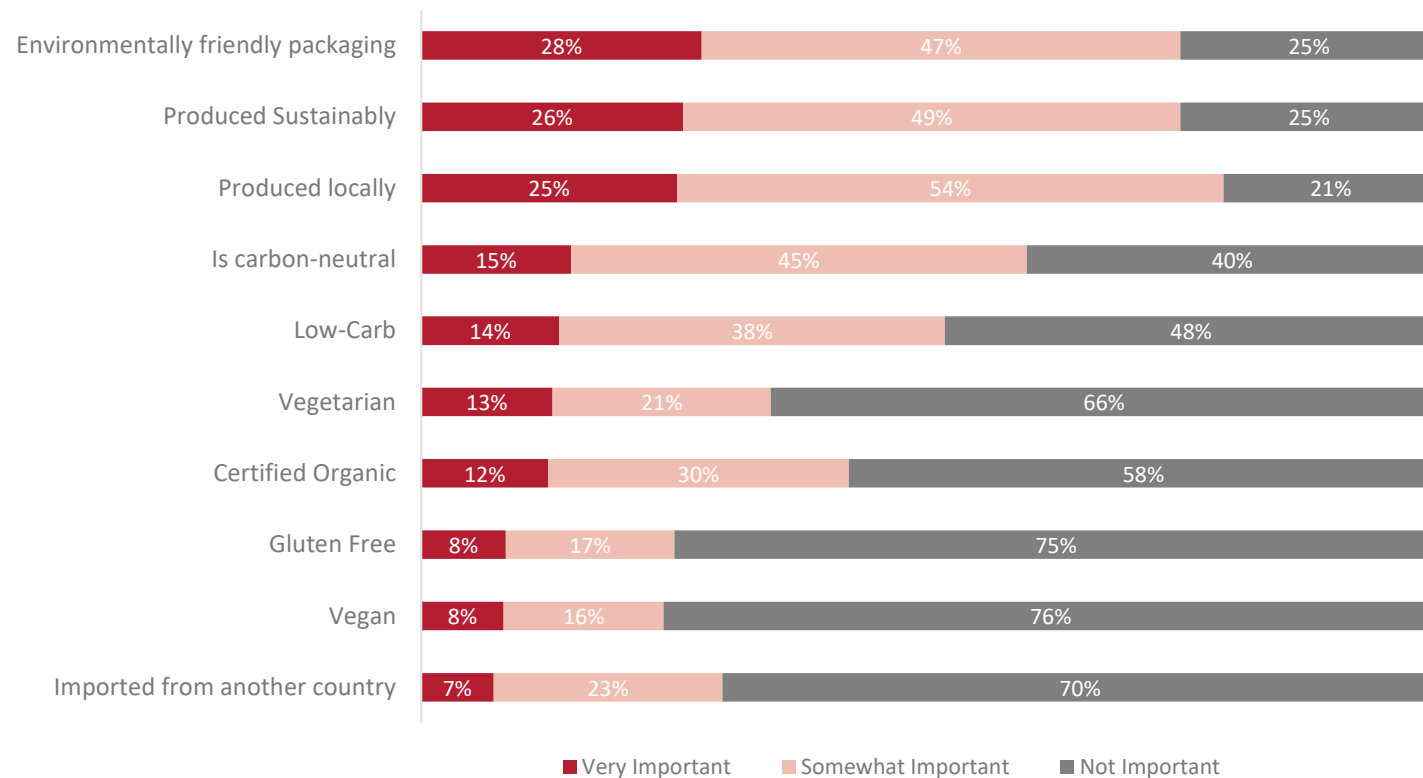
What would encourage you to purchase fresh produce you wouldn't normally buy?





'Eco' factors are important for people when purchasing groceries. Environmentally friendly packaging, sustainable and local production are the top ranked factors

How important are the following when purchasing groceries?

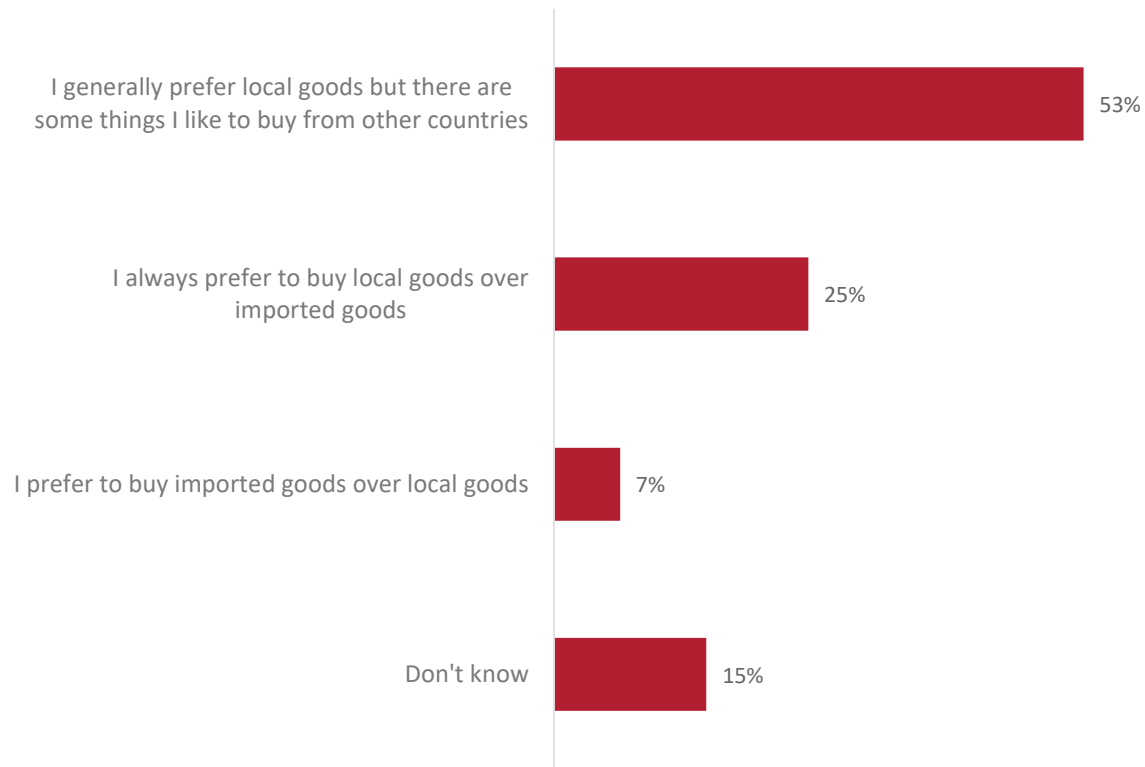




Half of UK consumers claim to have a preference for local goods, but only a quarter always prefer to buy local.

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?





Key consumer take-aways



UK consumers might love to cook, but there's less of a culture of eating out.

When it comes to fresh produce, they're price-sensitive, seek value and look for offers.



Unsurprisingly supermarket dominate grocery purchases.

However, discounters and online account for a third of all fresh produce spend.



Environmentally friendly packaging, sustainable and local production are the top ranked factors for fresh produce purchase

'Eco' factors are important for people when purchasing groceries.



Half of consumers 'generally' prefer local goods, but actually only a quarter 'always' prefer to buy local.

Although there's a preference for local, there's a significant say-do gap.



Despite the strong tradition of British summer strawberries...






Consumers are still most likely to buy imported fruits over other kinds of produce (incl. vegetables, meat and packaged food)

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 & DRIED FRUIT	VEGETABLES
	How often	84% penetration	61% penetration	86% penetration
	When	As a snack or with a meal	Mostly as a snack (61%)	Mostly at lunch (71%)
	How	Fresh on its own	Fresh , as part of a snack , or a topping	Fresh as part of meal , as an ingredient in cooking
	Where	At home	At home	At home
	Who with	By myself , with my spouse/partner	By myself , with my spouse/partner	By myself , with my spouse/partner



The 13 fruits of interest



Apple & Pear



Blueberries



Cherry



Citrus



Lychees



Mango



Melons



Raspberries
& Blackberries



Strawberries



Summer fruit

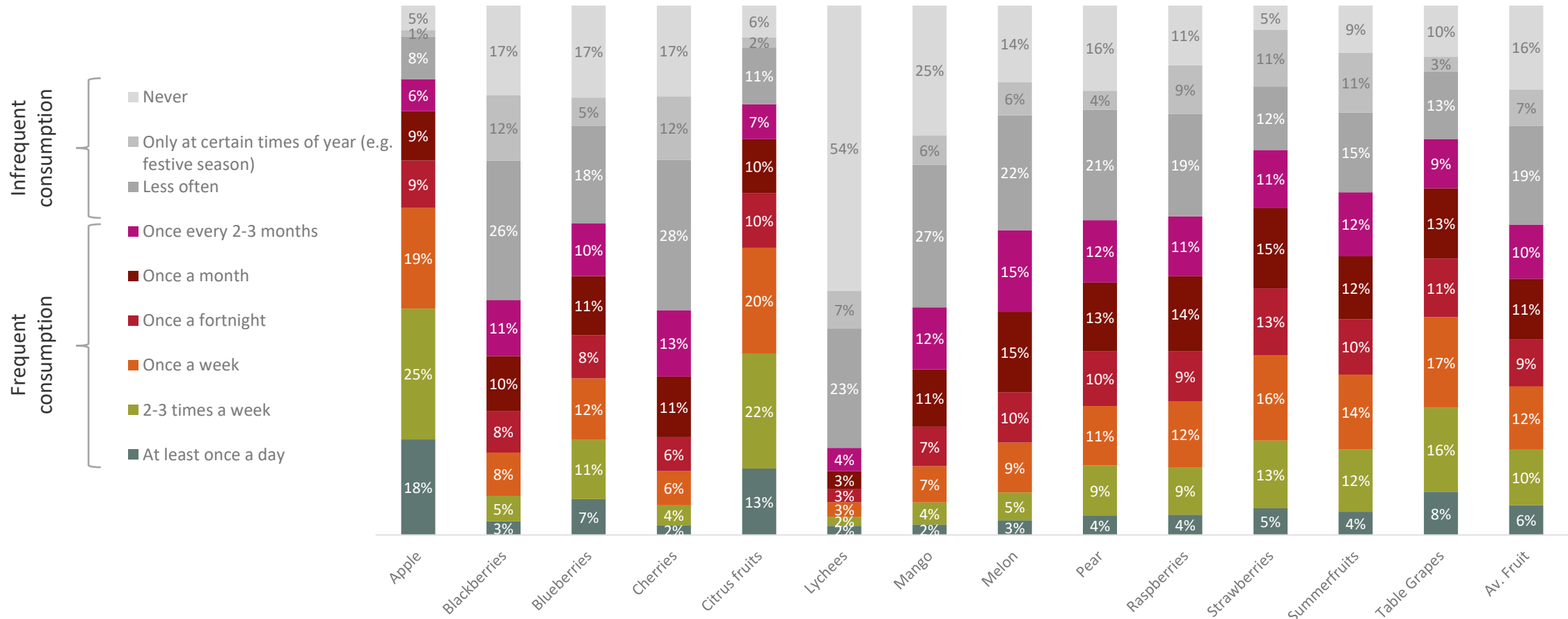


Table Grapes



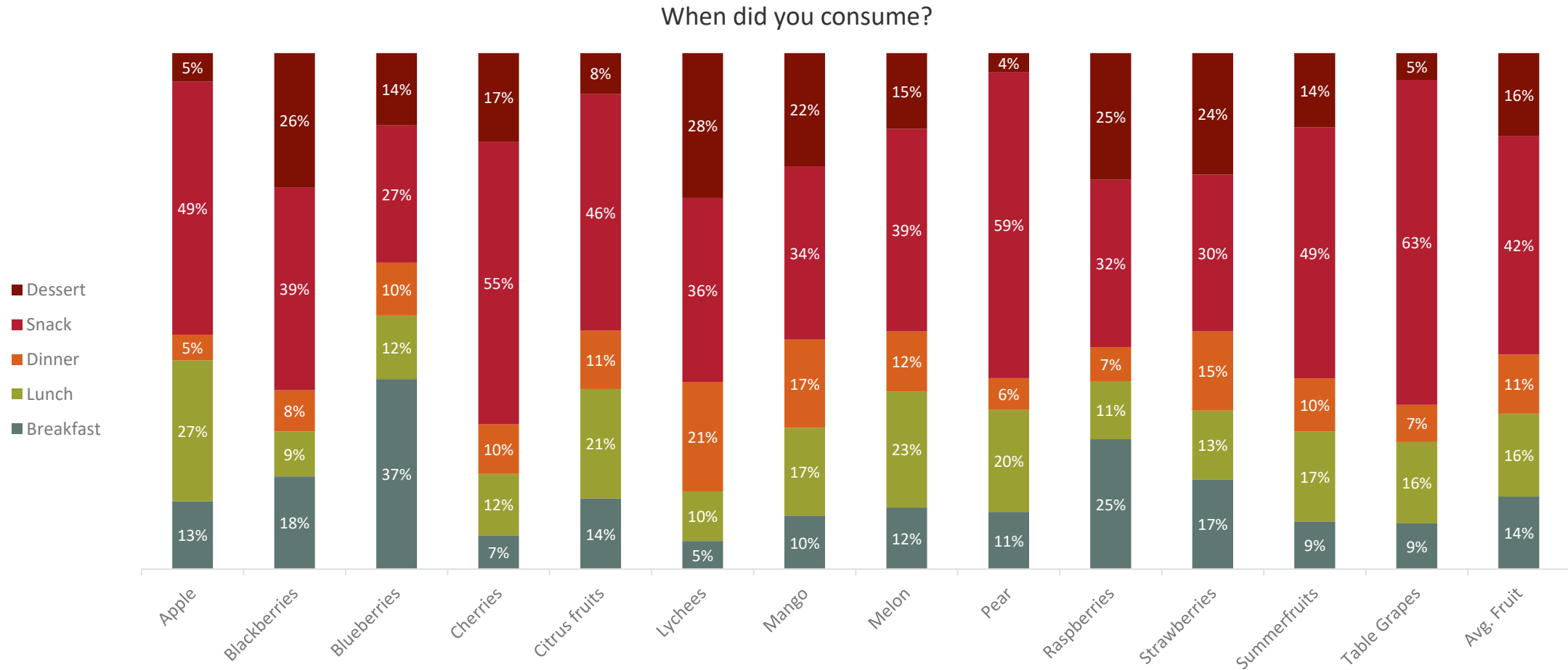
Most fruit commodities are commonly eaten in the UK and are highly penetrated, especially apples & citrus. By contrast, half of the population never eat lychees

How often do you consume each commodity?





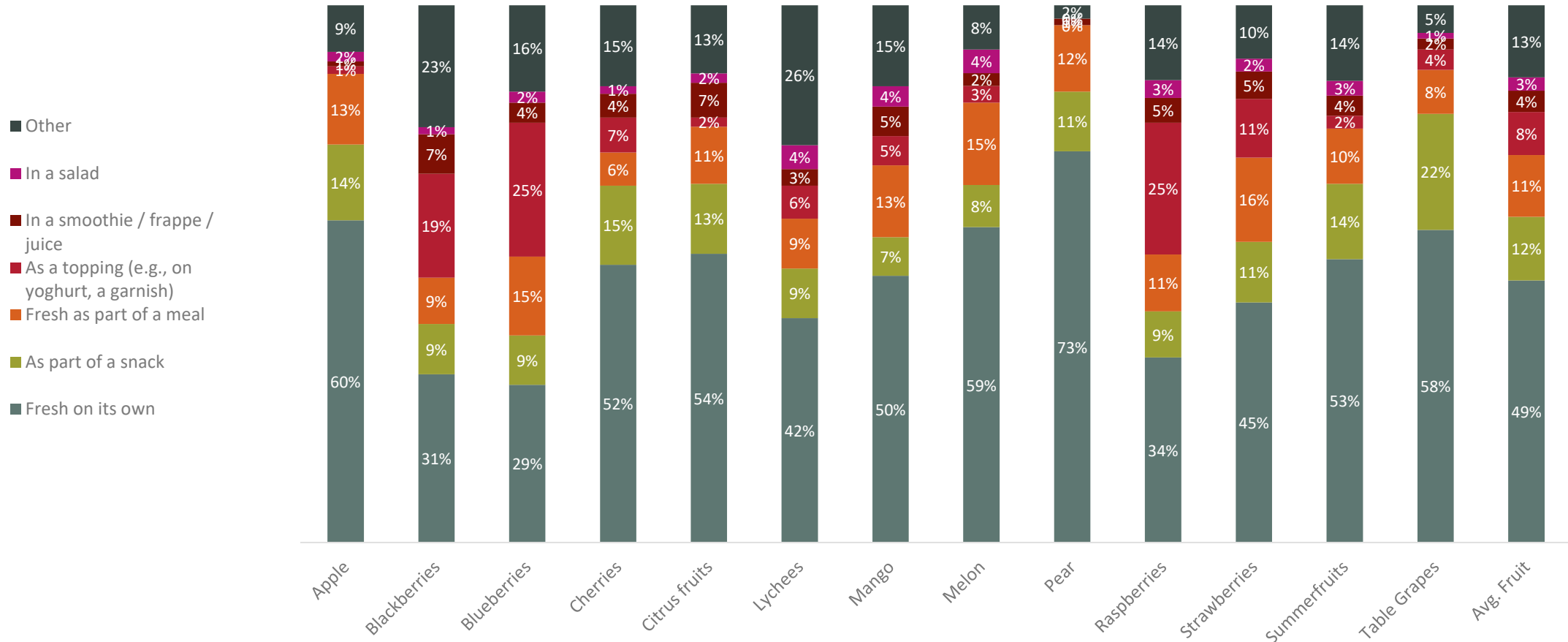
Fruit consumption differs at different mealtimes and throughout the day; for all fruits, snacking accounts for the largest proportion of consumption





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

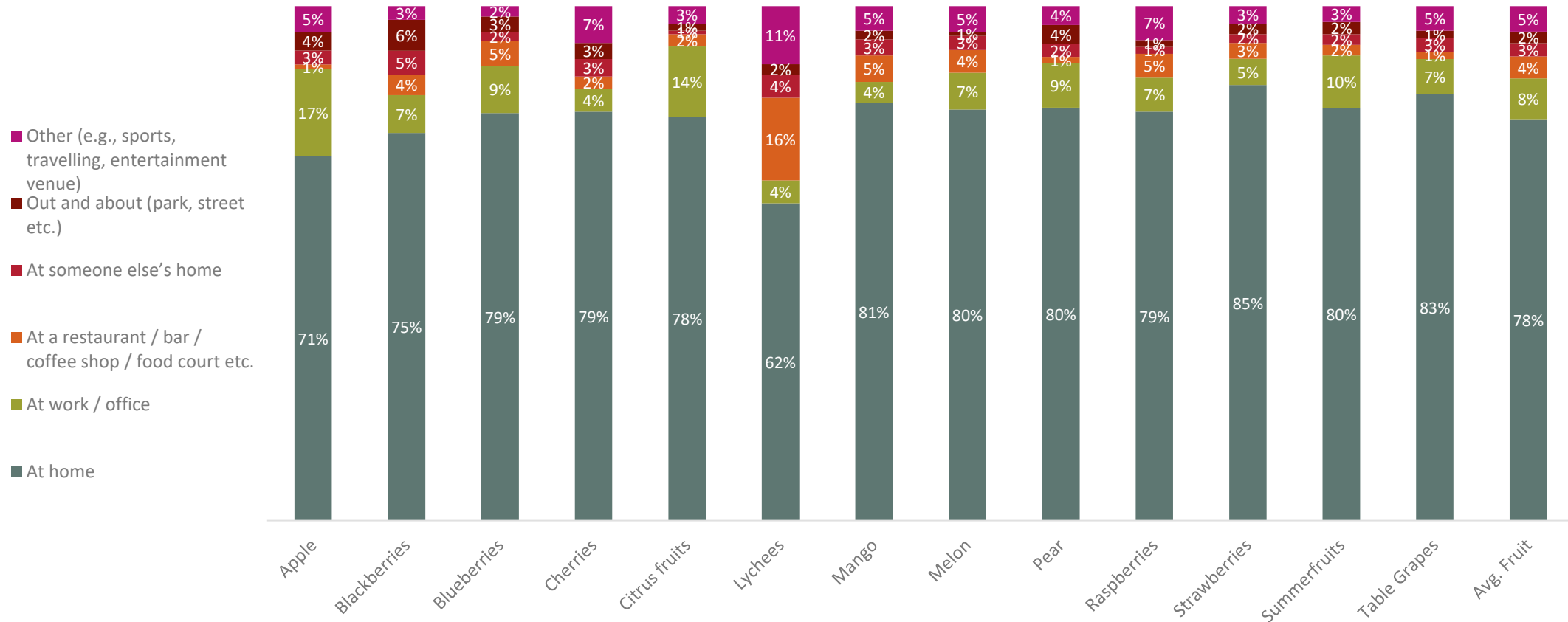
How did you consume?





Fruit in the UK is mostly consumed in the home. The second ranking location is work, followed by restaurants, bars and coffee shops

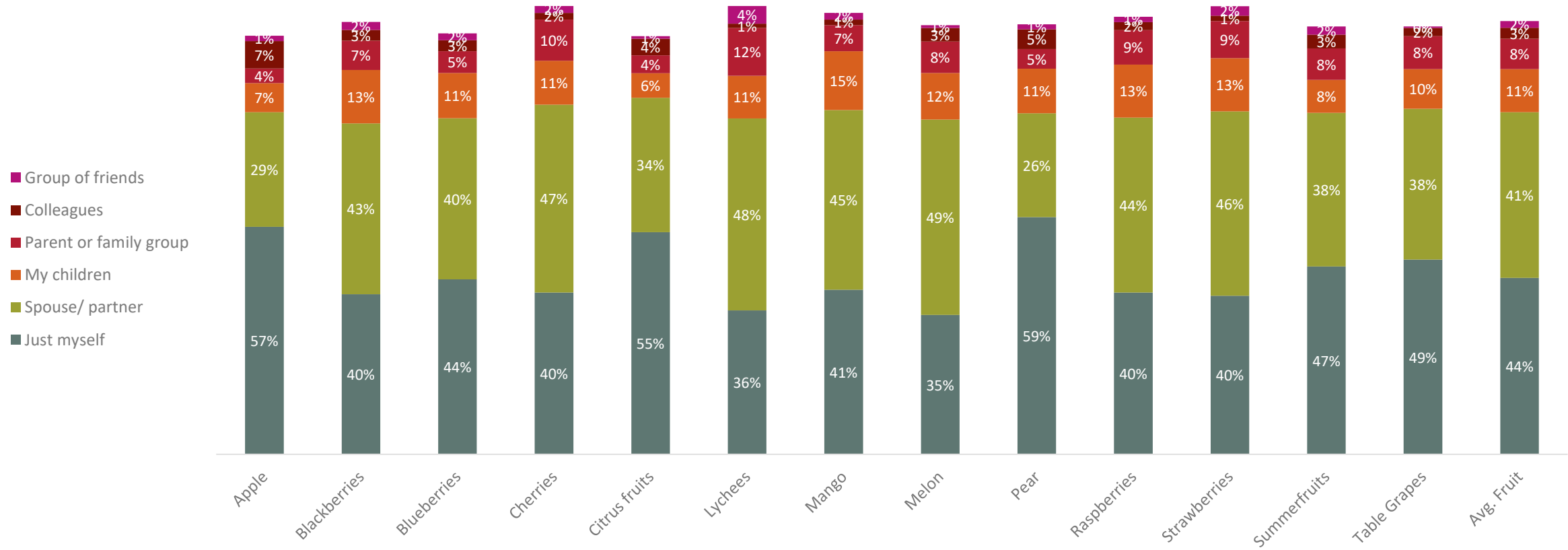
Where did you consume?





Fruit is consumed either alone, or when consumers are with a spouse or partner, this varies only very slightly by commodity

Who were you with?



The 3 nuts & dried fruits of interest



Almond



Macadamia

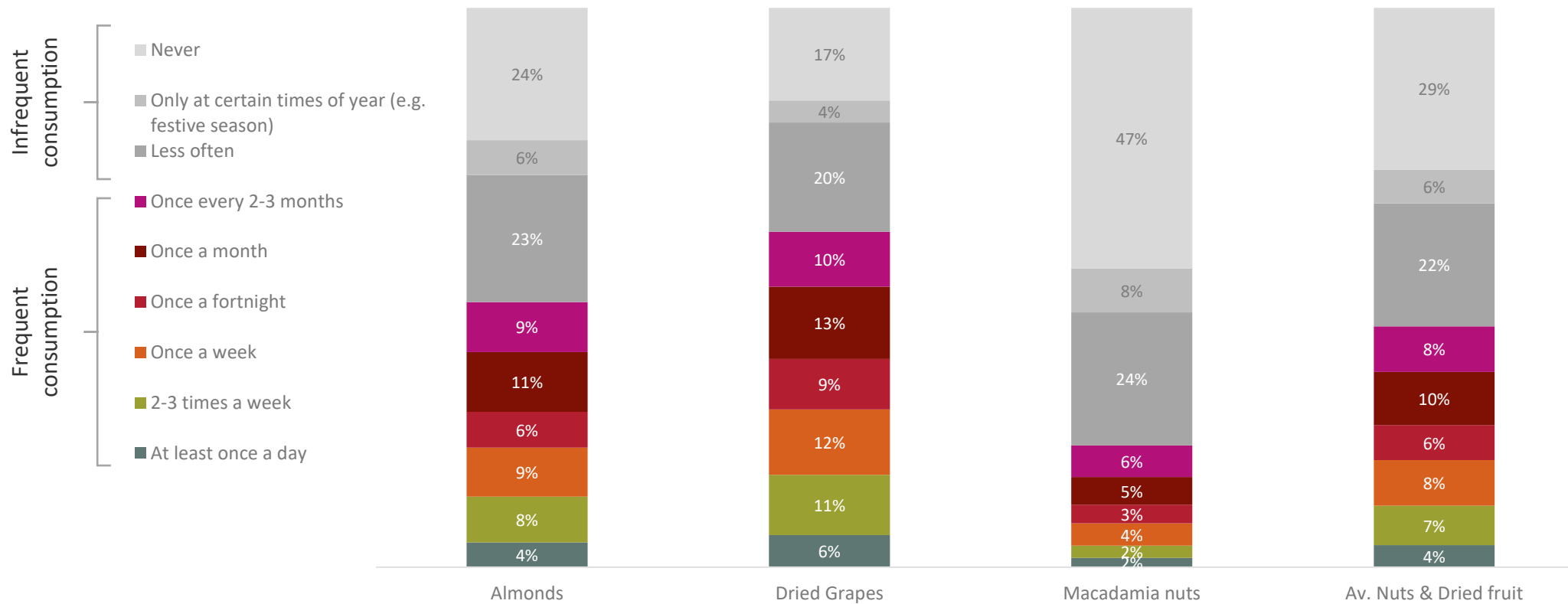


Dried Grapes



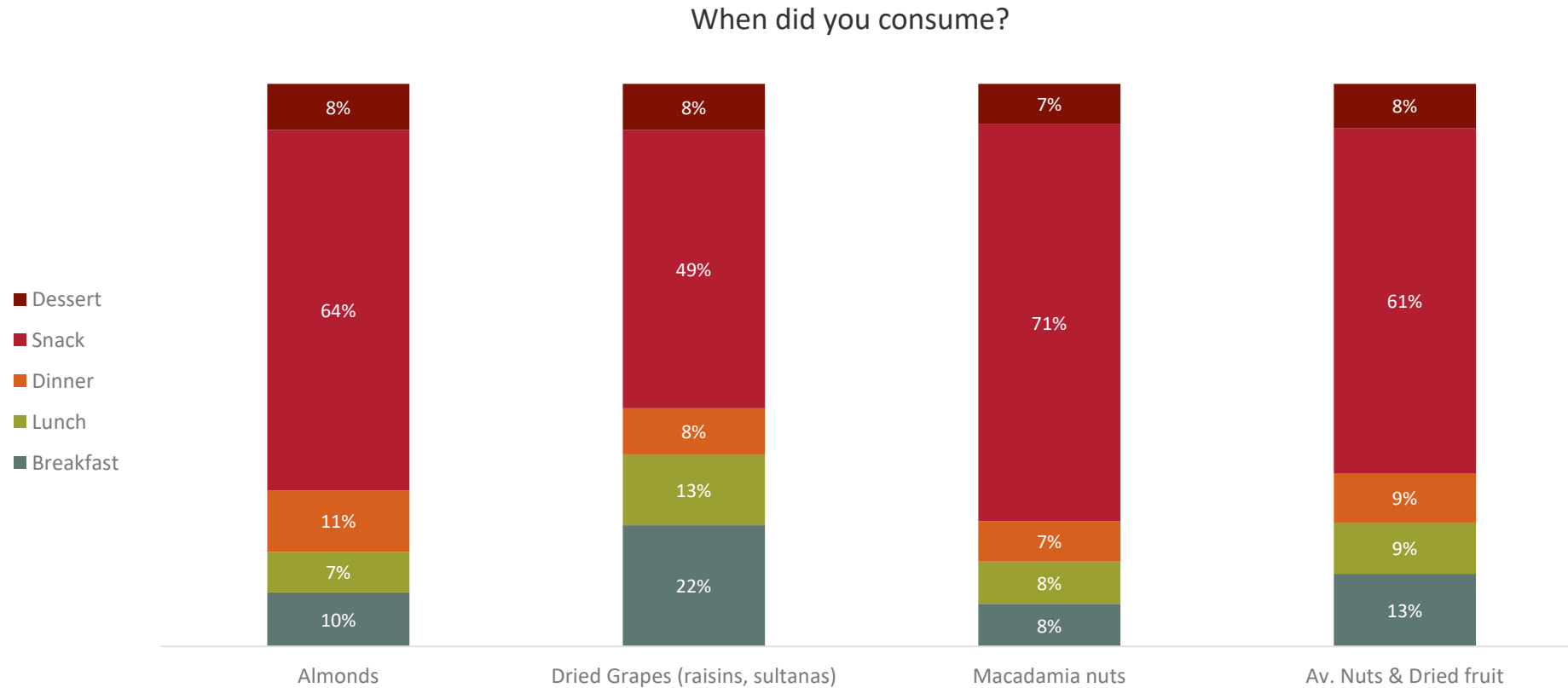
A high proportion of people in the UK never eat macadamia nuts, but although almonds and dried grapes aren't eaten daily, they are highly penetrated

How often do you consume each commodity?



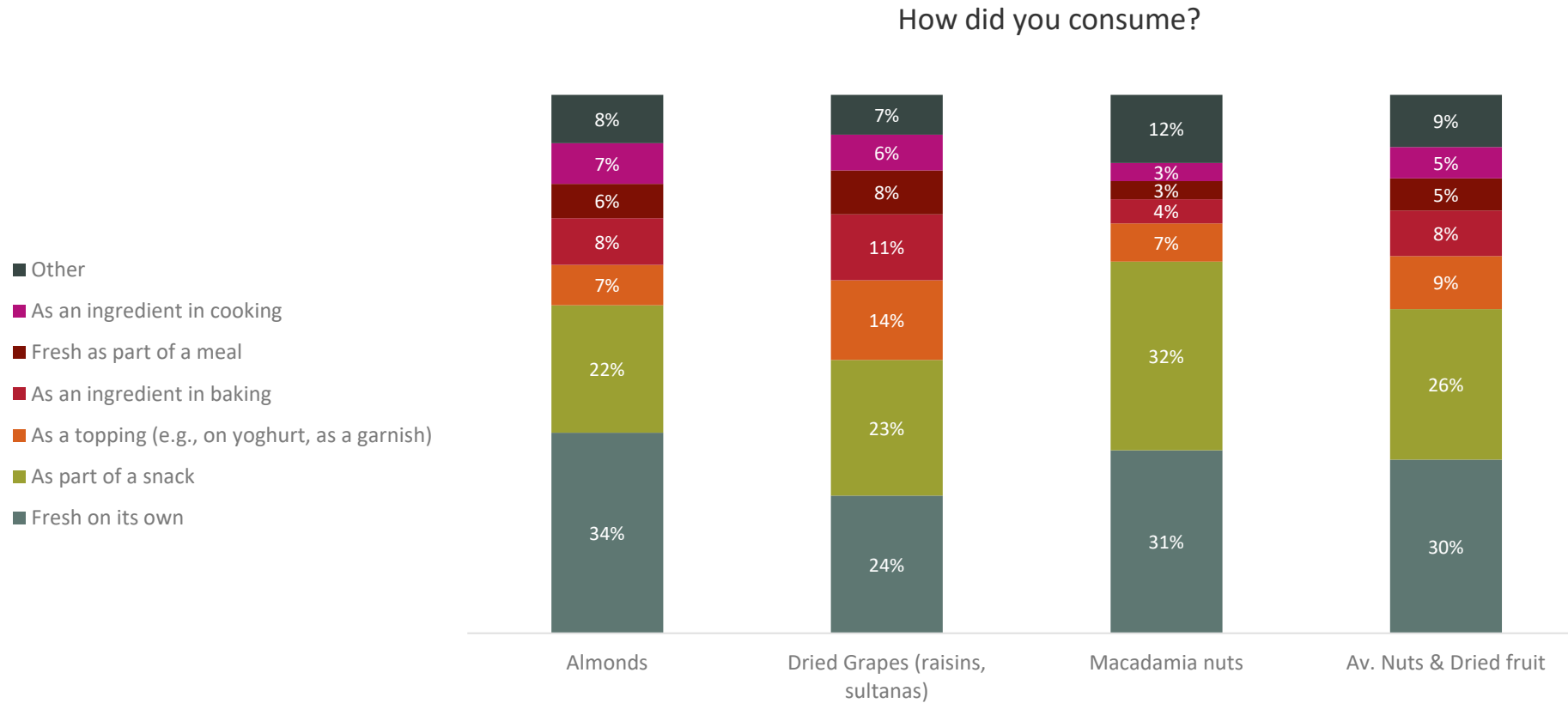


Nuts are predominantly snack foods, especially macadamias; by contrast dried grapes have a strong breakfast-time skew





Compared to fruits, nuts & dried fruits are consumed in a greater variety of formats and are more likely to be 'as part of a snack'

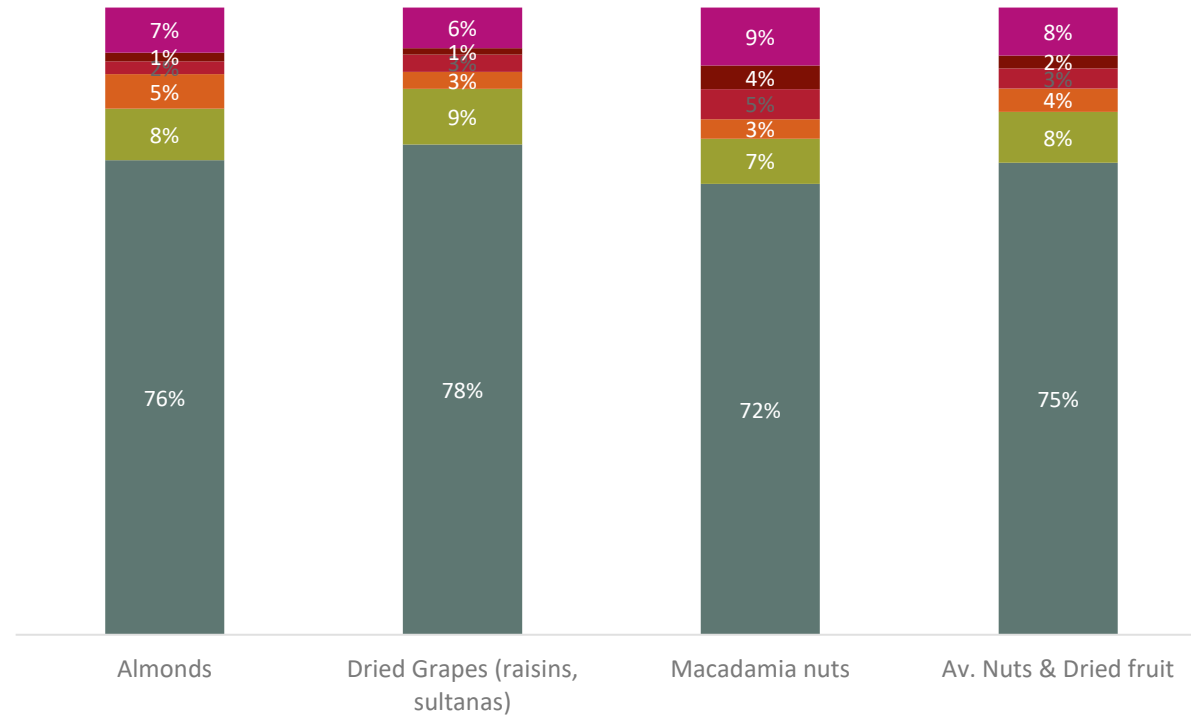




Three quarters of consumption of nuts and dried fruits is in the home

Where did you consume?

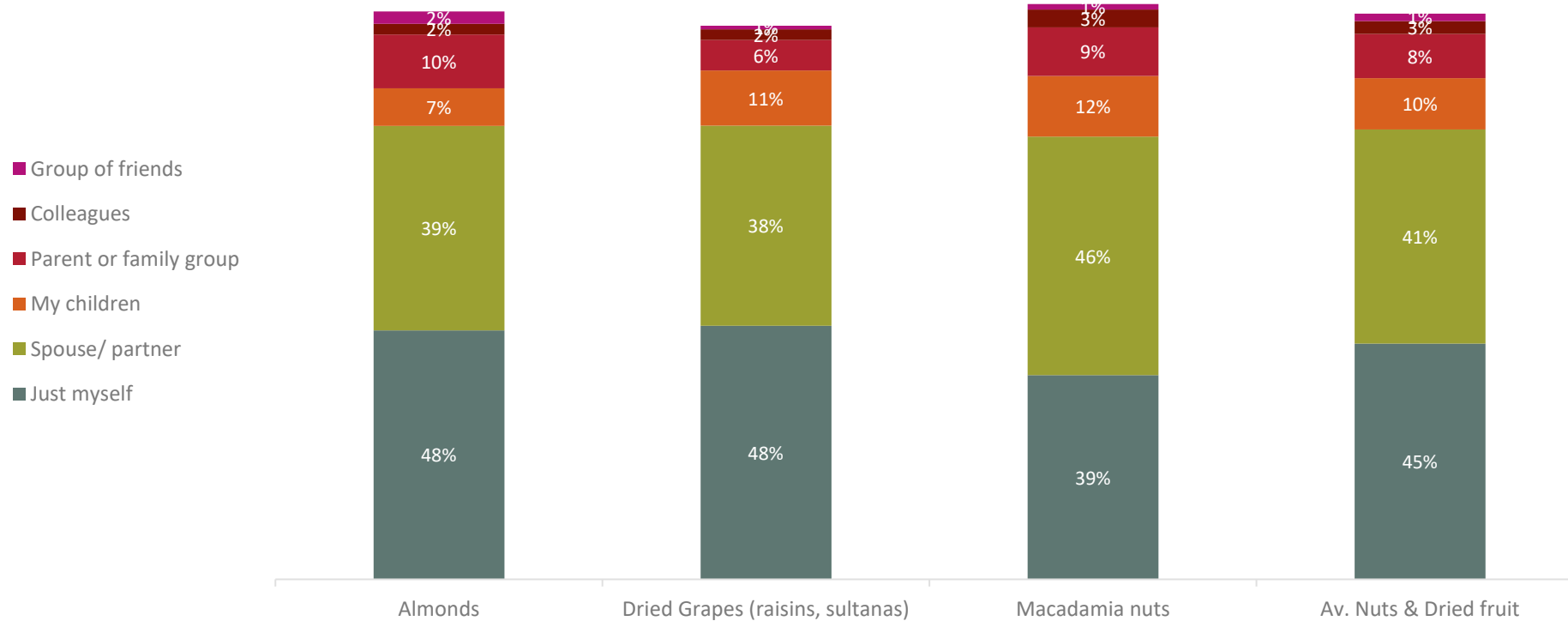
- Other (travelling, out, sports venue etc.)
- At an entertainment venue (cinema, sports, shopping etc.)
- At someone else's home
- At a restaurant / bar / coffee shop / food court etc.
- At work / office
- At home





Like fruits, in the UK people eat nuts alone or when they're with their spouse/partner

Who were you with?



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

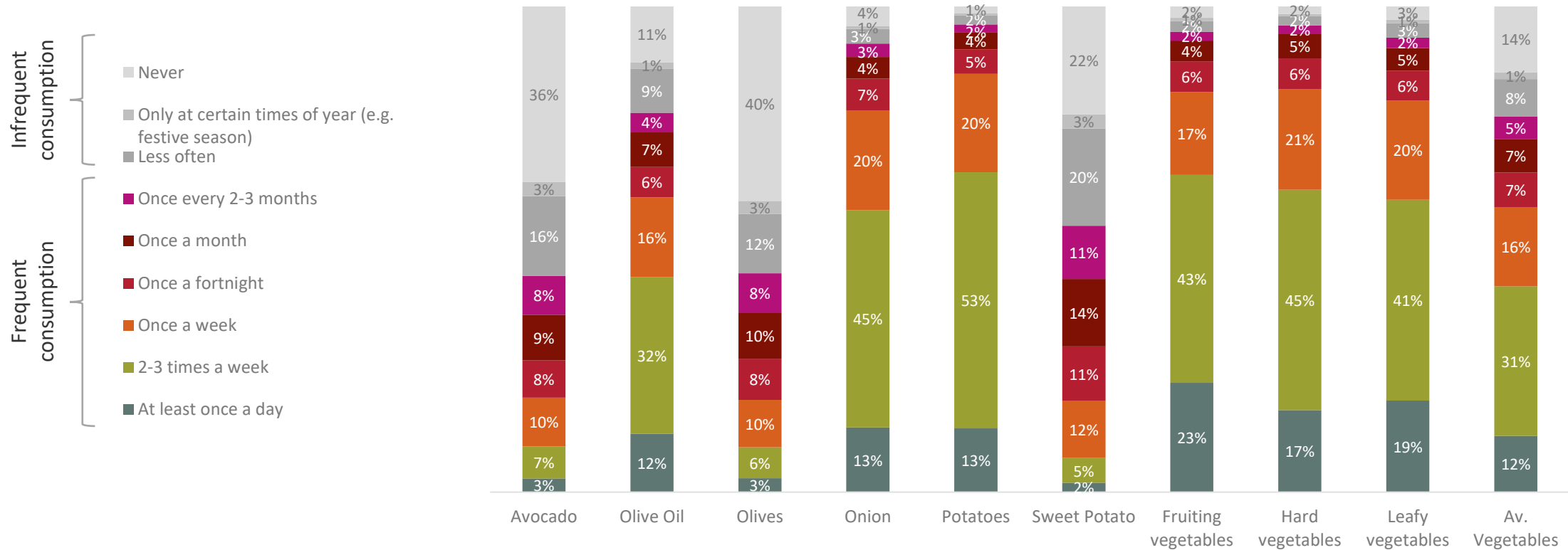


Hard Veg,
Fruiting Veg & Leafy Veg



Fruiting, hard and leafy vegetables, onions and potatoes are common in the UK and highly penetrated. By contrast, a high proportion of people never eat avocados and olives

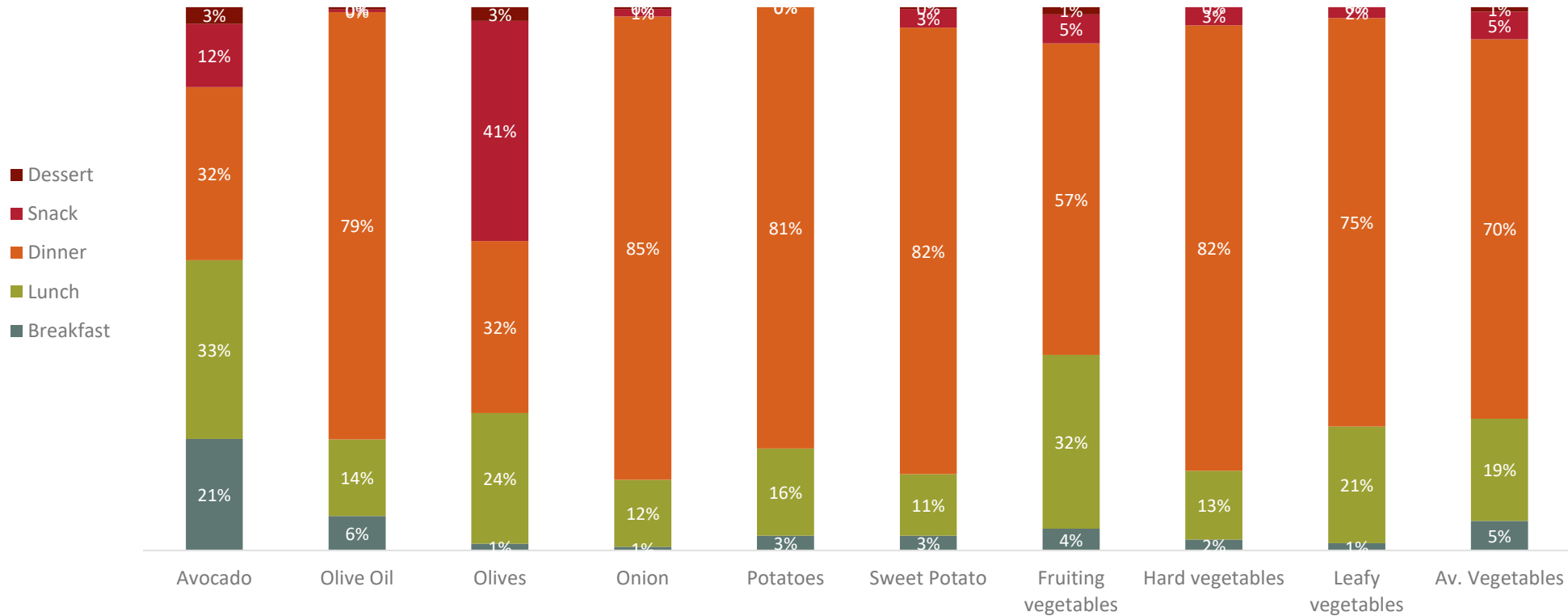
How often do you consume each commodity?





Most vegetables are consumed at meals, mainly at dinner.
Fruiting vegetables and avocados also skew to lunchtime consumption.

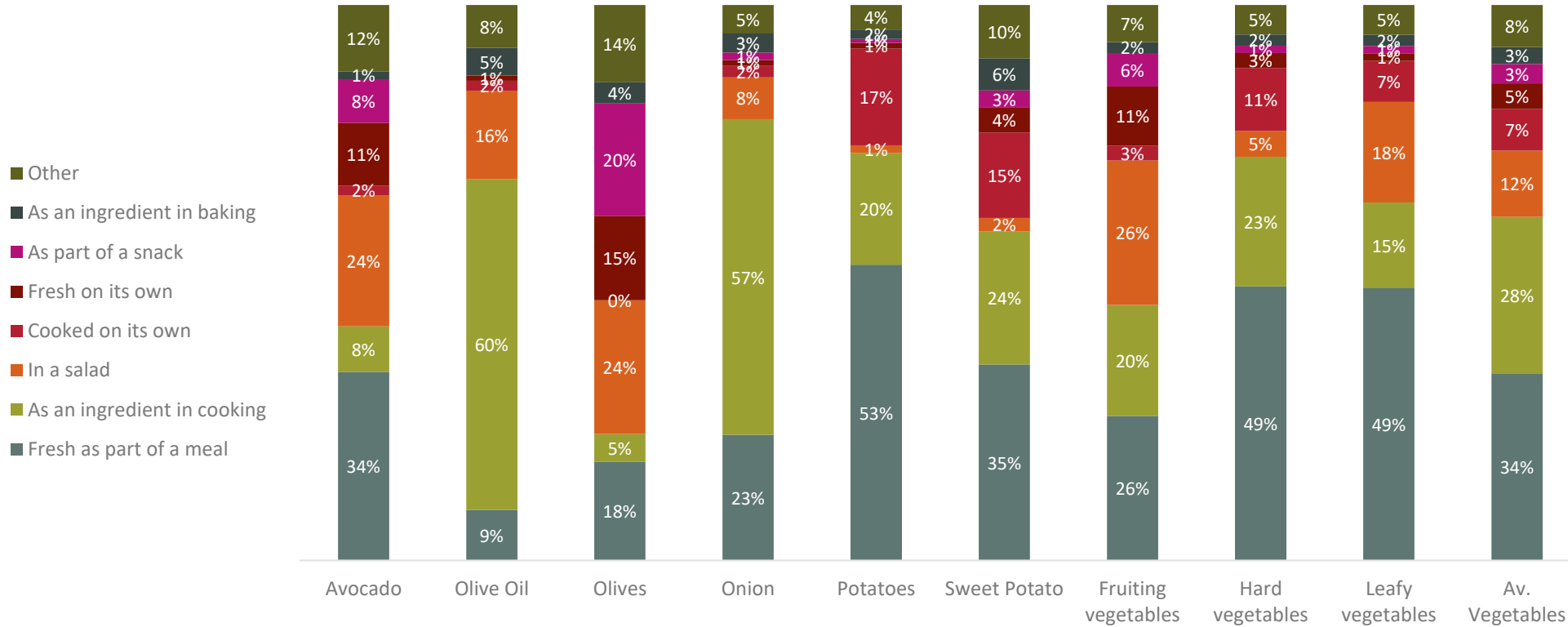
When did you consume?





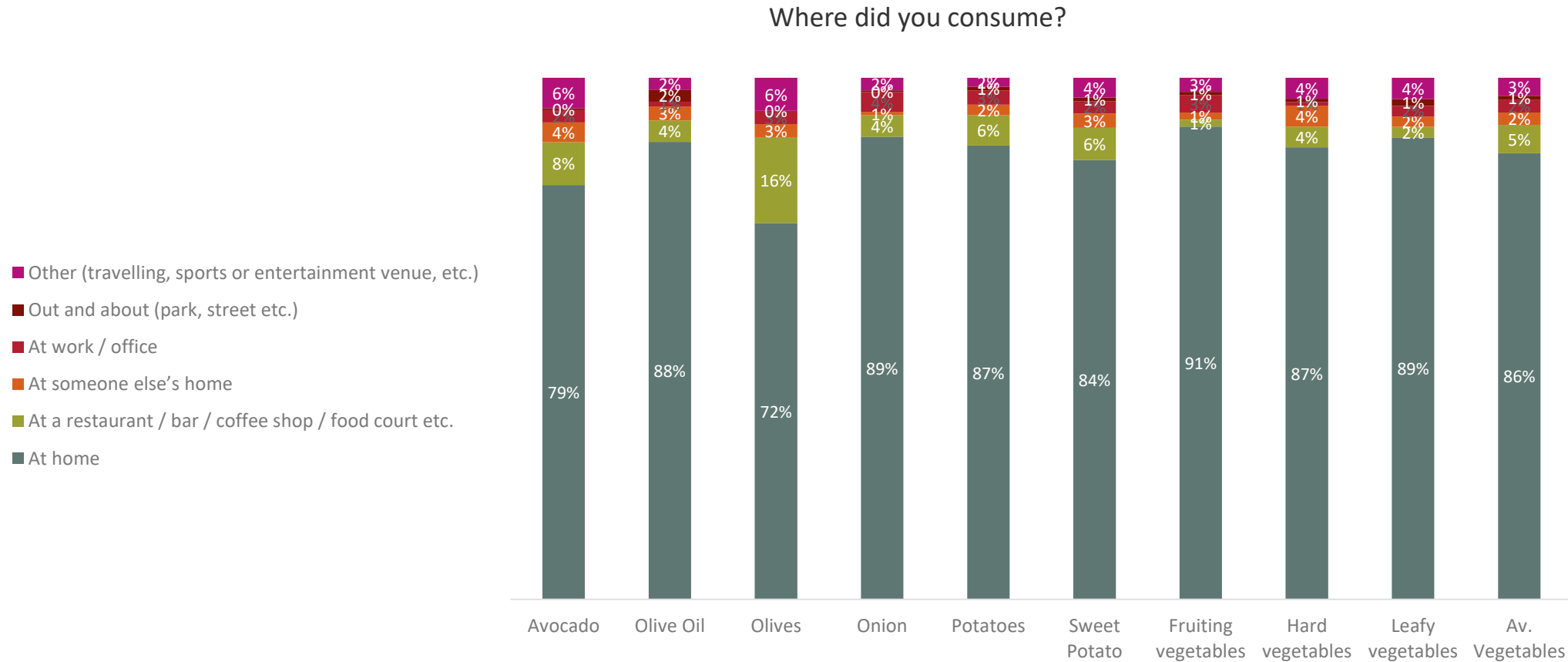
Nearly two thirds of vegetables are used as part of a meal, either fresh or as an ingredient in cooking. Fruit veg is more likely in a salad, whereas olives skew to snacking

How did you consume?



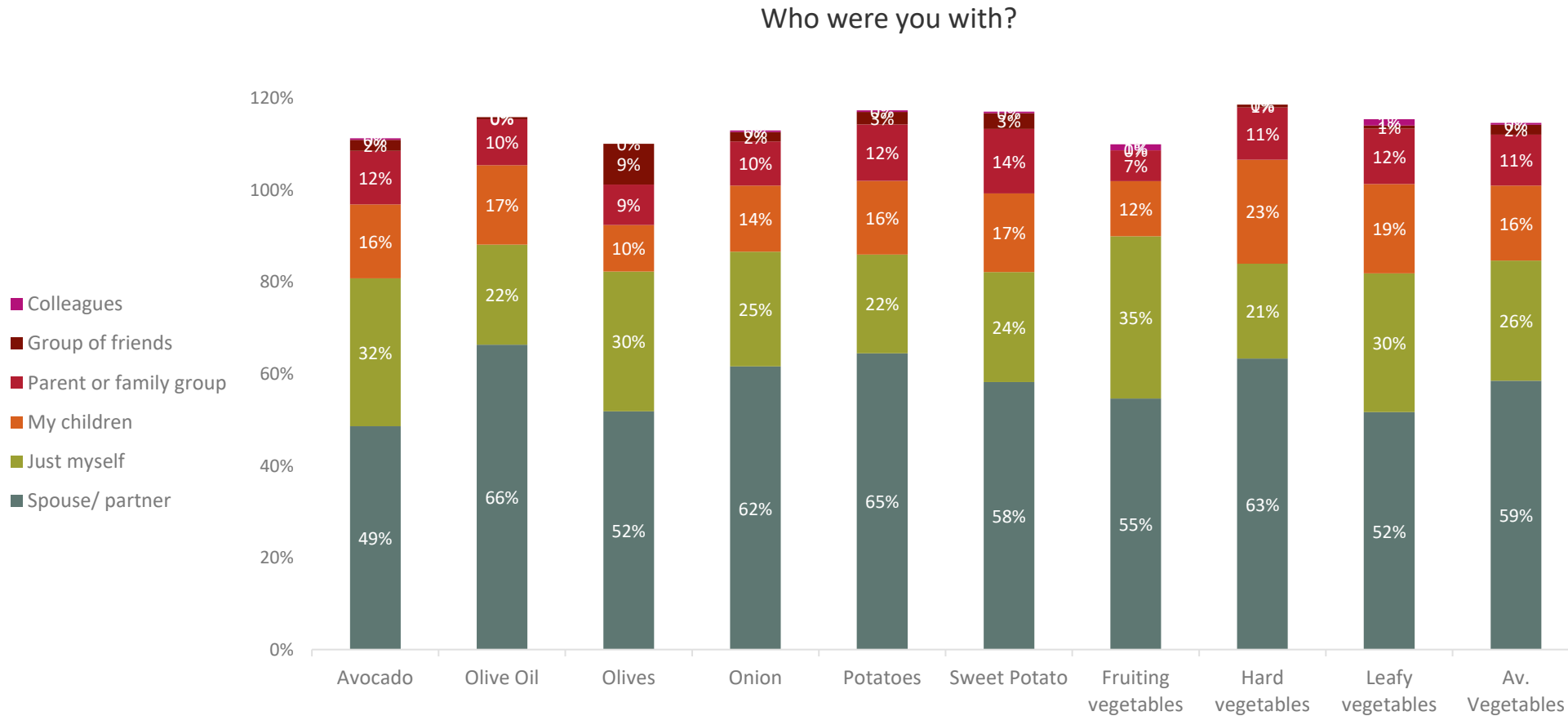


The average vegetable is consumed mainly in home – this is a higher proportion vs. fruits, nuts or dried fruits





Vegetable consumption appears more social vs. fruit & nuts, primarily with a spouse/partner, this is higher than solo consumption



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 UK consumers and **there are two key axis on which we will evaluate each commodity to determine the priorities.**



+



How attractive is the consumer opportunity for a commodity?

How appealing is Australian or premium produce?

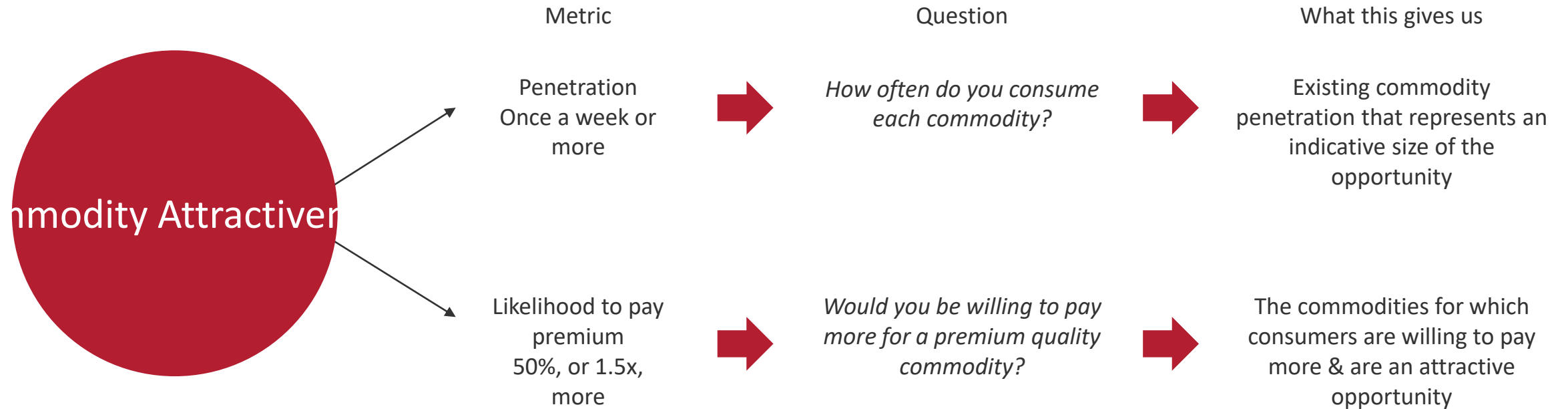


Commodity Attractiveness and Australian Appeal are each determined by two factors. Each factor carries a different weight reflecting their relative importance





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

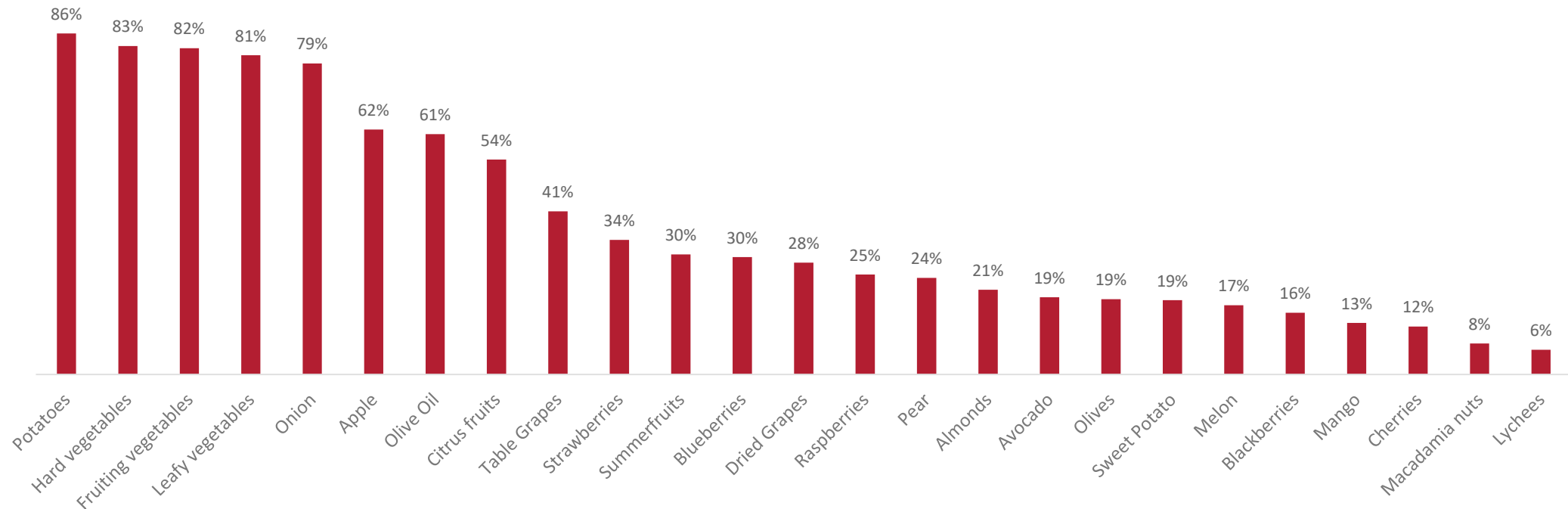




Unsurprisingly, potatoes and vegetables are the most highly penetrated commodities, followed by apples, olive oil & citrus. Snackable fruits like grapes, strawberries and summer fruits are still widely consumed.

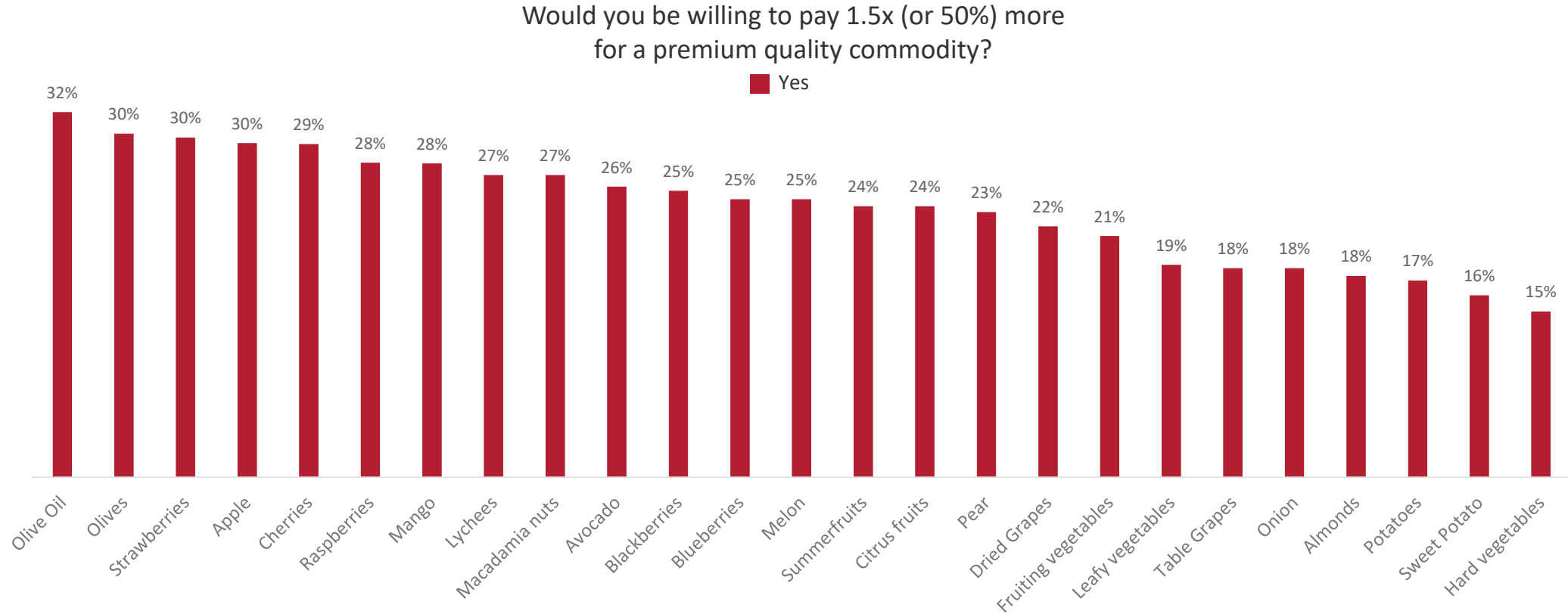
How often do you consume each commodity?

■ Consumed at least once a week



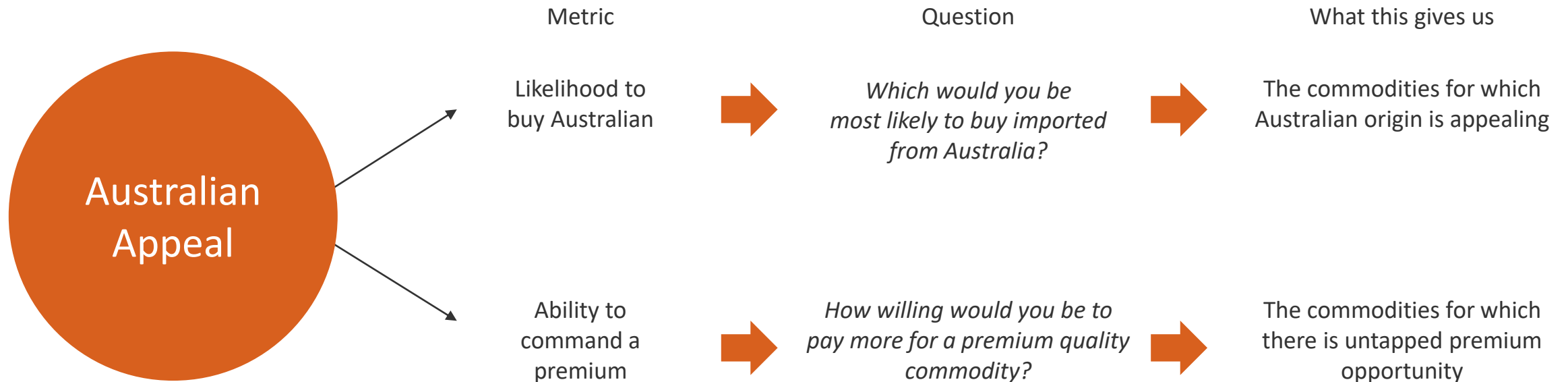


Olive oil & olives have the potential to command a premium price, as can other berry fruits and apples





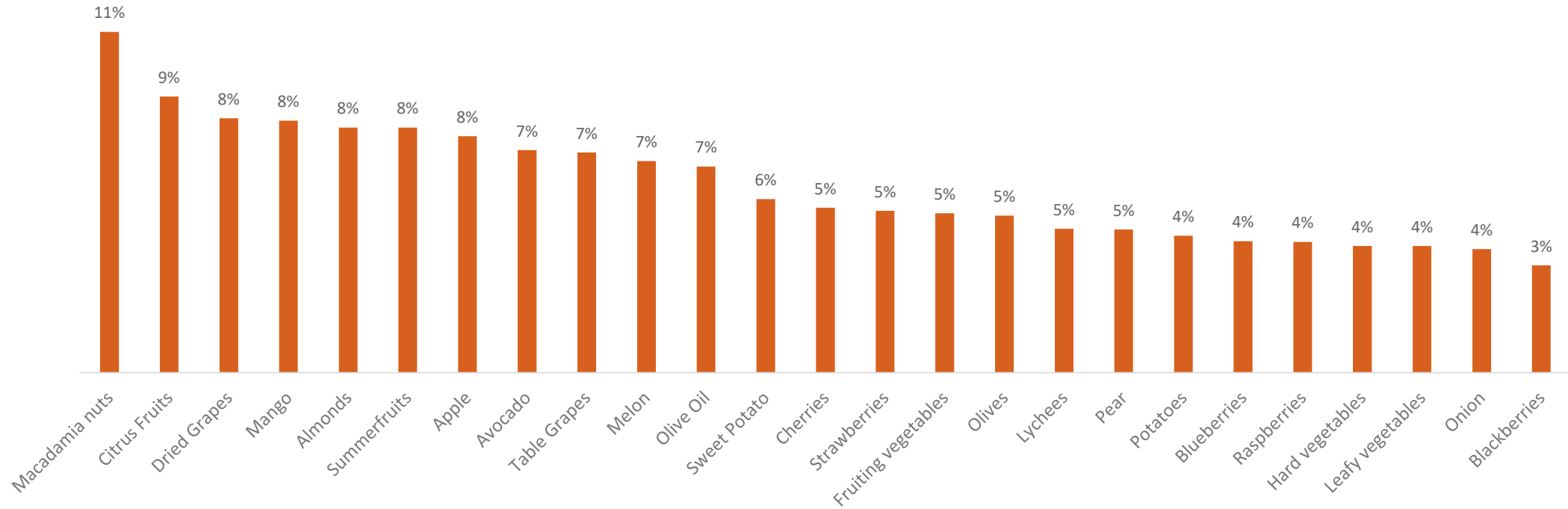
Australian Appeal provides an indication of the potential to realise the export opportunity based on how likely consumers are to purchase Australian or pay a premium for quality





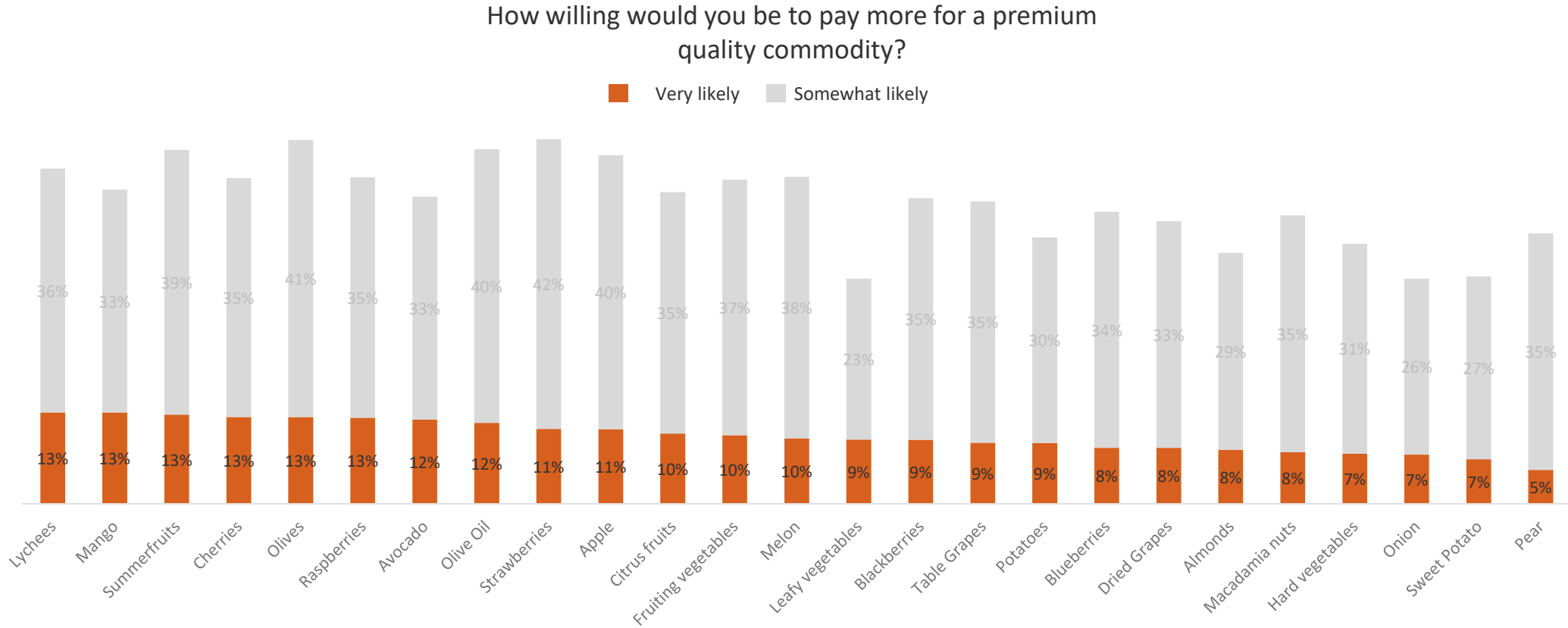
Macadamia nuts have strong Australian appeal for UK consumers, as do other dried fruits & almonds. Fruits associated with good taste, like mangoes, also rank strongly

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





Raspberries are the strongest ranking for likelihood to pay more for a premium commodity. Nuts appear lower here, but berries, mangoes and melons are also strong



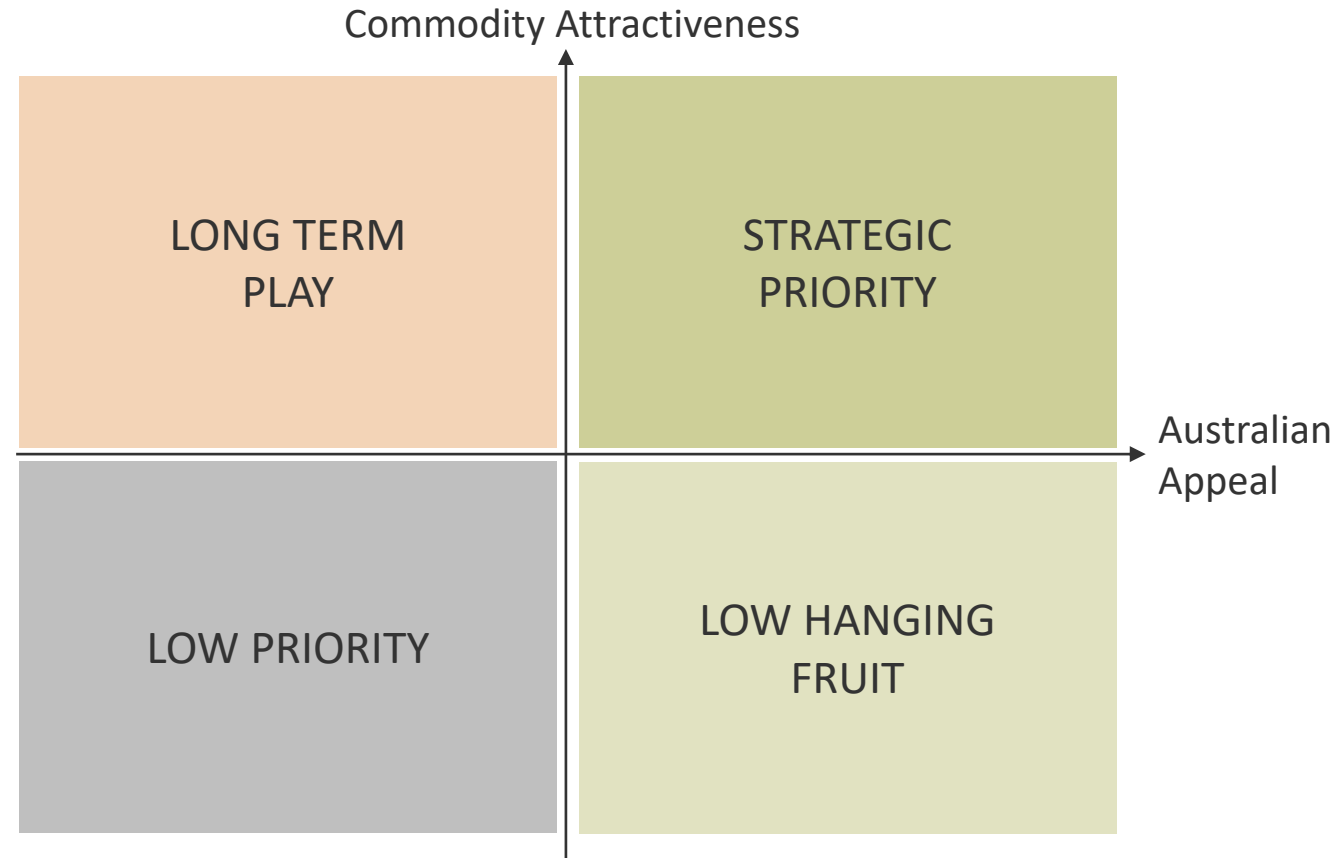


We bring this data together into a
prioritisation matrix

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

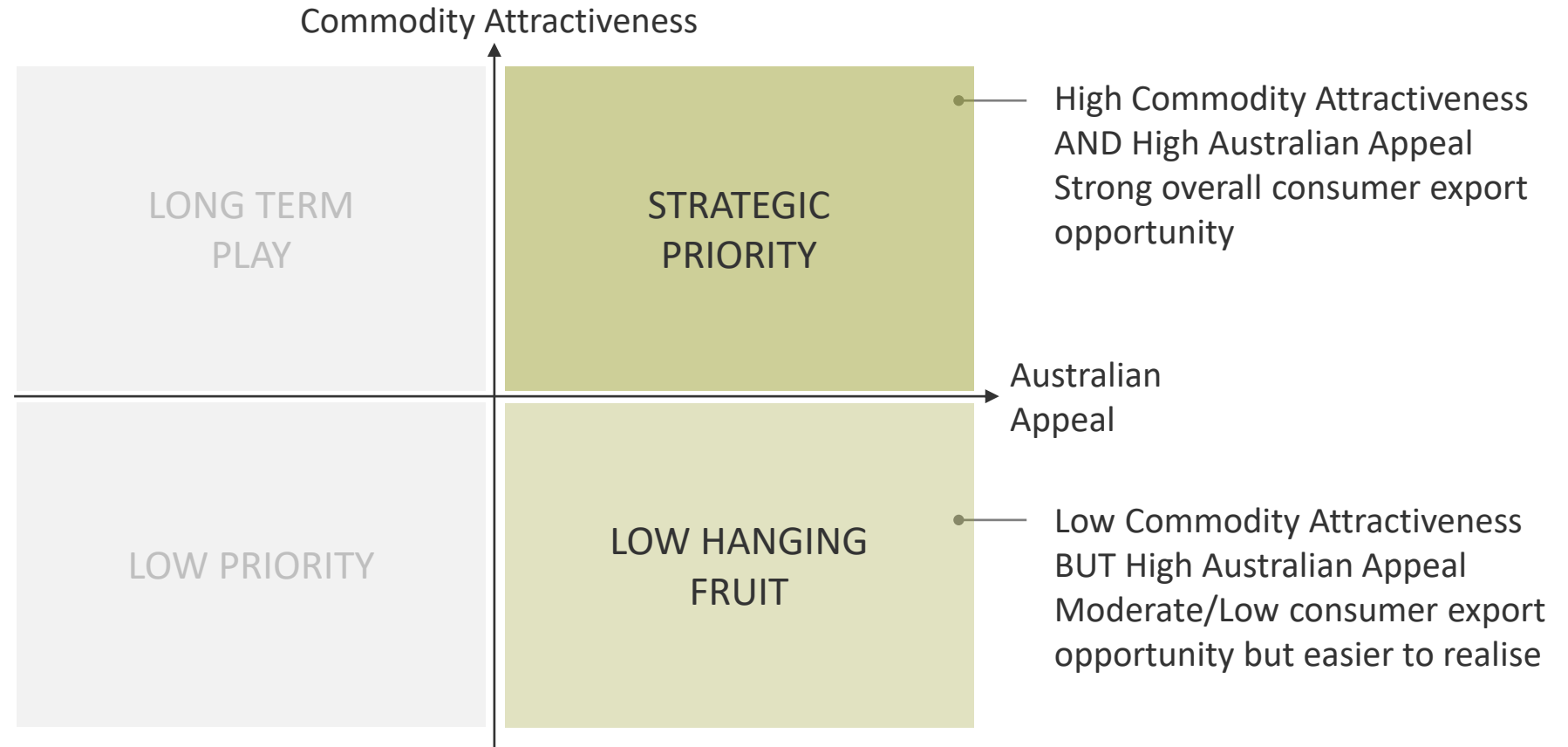


We plot each commodity's metrics on a strategic matrix to identify priority opportunities based on consumer preference and behaviour



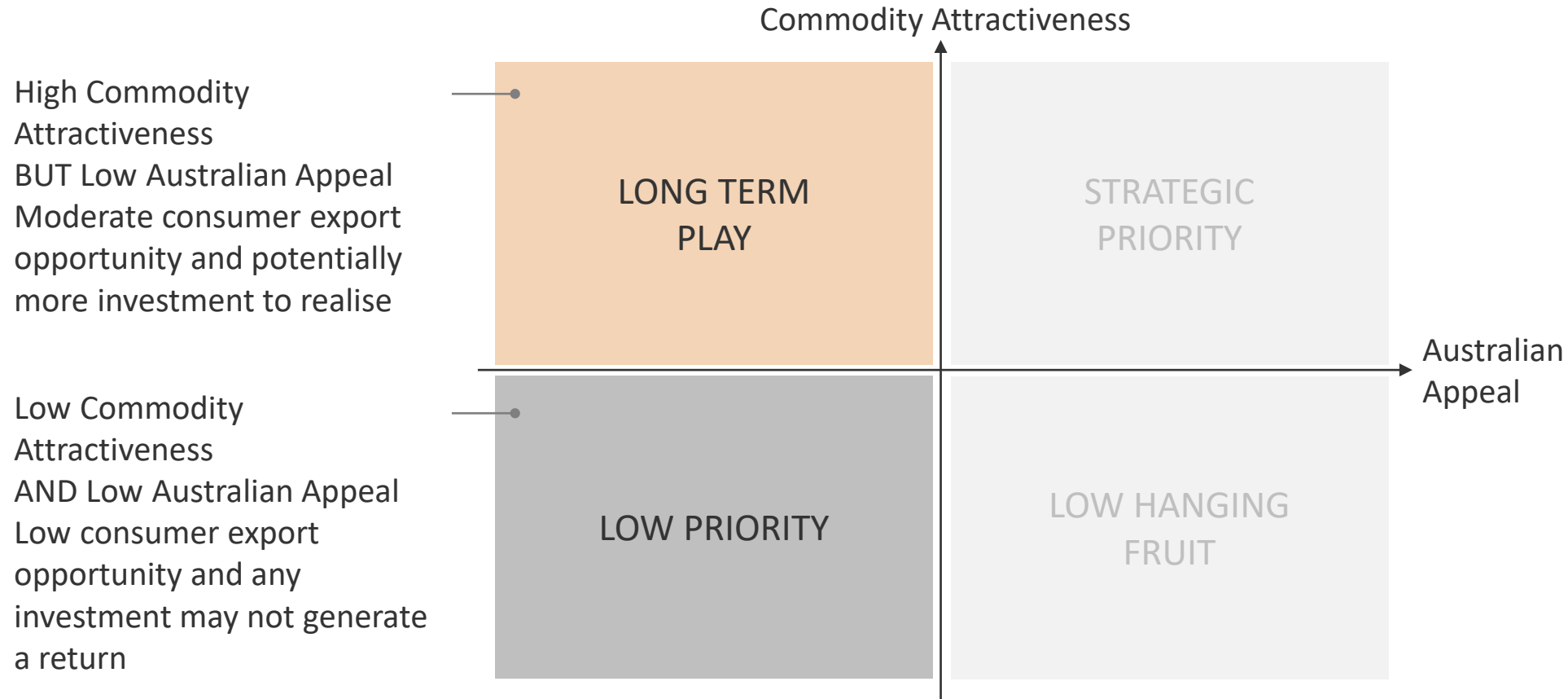


Commodities on the right-hand side of the matrix represent more attractive consumer opportunities for export and investment is more likely to generate a return





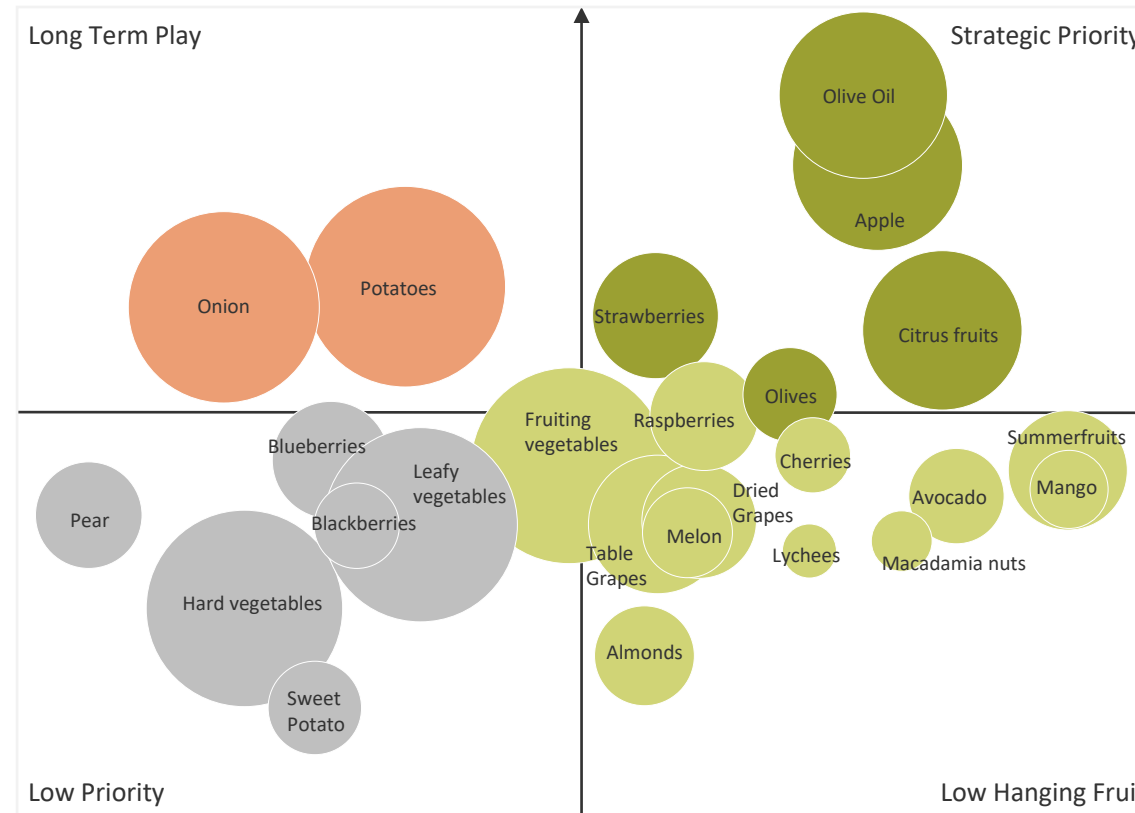
By contrast, commodities on the left-hand side of the matrix may require more investment with a longer term pay-off or minimal to no returns





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

Commodity Attractiveness






Australian Appeal

- Strategic priority
- Low hanging fruit
- Long term play
- Low priority

Size of the bubble = penetration



UK: Summary of Strategic Priorities

	 Apples	 Olive Oil	 Citrus	 Strawberries	 Olives
STRATEGIC IMPLICATIONS	Apples are an opportunity because of their significant market size (given high penetration) and premium skew. However, consumers would need to be persuaded on the Australian appeal	Olive Oil is a strategic priority primarily because of the premium appeal and strong willingness to pay more. It's highly penetrated, so there's a significant market opportunity	The second most highly penetrated fruit after apples, citrus are widely consumed in the UK. There's only a moderate premium appeal, but a strong Australian appeal	Strawberries are very seasonal in the UK, hence moderate overall penetration. The opportunity for export relies on a strong willingness to pay for premium because Australian appeal is lower	Olives are a low penetration fruit, but people in the UK appear willing to pay more for them. Premium quality appeal is the highest of all strategic priority commodities hence they're an attractive opportunity for export
ATTRACTIVENESS	<ul style="list-style-type: none"> • Most highly penetrated fruit in the UK (62% consume weekly) • Rank #2 on willingness to pay 1.5x more 	<ul style="list-style-type: none"> • Strong penetration, higher vs. other fruits, but lower than most vegetables • Highest commodity for willingness to pay more 	<ul style="list-style-type: none"> • Strong penetration, highest of all the fruits • Moderate willingness to pay more 	<ul style="list-style-type: none"> • Moderate penetration, a third consume weekly • High willingness to pay more (#3 ranking commodity, highest fruit) 	<ul style="list-style-type: none"> • Low penetration • Very strong willingness to pay more, second only to Olive Oil
ADDRESSABILITY	<ul style="list-style-type: none"> • Moderate likelihood to purchase Australian • Moderate premium quality appeal 	<ul style="list-style-type: none"> • Moderate likelihood to purchase Australian • Premium quality appeal of Olive Oil is second highest of all strategic priority commodities 	<ul style="list-style-type: none"> • High likelihood to purchase Australian, #2 ranking commodity • Moderate premium quality appeal 	<ul style="list-style-type: none"> • Moderate likelihood to purchase Australian • Moderate premium quality appeal 	<ul style="list-style-type: none"> • Moderate likelihood to purchase Australian • Premium quality appeal of Olives is highest of all strategic priority commodities



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, peppers, cucumbers, courgette, aubergine)



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.