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Understanding International Consumer Demand

Vietnam 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

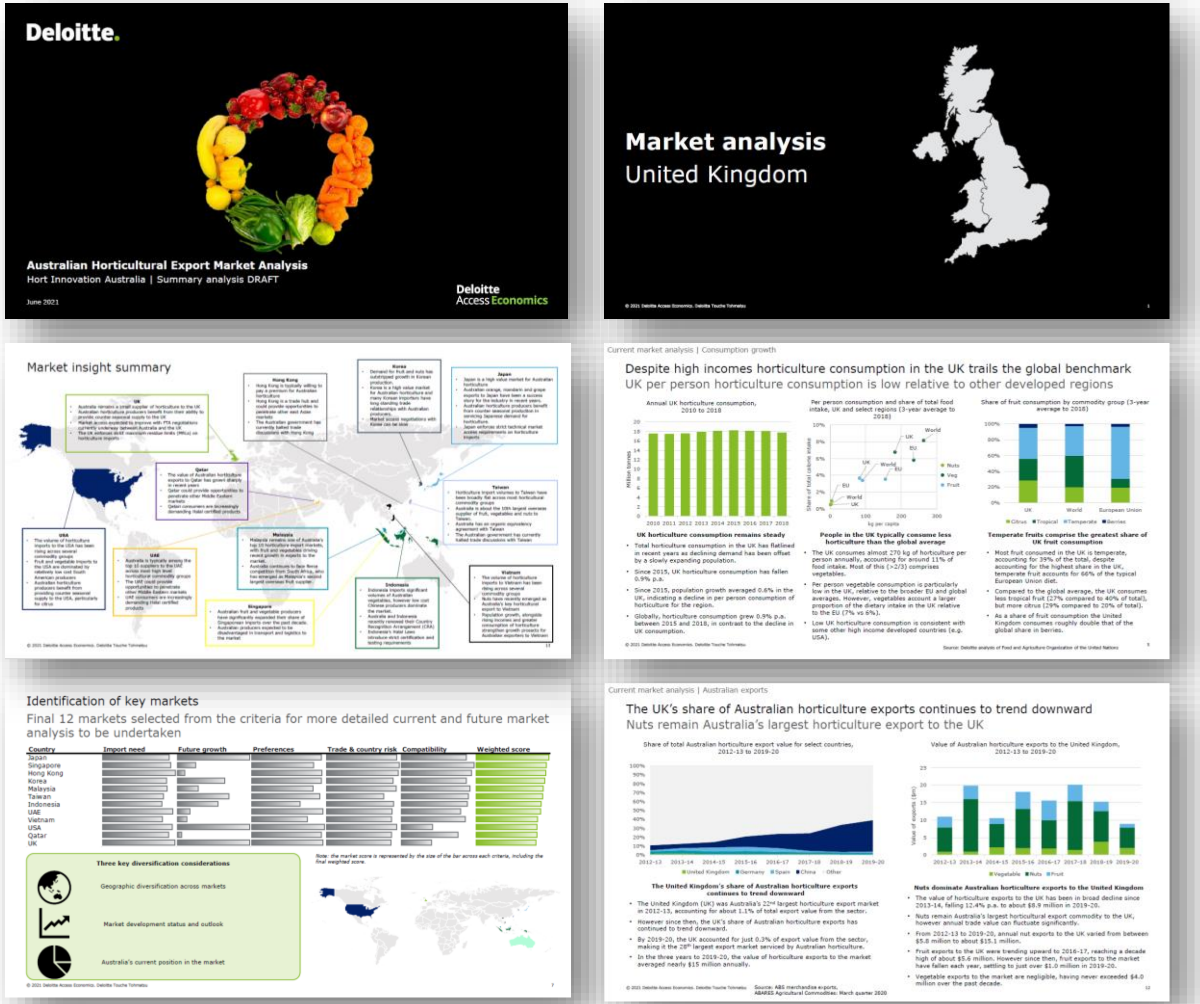
- Addressing the disruptions of COVID-19 on Australia's ability to export, Hort Innovation proactively initiated and invested in several critical projects
- One of these projects, carried out by Deloitte, was designed to assess the opportunities to rapidly diversify and expand in export markets. They 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

The Deloitte report

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

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

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



Central research question:

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

Objectives

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

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

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

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

The 13 markets included in the study

USA

UK

Singapore

India

Japan

Hong Kong

South Korea

Malaysia

UAE

Qatar

Taiwan

Vietnam

Indonesia

The 20 industries of interest in the study


Almond


Apple & Pear


Avocado


Blueberries


Cherry


Citrus


Dried Grapes


Lychees


Macadamia


Mango


Melons


Olives/Olive Oil


Onion


Potatoes


Raspberries
& Blackberries


Strawberries


Summer fruit


Sweet Potato


Table Grapes


Hard Veg,
Fruiting Veg & Leafy Veg

The approach

1. Audit & Discovery

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

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

2. Localise & Enrich

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

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

3. Develop Growth Plan

What we will do
- Identify & quantify
- Growth opportunities

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

4. Align & Embed

What we will do
- Create & embed roadmap for growth

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

1. Audit and Discovery
Interview programmes methodology

Internal stakeholder interviews

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

Knowledge audit

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

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2. Localise and enrich
Enriched market understanding

External expert interviews

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

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3. Develop Growth Plan
Quantitative research methodology

Local Market Research

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

3. Develop Growth Plan
Outputs & reporting structure

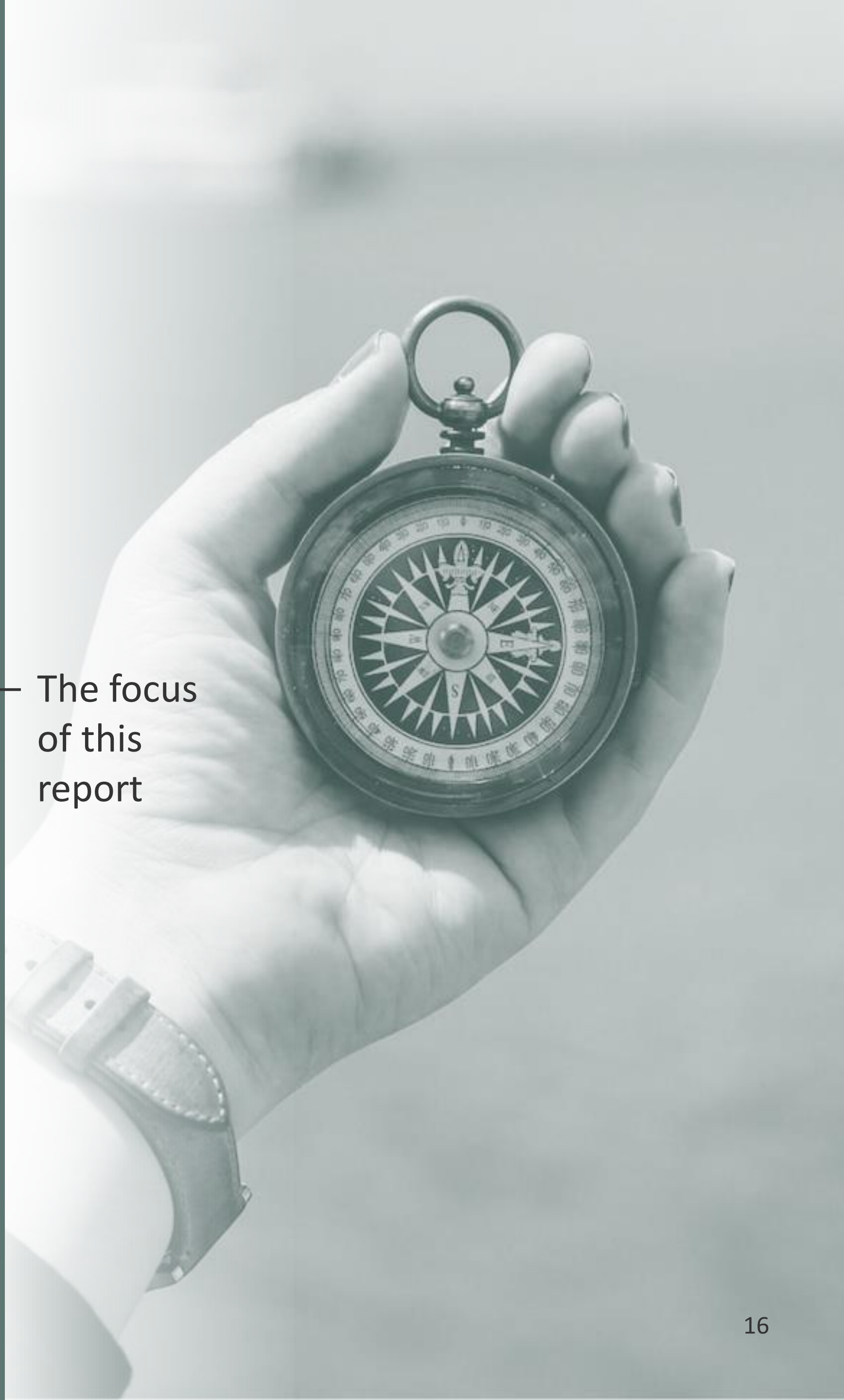
Market reports

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

Category reports

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

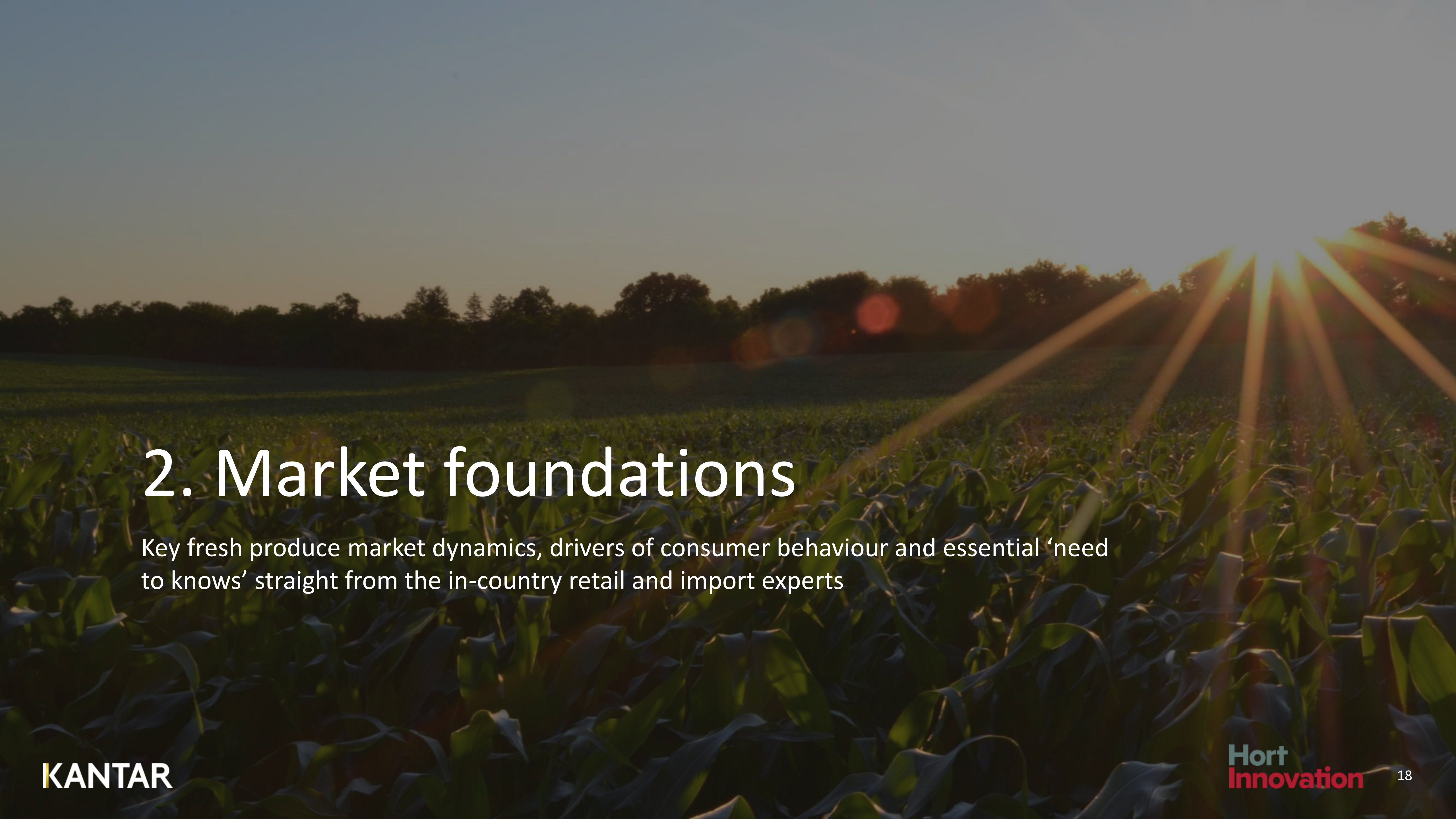
The focus of this report



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



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

Vietnam expert interviewees

Anthony Verdugo

CEO of Aroha Sourcing, a company specializing in the sourcing and production fruits and vegetables (2016 – present)

15+ years industry experience

Alongside fruits and vegetables, Aroha also specializes in the sourcing and production of conventional and organic vegetable raw materials including Spices, Tea, Fruits and Vegetables. Previously Purchasing Manager for Africa, Asia and the Pacific at Groupe NATUREX (2013 – 2016) and Category Manager for Fruits and Vegetables at Groupe Auchan (Sep 2010 - Sep 2012)

Jason Fuller

Co-Owner of GoldenSun Insights (2020 – present), a business strategy consulting firm that supports clients along the fresh produce supply chain

15+ years industry experience

GoldenSun Insights is a strategy centric firm grounded in deep retail insights that supports clients with business strategy consulting, business development, and marketing services. GoldenSun Insights is a unique company, whose clients span the entire fresh produce supply chain. GoldenSun Insights currently advises on agriculture and fresh produce opportunities. Previous roles as a produce buyer in the Salinas Valley and in sales for companies like Freshkist and Tanimura and Antle selling fresh vegetables and fruit. Jason was previously the Vice President of Sales at Sun World Partners Inc. (2014 – 2020).

Vietnam expert interviewees: Key observations

Predominantly domestic production

Vietnam is a strong producer of fresh produce and has a huge variety local of fruits and vegetables. There are trade barriers to imports, that make it tricky to bring in fresh produce. However, still some countries do ship there, including China and the US.

A national love of food

Consumption of food in Vietnam looks different to that in the West. People do not necessarily eat strict meals at to breakfast, lunch & dinner, plus there's a strong culture for sharing. Driven by health-consciousness, the fresh category is increasing and becoming more trendy.

Food safety is a key concern

Street markets are everywhere in Vietnam and this is where consumers buy significant fresh produce. Due to a considerable amount of plastic waste, there's a push to reduce packaging, but this is not mainstream. Equally, some consumers are concerned for food safety and this is an increasing driver for people.

There's a small, but strong, high-end market

There's a small contingent of consumers who will pay for high end produce. Quality is key and there's a strong perception of Australia.

Vietnam is a fresh produce producing country and has only a small proportion of imports.

"Under 2% and maybe 5% maximum [of fresh produce is imported].

- Anthony Verdugo

"No, it's not easy to import. They put a lot of trade barriers at the import.

- Anthony Verdugo

"There are some business trade arrangements for each country. But imports need all the approvals from Vietnamese authorities… In general, it's complicated.

- Anthony Verdugo

"Imports happen because some fruits or the vegetables are not local and can't be produced in Vietnam.

- Anthony Verdugo

"A lot of products come from China. The business between China and Vietnam is very dynamic. We buy some vegetables, some fruits from China. But I think the market is like maybe 80% export, 20% import from China.

- Anthony Verdugo

"The biggest problem that I see in Vietnam is that they don't have a sophisticated cold chain system. There's high humidity, very warm. That product is going to start to deteriorate immediately.

- Jason Fuller

A national love of food drives consumption and fresh produce is also on the rise.

“So yes, so we need to keep in mind that Vietnamese people are different from European people. In Europe, we eat breakfast, lunch, dinner.

It's totally different in Vietnam. In Vietnam, people eat all the time. When they are hungry, they eat. They eat small quantity, but they eat all the time. So they consume a lot outside main meals.

- Anthony Verdugo

“The consumption of fruit is higher and higher. It’s more and more trendy. It’s driven by the health advice about food, antioxidant, vitamins. People understand that it's good for their health.

- Anthony Verdugo

“Vietnamese people love food. They love to eat. And so I’ll say, for sure, the taste for them is very important.

- Anthony Verdugo

“They love share. So sometimes they might see one pack of table grapes and they take it to office, to share with people. They love to share, and they love eat.

- Anthony Verdugo

“They love non-ripened fruits, mango, pineapple and some local fruits. They eat not ripened mango, with salt and chili, with a beer. They also love a smoothie. The consumption of fruit is very different [to Australia].

- Anthony Verdugo

“The fresh category doing a whole lot better, growing leaps and bounds. We believe that it is due to market dynamics, to younger generation, having more buying power and demanding better fruits and vegetables for their families and themselves

- Jason Fuller

Concerns are concerned about food safety, but still wet markets account for significant fresh produce purchases

In Vietnam the main distribution channel is the street market.

- Anthony Verdugo

Wholesales buy from distributors, and they take it to the retailers. But now you're starting to see that dynamic shift. The retailers are wanting to be involved in the actual deal itself more than just purchasing from distributors.

- Jason Fuller

People are very scared and aware about food safety. For safety reasons, people prefer to buy from overseas like Europe or U.S. or like that, mainly due to pesticide reason and safety, human safety reason.

- Anthony Verdugo

For high-quality products, they're bought mainly from special retail channels. There are fine food channels where people get higher quality produce.

- Anthony Verdugo

I think more and more, we will see less packaging because it's a big priority in Vietnam. Vietnam is one of the first countries in the world of plastic waste. So the government starts to think about to find some solutions. And I think more and more, we will see less and less packaging. Or sustainable packaging.

- Anthony Verdugo

There’s a small contingent of consumers who will pay for high end produce. Quality is key and there’s a strong perception of Australia

“There's definitely a contingent of consumers that are looking for the higher-end product and willing to pay for it.

- Jason Fuller

“Quality and product consistency are key. Vietnam, I've never known to be a very price-sensitive market as long as you have the right product.

- Jason Fuller

“Produce from Australia is very strong. There’s not much of competition. The competition is the Chileans, but I think Australia has a leg up on that.

- Jason Fuller

“They know that Australia is not too far from Vietnam. So the produce is fresh. And quality.

- Anthony Verdugo

3. The Consumer

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

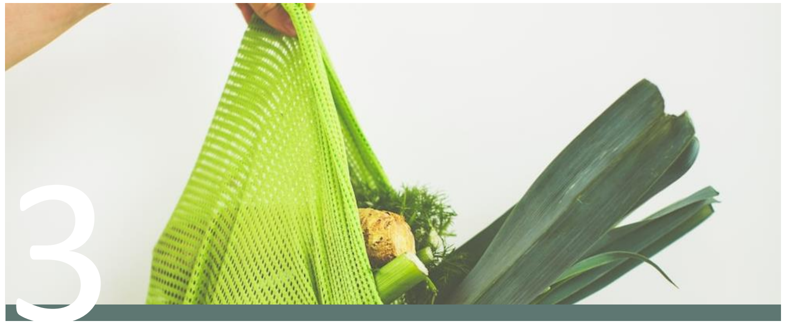
We will unpack 3 key themes to unpack consumers in Vietnam

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 Vietnam

POPULATION

97.4million

Vietnam population[1]
vs. 25.7m Australians

51% 49%

female/male population split
vs. 50/50 globally

75/o

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

0.8%

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

WEALTH

366b

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

3,756

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

[1]Source: the World Bank, 2021

Unpacking the Vietnam survey sample

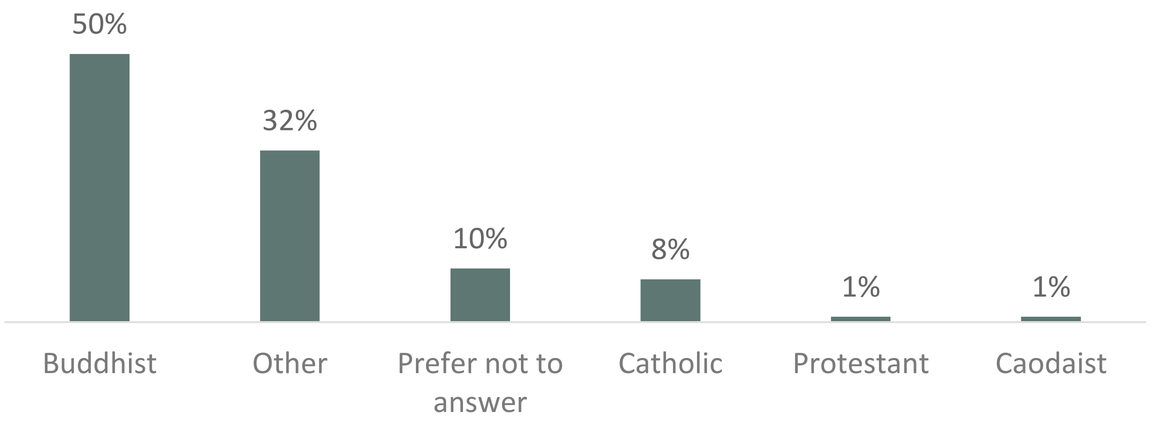
BACKGROUND

How would you describe your nationality/background?

97%

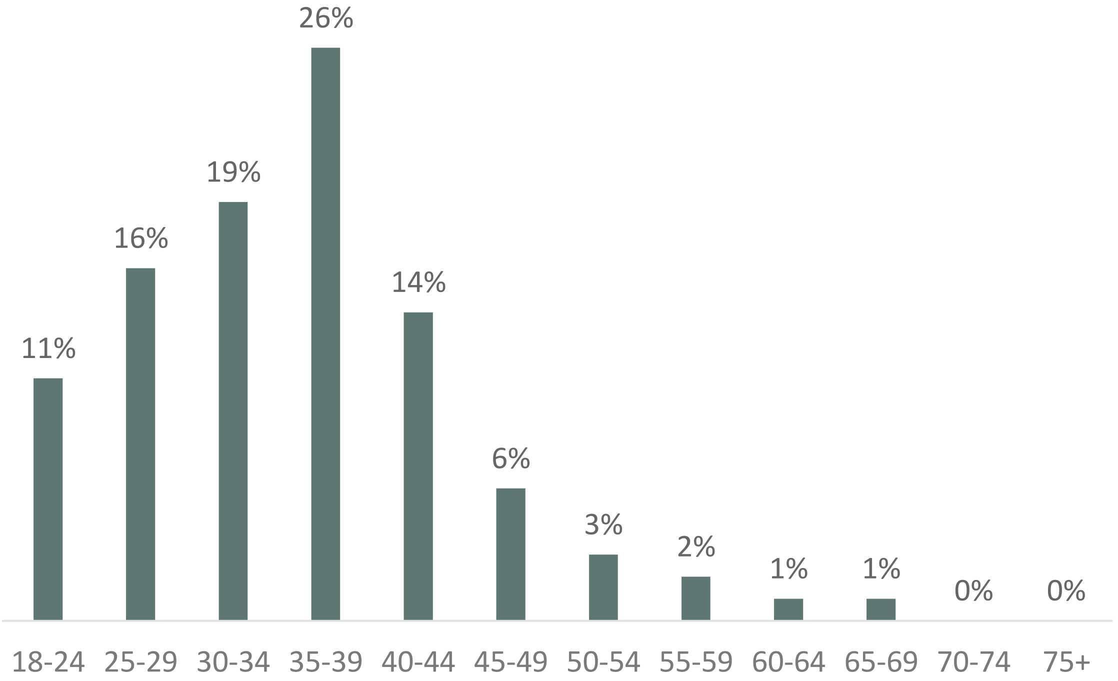
'Native Vietnamese' population

How would you describe your religious identity?



AGE

How old are you?



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Kantar HIA International Demand Study 2022; n=4018
*NB Low income consumers screened out of survey

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Key attitudes & values of Vietnam consumers

Vietnam consumers love food & cooking

82%

Enjoy cooking

78%

Consider food a passion

They are willing to pay for quality

71%

Consider it important to buy trusted brands

59%

Often pay extra for premium quality food

Climate change and food safety are concerns

80%

Tend to buy products that are better for the environment

79%

Worry about poor quality, toxic or contaminated food

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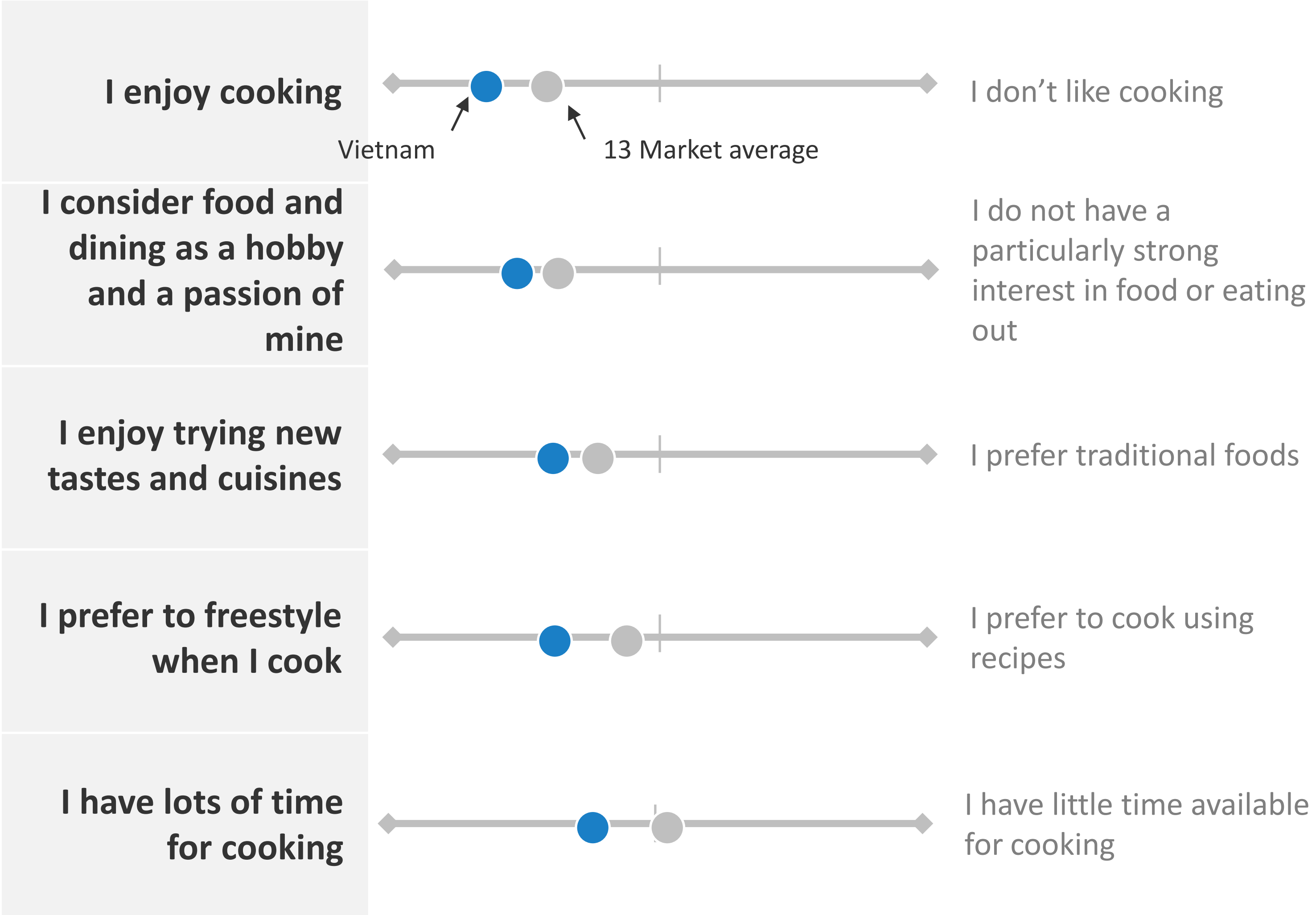
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4051

> “I love cooking and find great pleasure in all types of food and cuisines.
>
> I have time to cook and love to freestyle when I do”

Attitudes & values related to

Food & Cooking



Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4051

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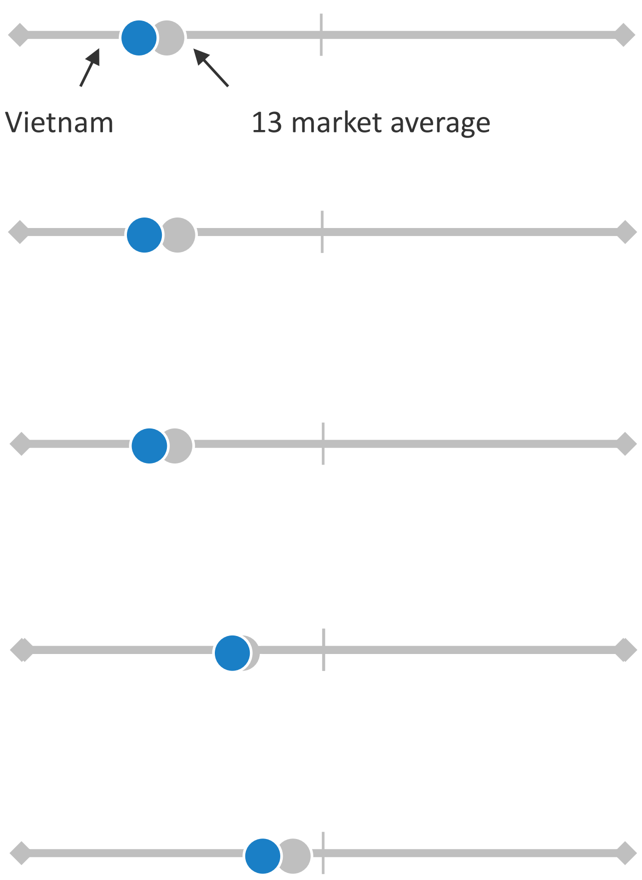
> I worry about climate change and try to buy products that are better for the environment
>
> Food safety is a frequent concern for me

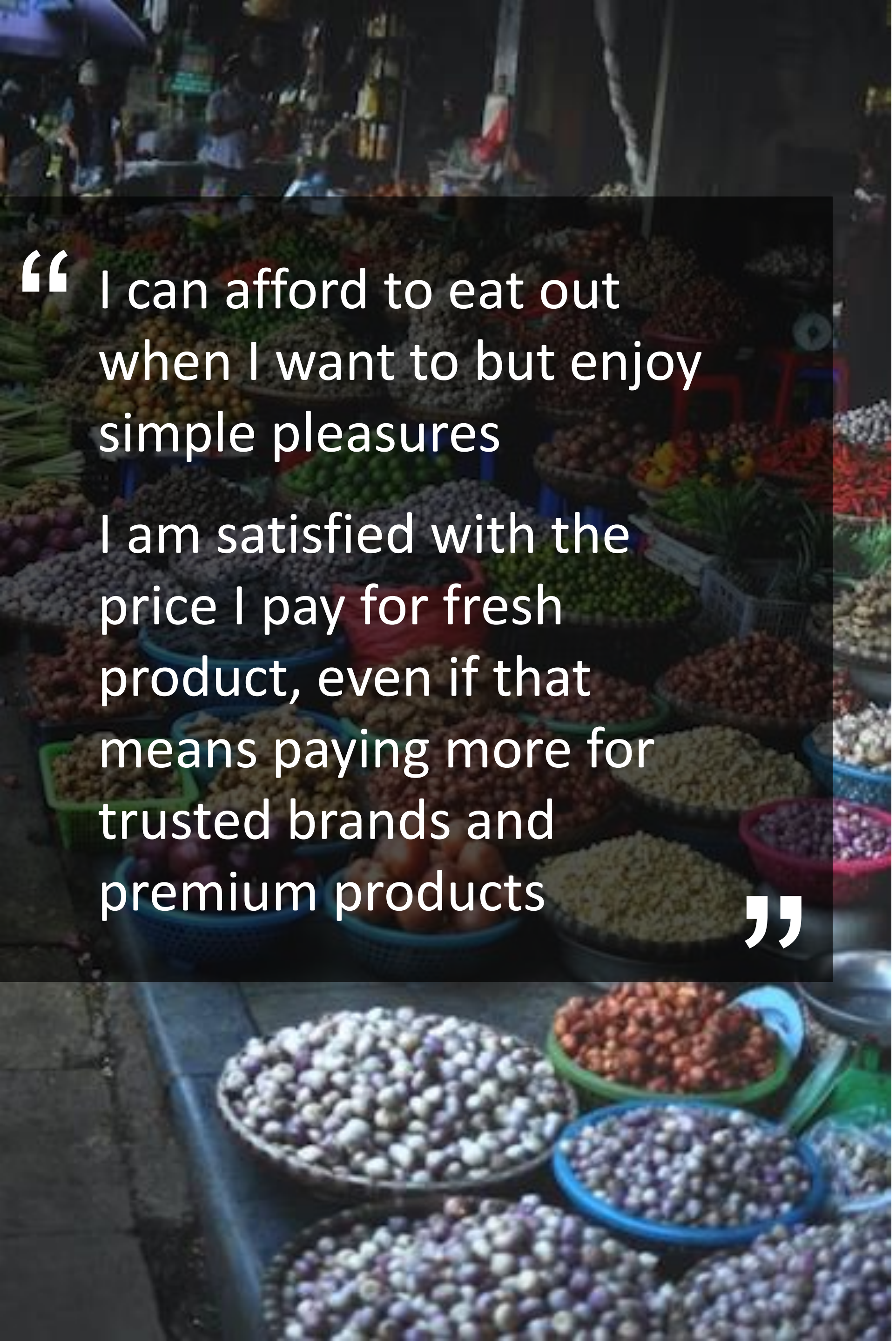
Attitudes & values related to

Safety & Sustainability



I worry about the impact of climate change	I am not concerned about climate change
I tend to buy products that are better for the environment	I do not buy eco-friendly products
I frequently worry about my exposure to poor quality, toxic or contaminated food sources	I do not worry about poor quality, toxic or contaminated foods
I would be comfortable consuming genetically modified or lab-grown foods	I avoid foods that are genetically modified or lab-grown
I seek to buy products with reduced packaging	Product packaging does not influence what I buy

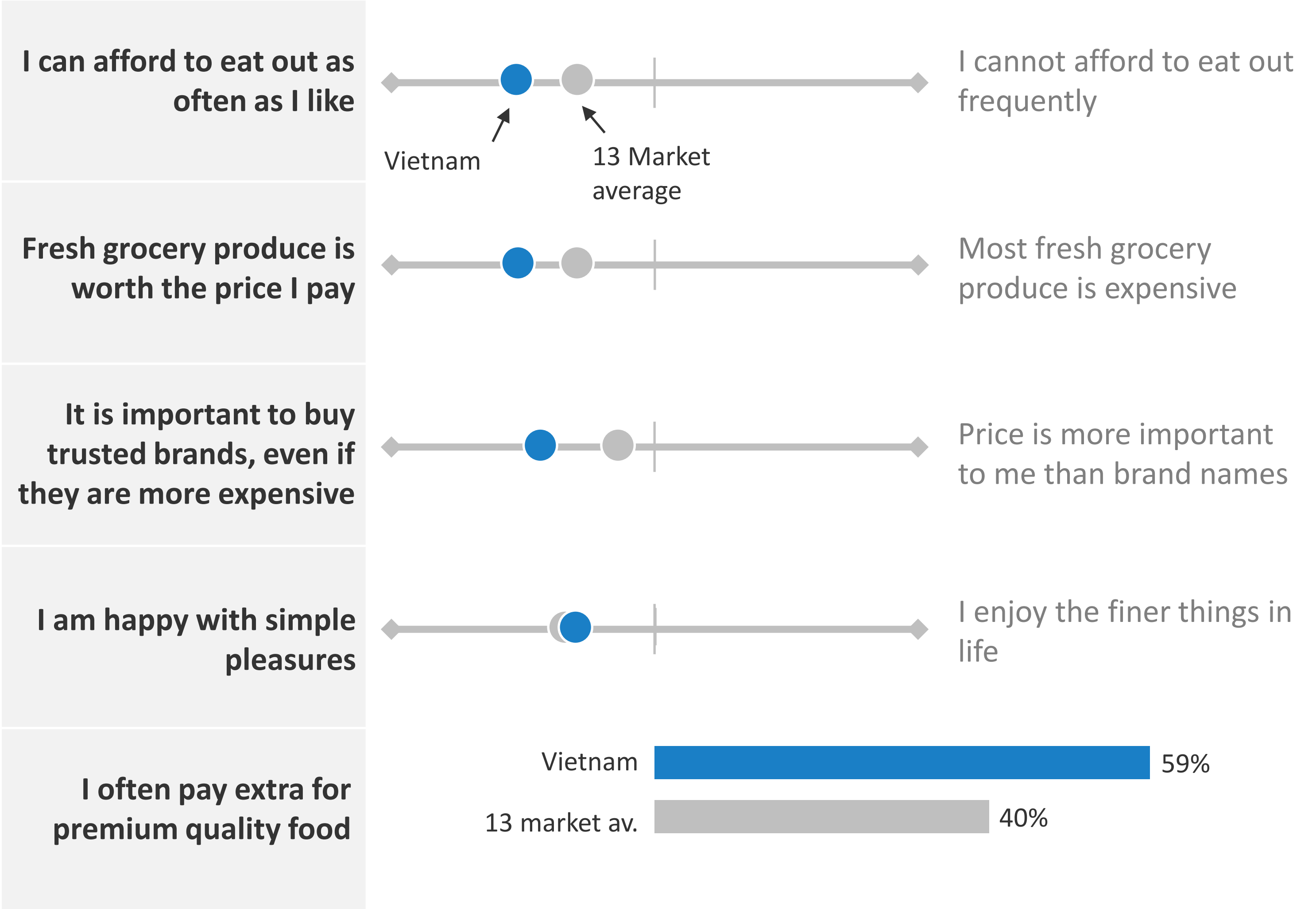
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4051



> "I can afford to eat out when I want to but enjoy simple pleasures
>
> I am satisfied with the price I pay for fresh product, even if that means paying more for trusted brands and premium products"

Attitudes & values related to

Premium vs. Value



Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4051

“

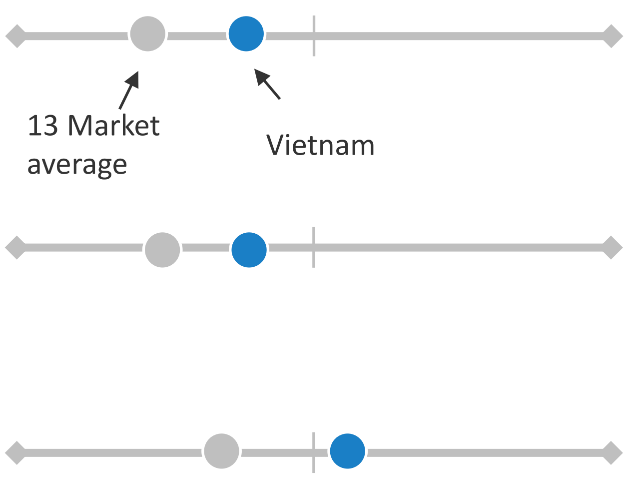
If I can I **tend to buy local foods** but **imported foods** can be **better quality.**

Food safety is somewhat of a concern in Vietnam.

”

Attitudes & values related to

Local vs. Imported



Local foods are as safe as imported foods	Imported foods are safer than local foods
I prefer to buy locally grown or produced foods	I prefer to buy imported foods
Local foods are generally better quality than imported foods	Imported foods are generally better quality than local foods

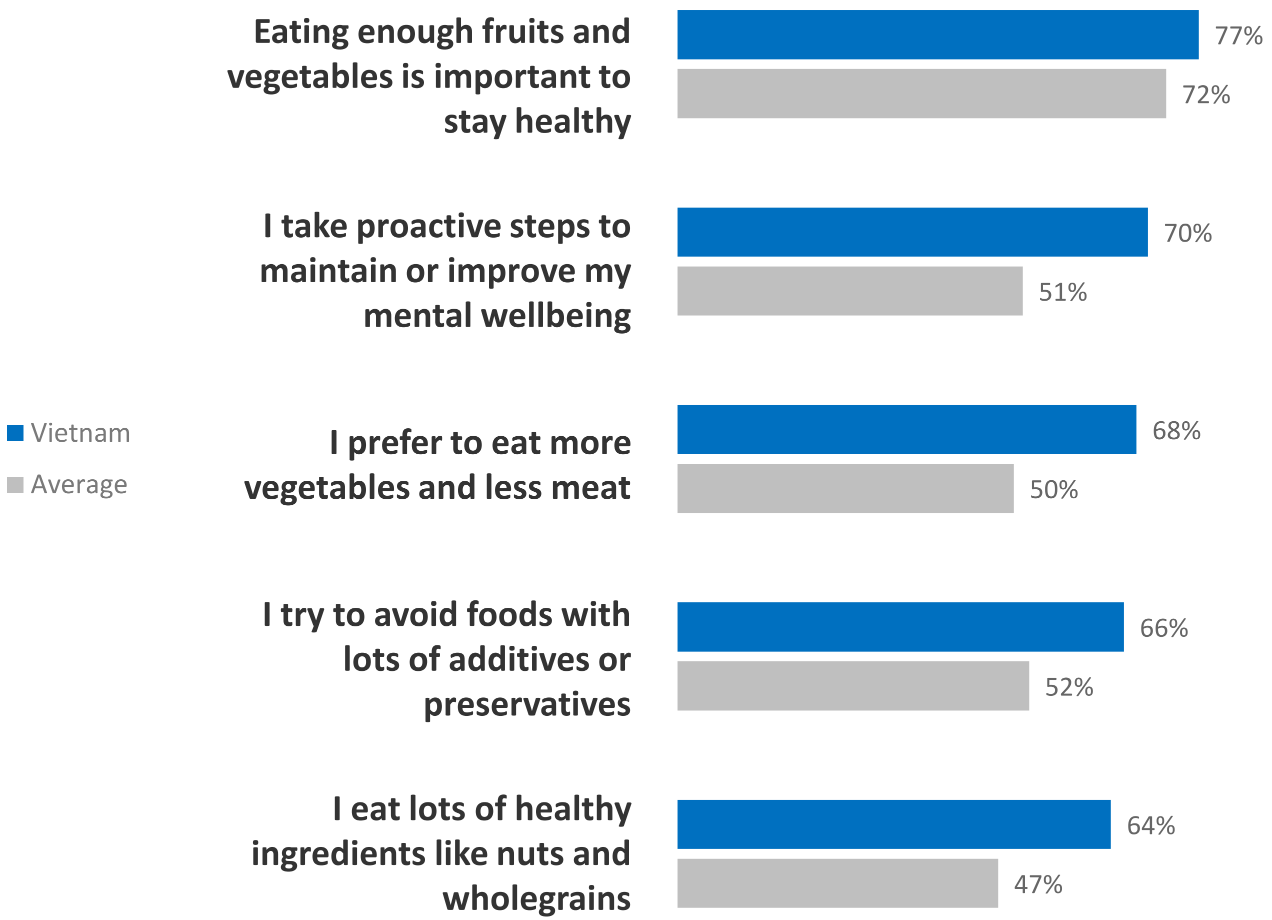
Question: Which of these statements appeals to you more?
Source: Kantar HIA International Demand Study 2022
n= 4051

“Eating enough fruits & vegetables is important to me and I try to eat lots of healthy ingredients without additives

I take proactive steps to improve my mental wellbeing”

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=4051

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

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

Examples	*GO! (Big C), Lottle mart, Coop mart, Emart, AEON, Winmart*	*Circle K, Shop&Go, FamilyMart, Ministop, GS25, 7-Eleven*	*cooponline.vn, bigc.vn, winmart.vn,*	*Bachhoaxanh.com, shop.annam-gourmet.com*	*Coop Food, 3Sach food, Farmers Market, Tops Market*	*Mega Market*	*N/A*

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Source: Kantar HIA International Demand Study 2022
N=4013

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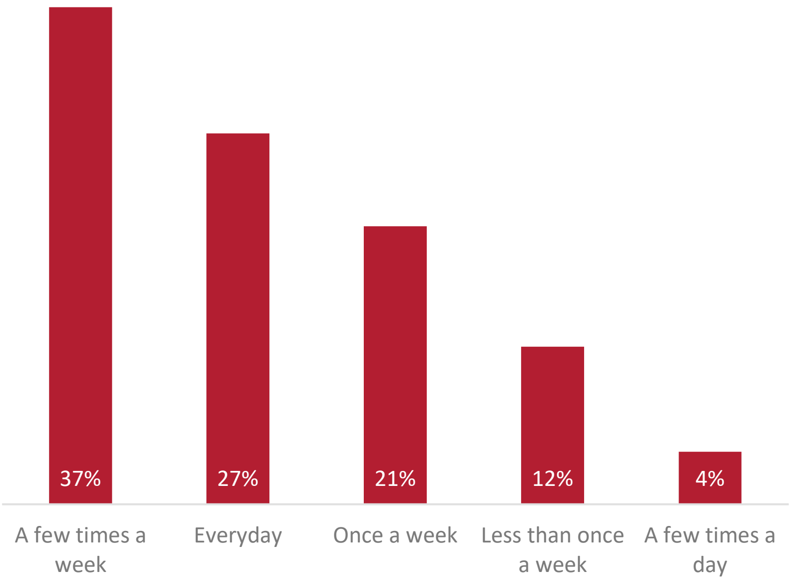
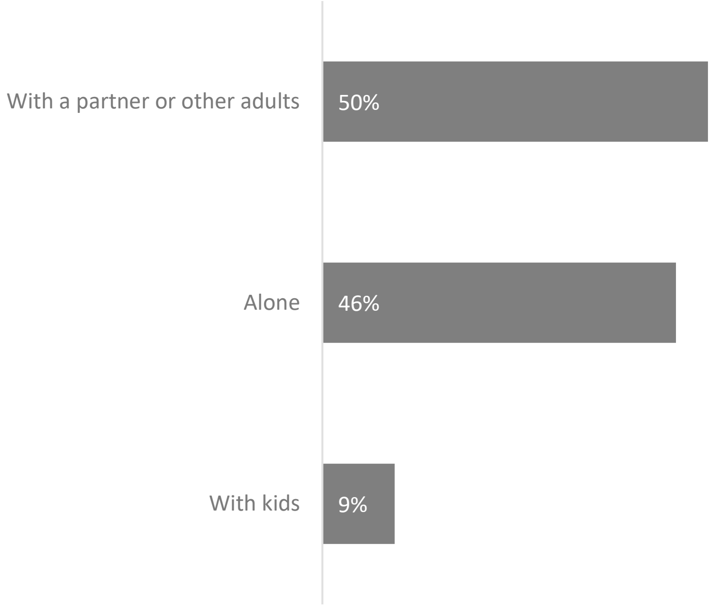
Mostly people shop a few times a week or once a week.

Adults typically shop with a partner and where there are kids in the HH, 35% of fresh produce is for them

How often do you shop for fresh produce?



With whom?



How much are the kids having?

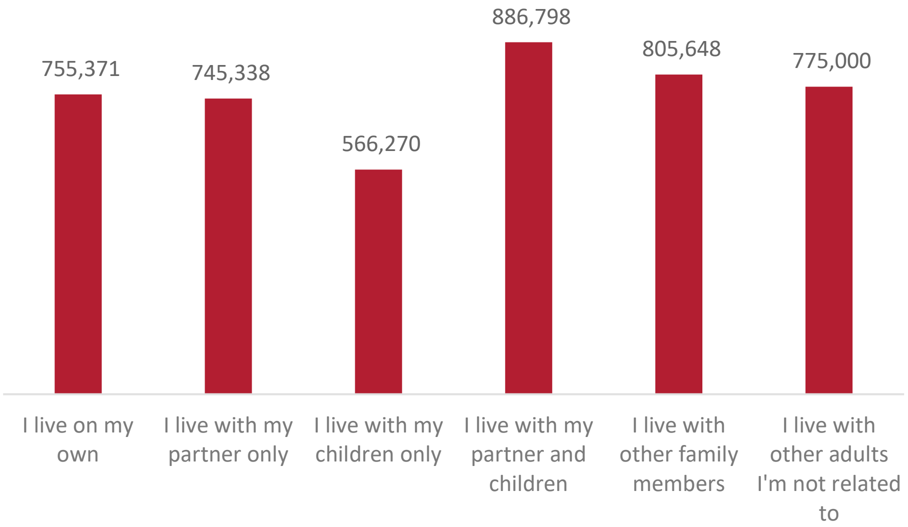
35%

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

1 Amongst households that have kids under 18, N=3661
Source: Kantar HIA International Demand Study 2022; N=4013

Most households in Vietnam are spending less than 800,000 Dong (approx. $50 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)? *Vietnamese Dong*



How much do you spend on fresh produce?

46%

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=4013

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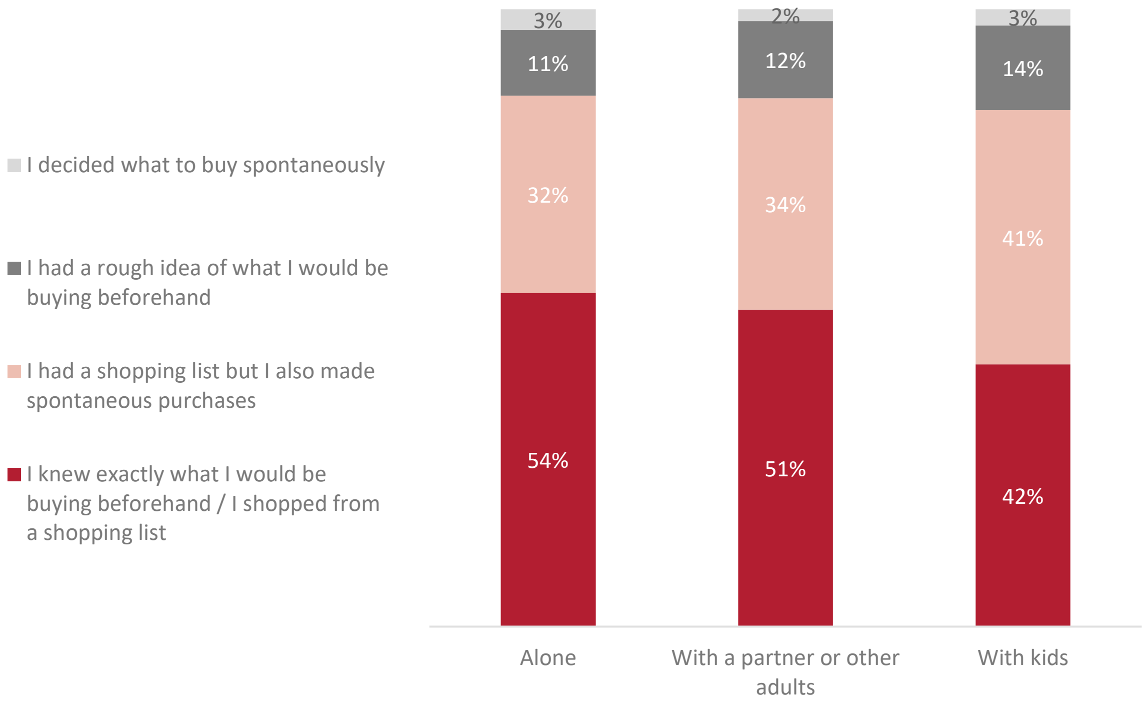
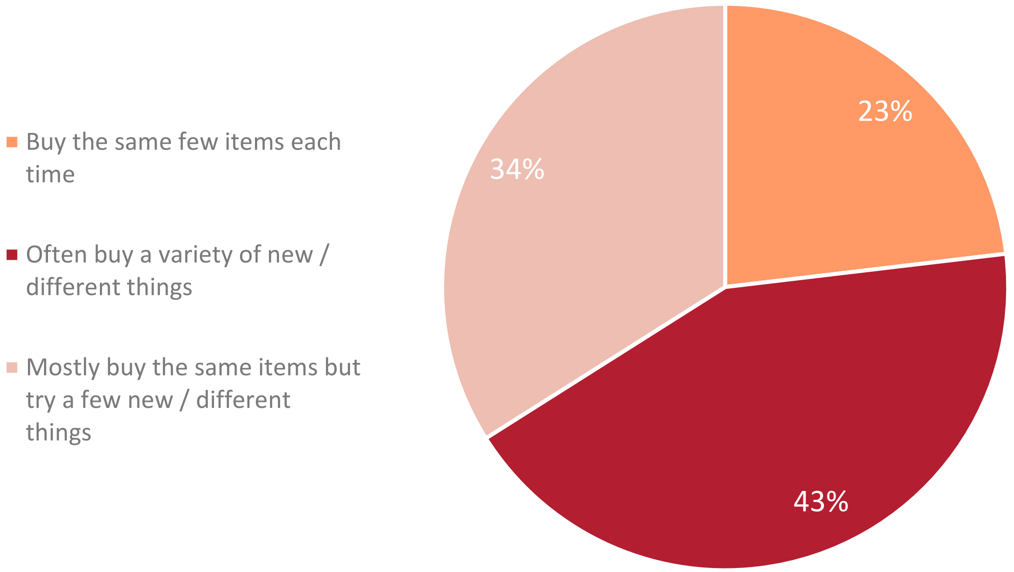
Consumers typically know exactly what they're buying or shop from a list, regardless of who they are with. **When it comes to fresh produce, people are mostly buying the same thing with a few new items**

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=4013

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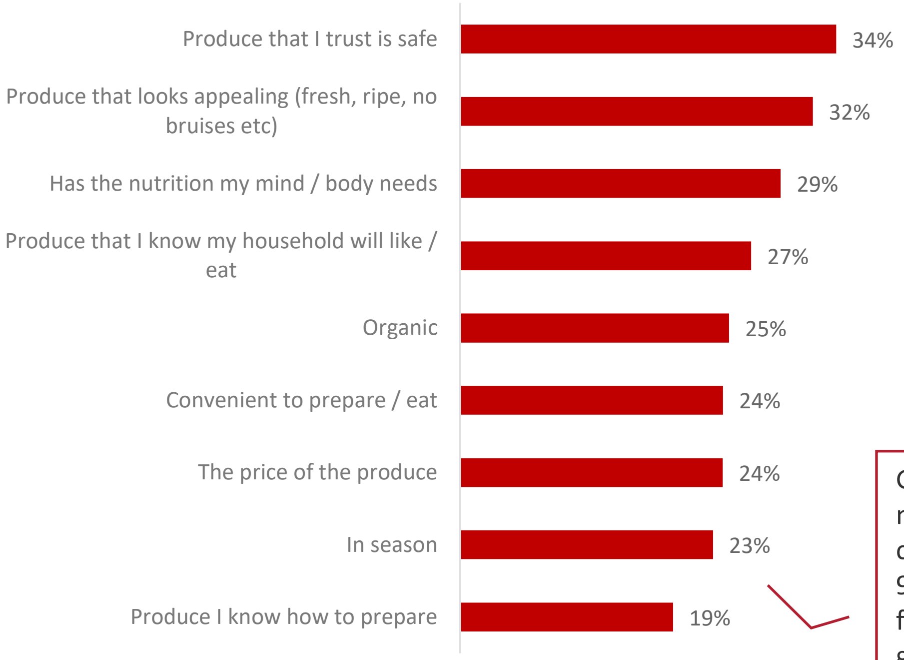
Produce safety is the strongest driver of purchase, price is less important vs. other factors like nutrition, ripeness and HH preferences

When shopping for fresh produce what determines your choice?



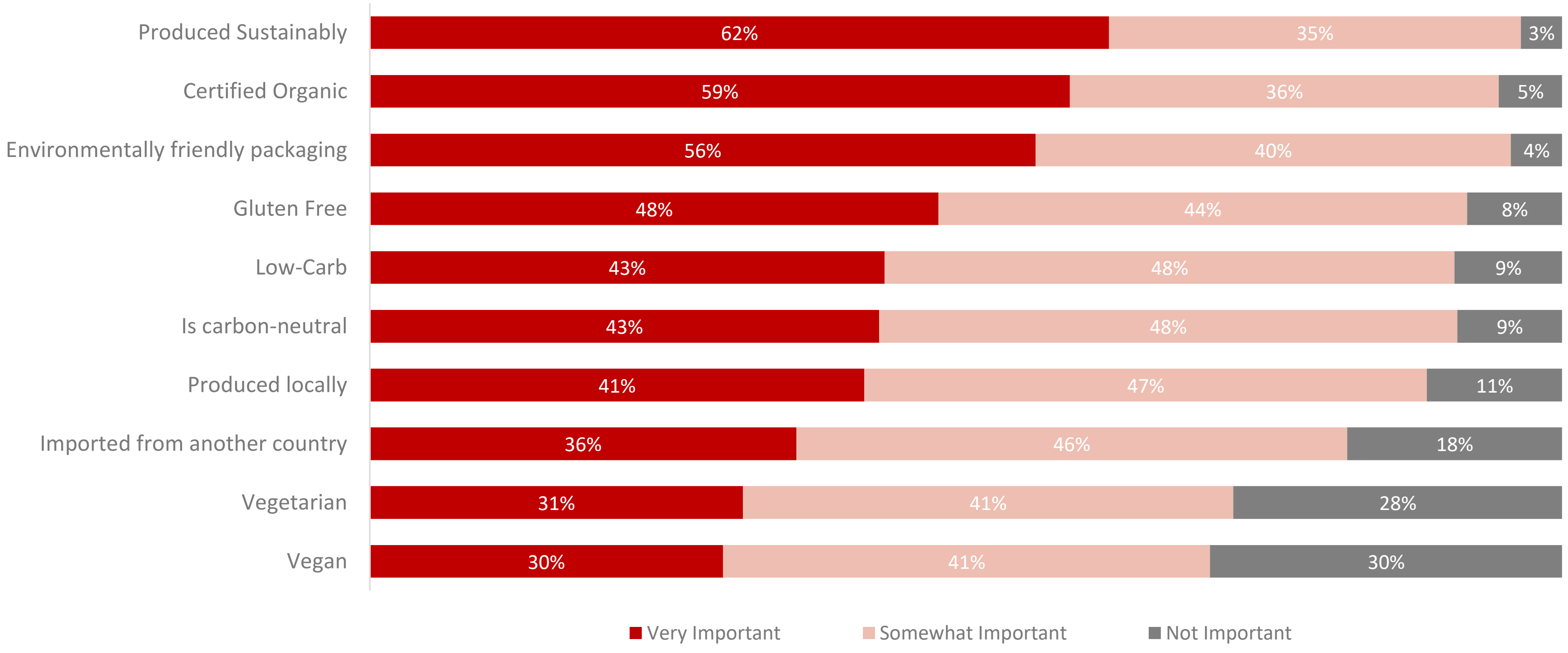
Gifting is a moderate driver of choice in Vietnam. 9% of people buy fresh produce ‘for a gift’.

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

Source: Kantar HIA International Demand Study 2022
N=4013

Sustainable production and certified organic are key factors for people when purchasing groceries. Environmentally friendly packaging, GF and low-carb are also key

How important are the following when purchasing groceries?



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Source: Kantar HIA International Demand Study 2022
N=4013

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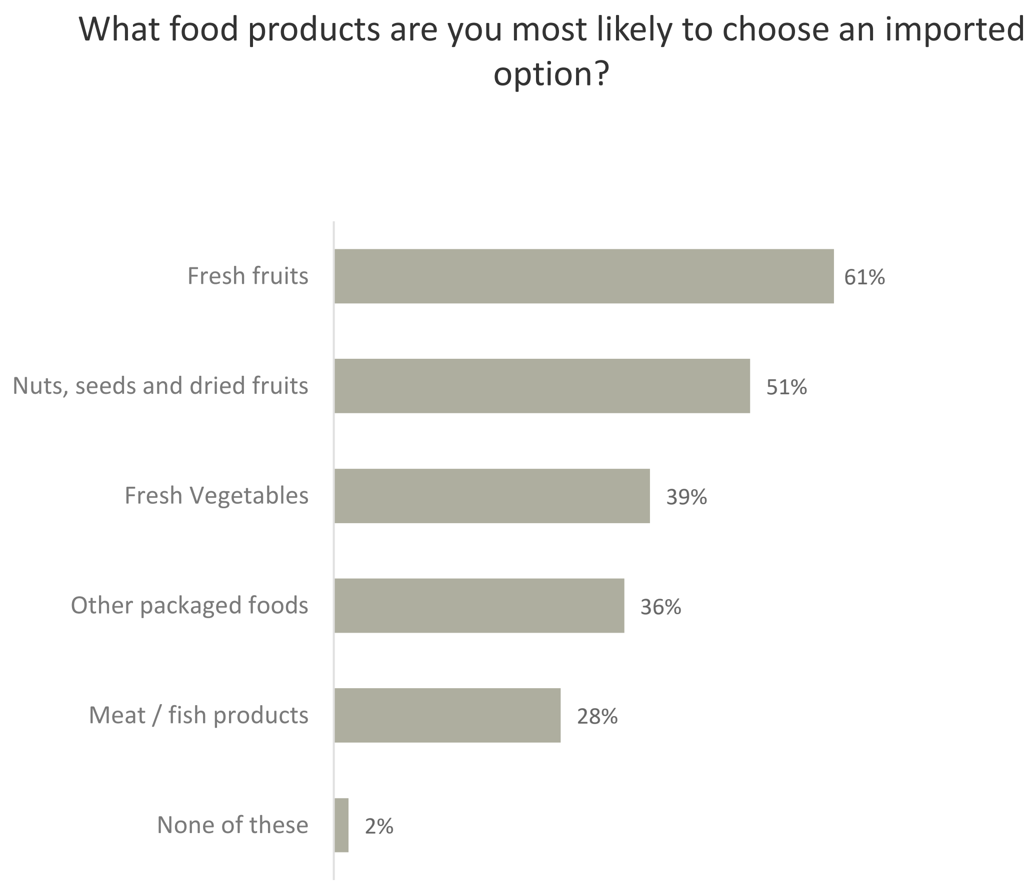
Half of Vietnamese consumers claim to have a preference for local goods, but only a quarter always prefer to buy local.
Fresh fruits are the most popular choice of imported produce



Source: Kantar HIA International Demand Study 2022
N=4013

Key consumer take-aways

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

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

Supermarkets and smaller convenient stores dominate grocery purchases

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

Food safety is the number one purchase driver in Vietnam

Produce ripeness, aesthetical appeal and having the right nutrition are all important too. Interestingly, price is a less important driver in Vietnam

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

However, only a quarter of people always prefer buying local

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

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

4. Commodity Consumption

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

Key Findings Commodity Consumption

	FRUITS	NUTS & SEEDS	VEGETABLES
How often	97% penetration	96% penetration	98% penetration
When	At lunch, dinner or as a dessert or snack	At snack, lunch or dinner	At dinner or lunch
How	Fresh on its own	As part of a snack, fresh on its own	As an ingredient in cooking, cooked on its own
Where	At home	At home	At home
Who with	With my spouse/partner, children, parents or family group	With my spouse/partner, children, parents or family group	With my spouse/partner, children, parents or family group

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

The 13 fruits of interest


Apple & Pear


Blueberries


Cherry


Citrus


Lychees


Mango


Melons


Raspberries
& Blackberries

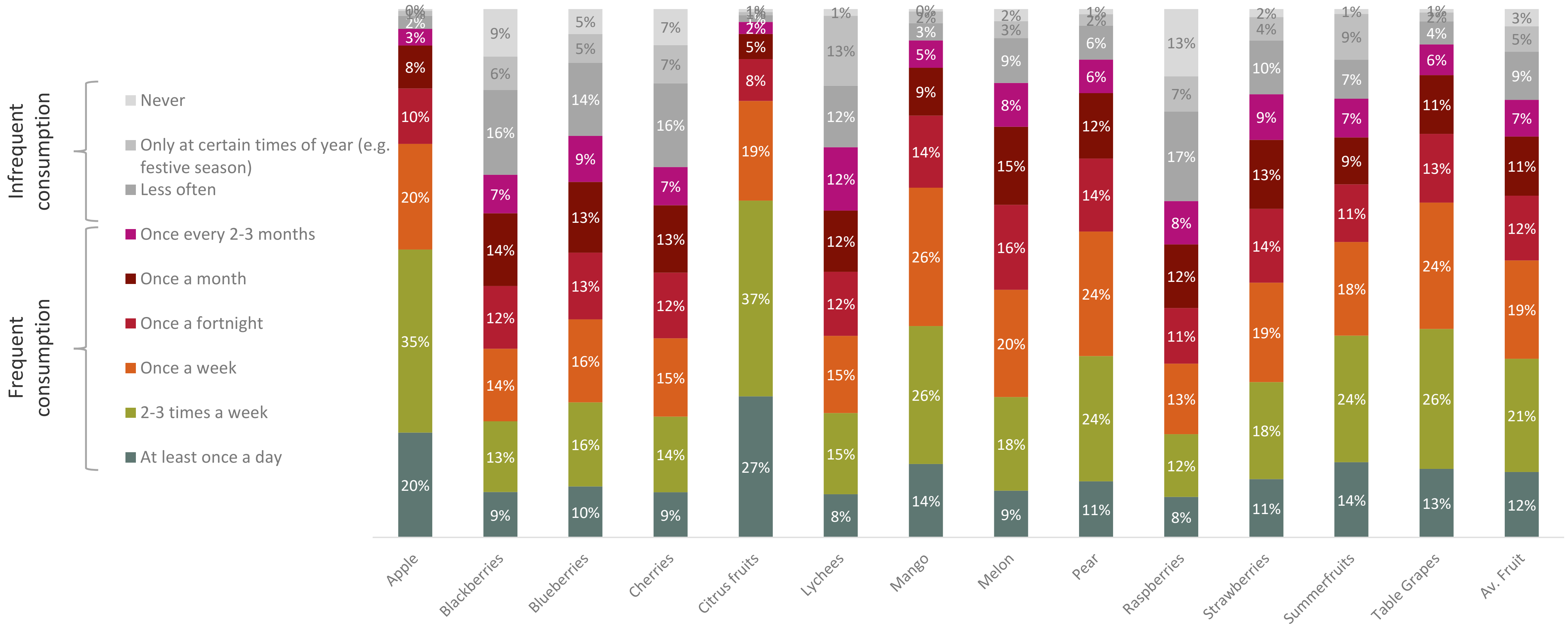

Strawberries


Summer fruit


Table Grapes

Most fruit commodities are commonly eaten in Vietnam though berries are slightly less penetrated

How often do you consume each commodity?



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Source: Kantar HIA International Demand Study 2022
N=4054

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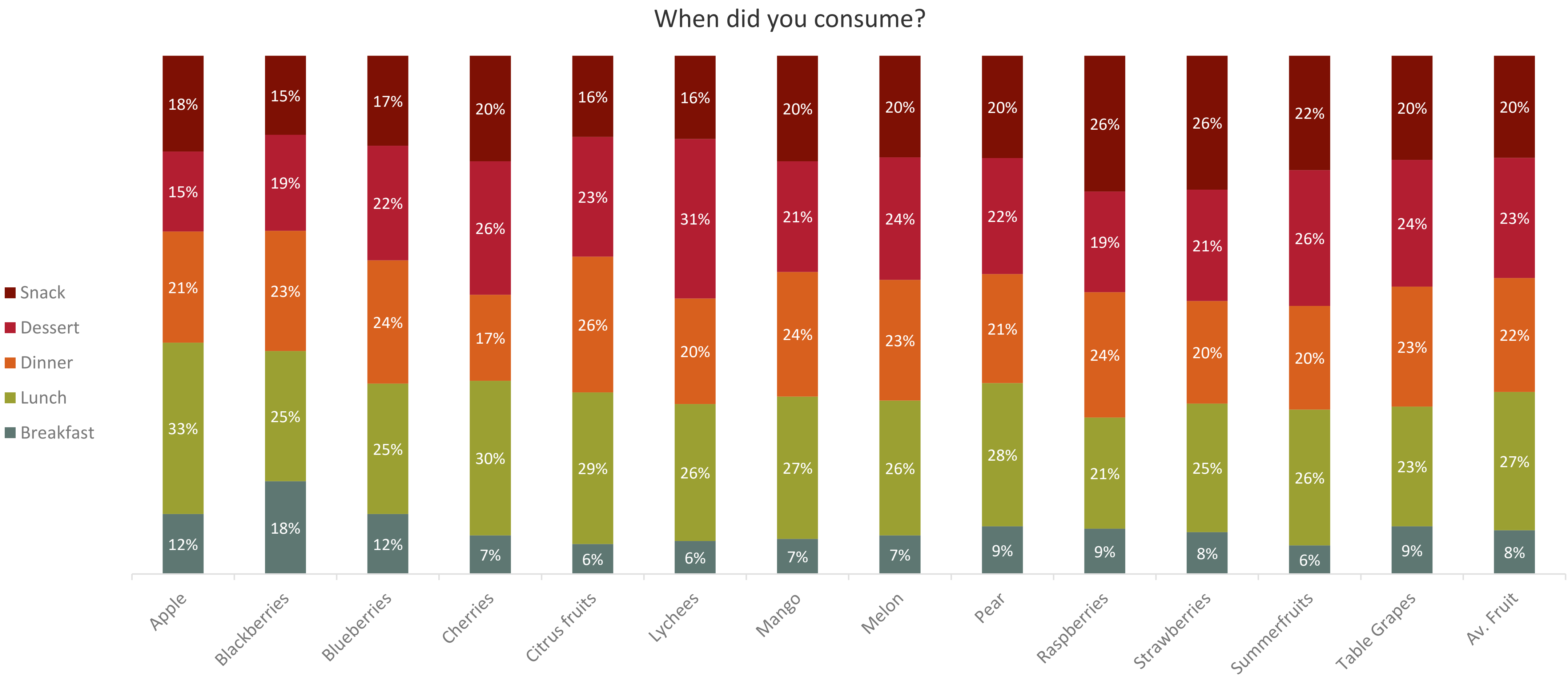
Fruit consumption differs at different mealtimes and throughout the day; for all fruits, snacking accounts for the largest proportion of consumption



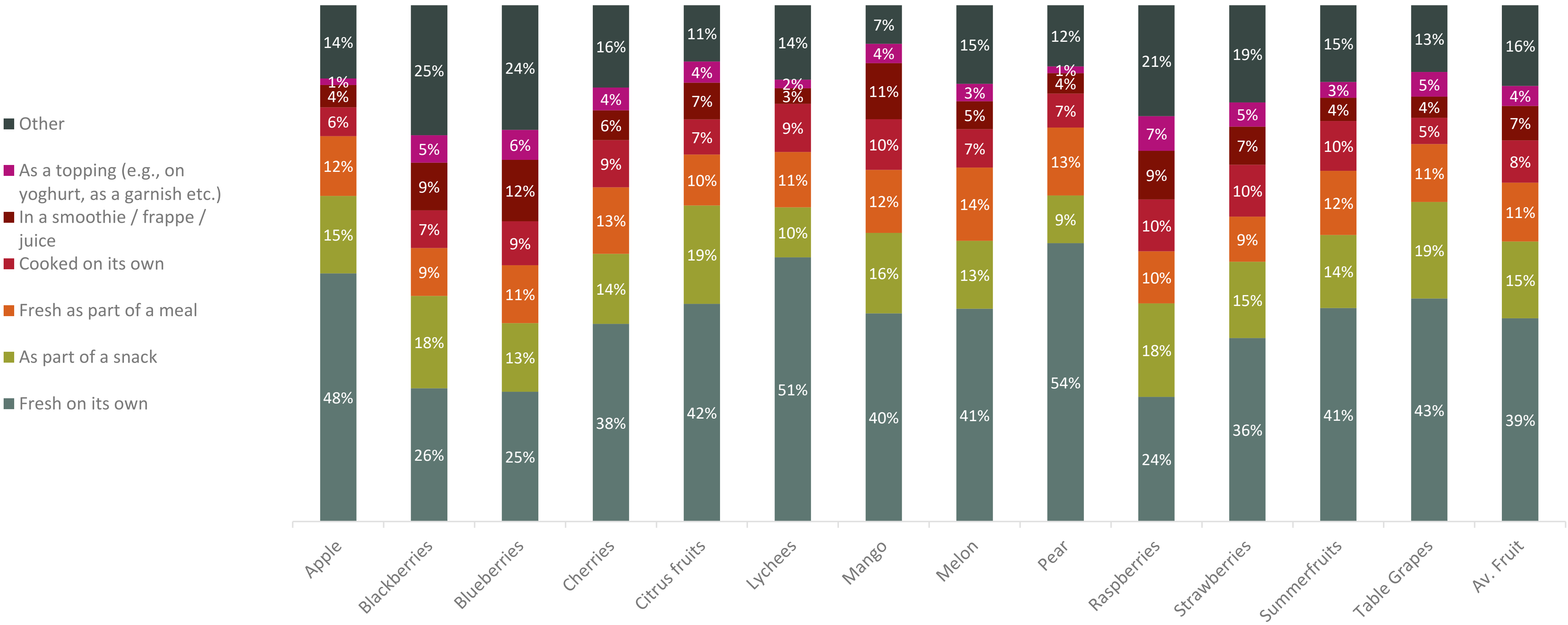
KANTAR

Source: Kantar HIA International Demand Study 2022
N=3264

Hort Innovation

Fruits are generally consumed fresh on their own

How did you consume?



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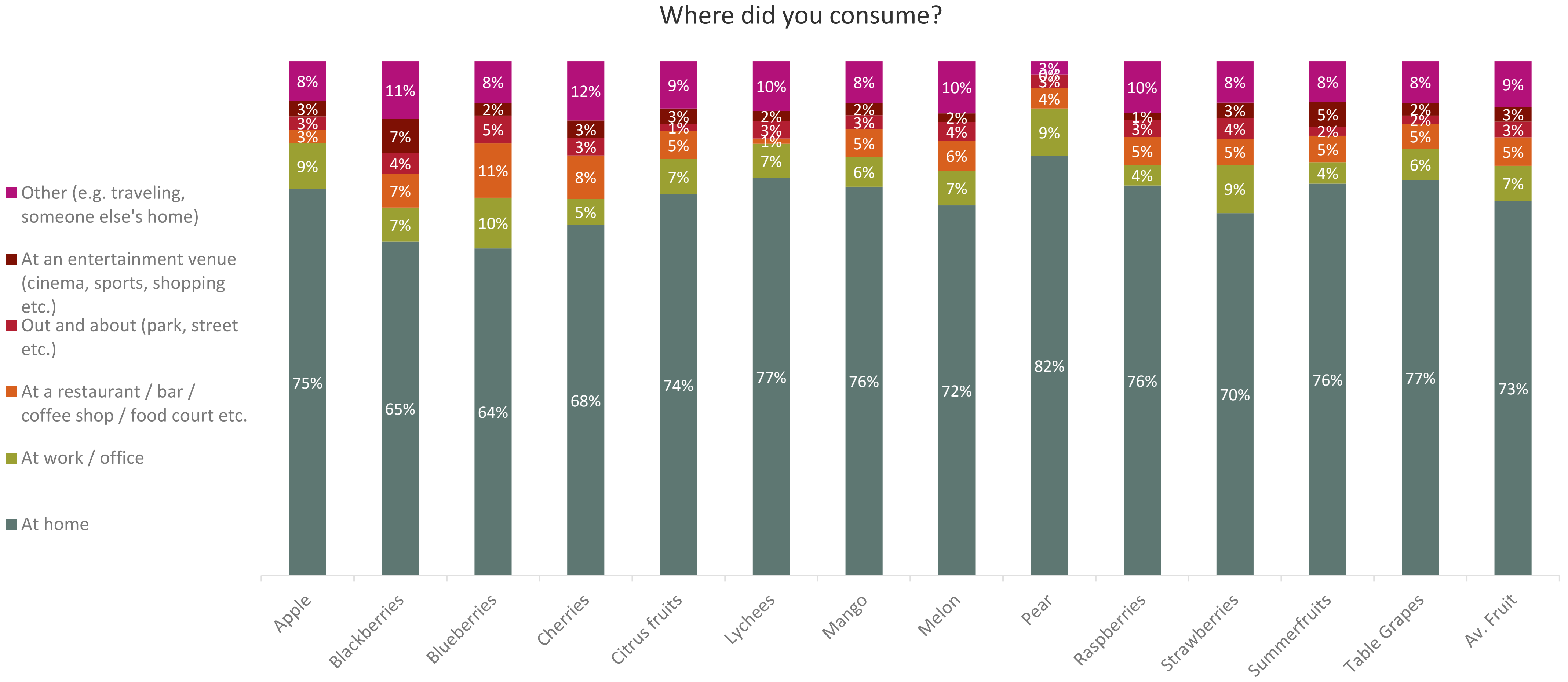
Source: Kantar HIA International Demand Study 2022
N=3264

Hort Innovation

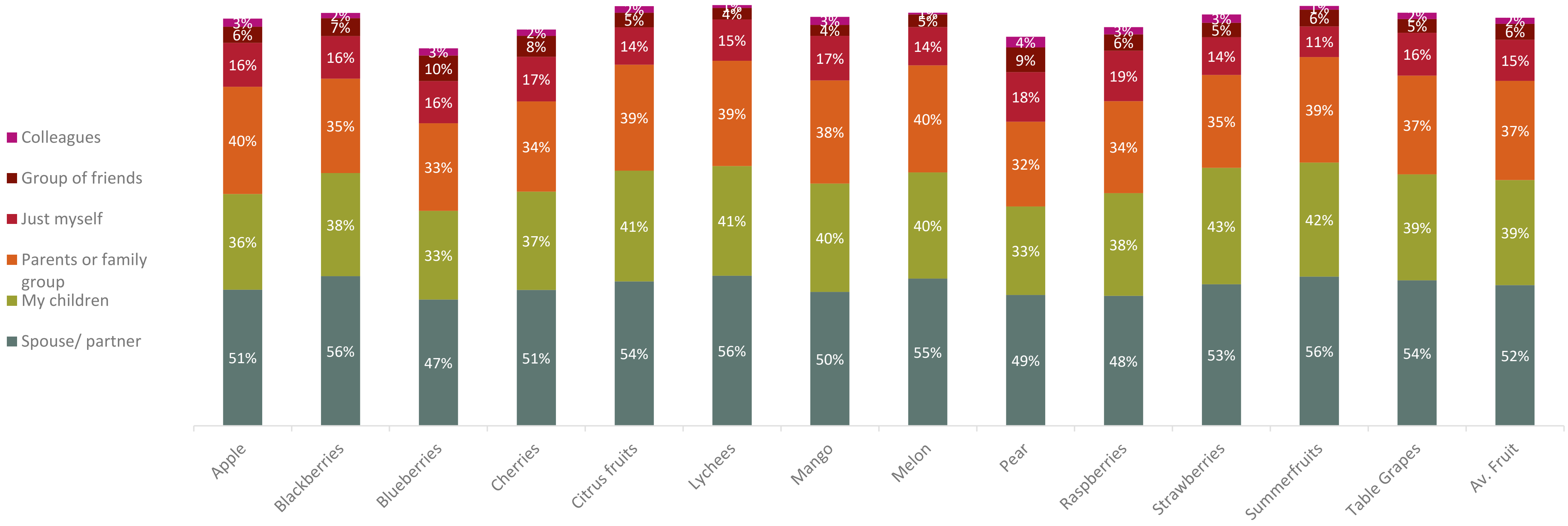
Fruit in Vietnam is mostly consumed in the home



Source: Kantar HIA International Demand Study 2022
N=3264

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

Who were you with?



Source: Kantar HIA International Demand Study 2022
N=3264

The 3 nuts & dried fruits of interest

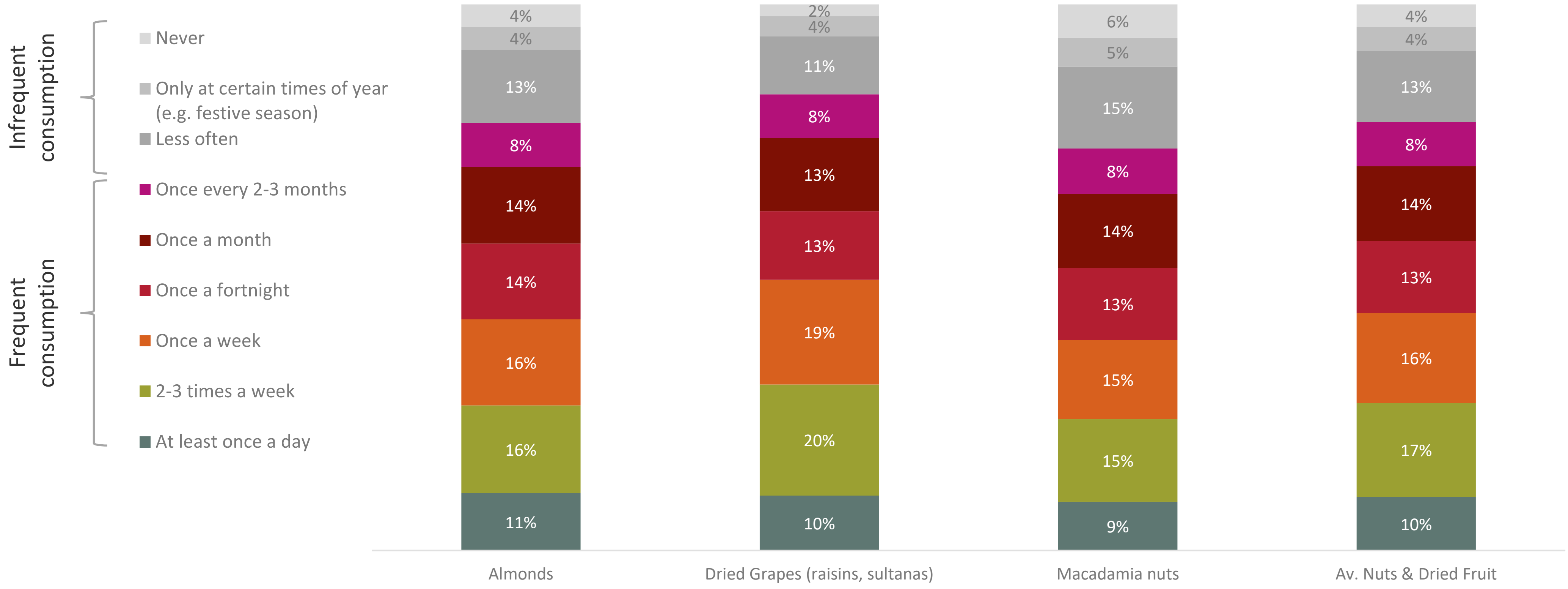

Almond


Macadamia


Dried Grapes

Nuts and dried grapes are highly penetrated in Vietnam and consumed frequently by the majority

How often do you consume each commodity?

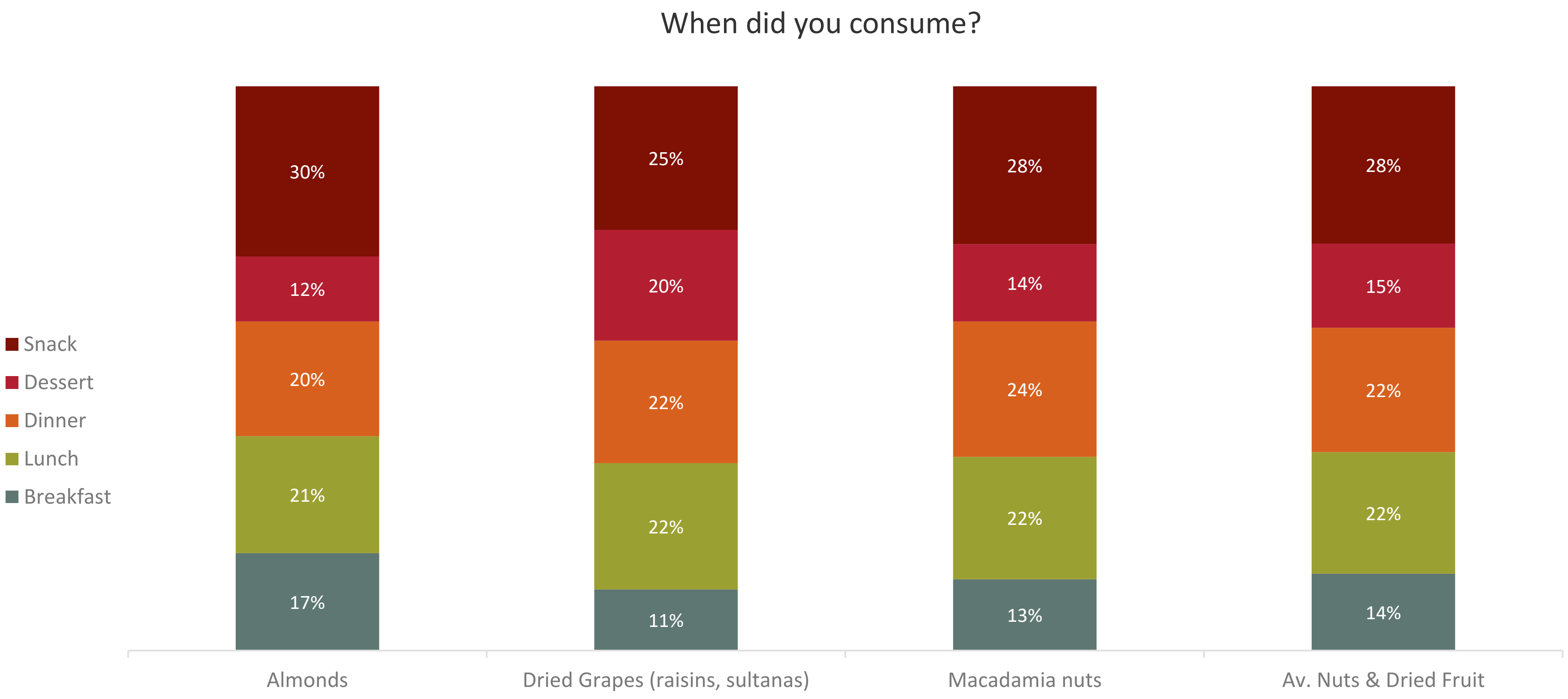


KANTAR

Source: Kantar HIA International Demand Study 2022
N=4054

Hort Innovation

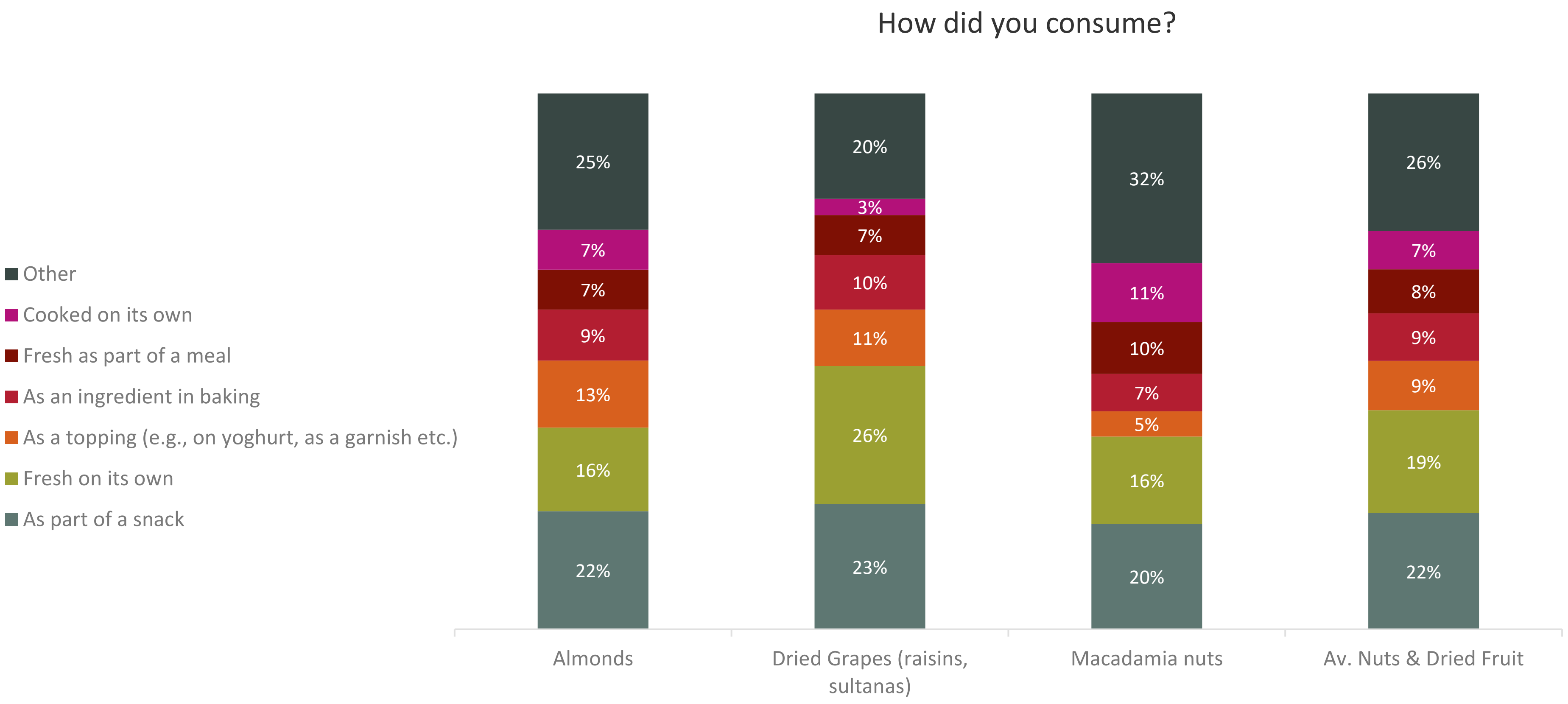
Nuts and dried grapes are consumed at meal times across the day as well as being a snack



KANTAR

Source: Kantar HIA International Demand Study 2022
N=890

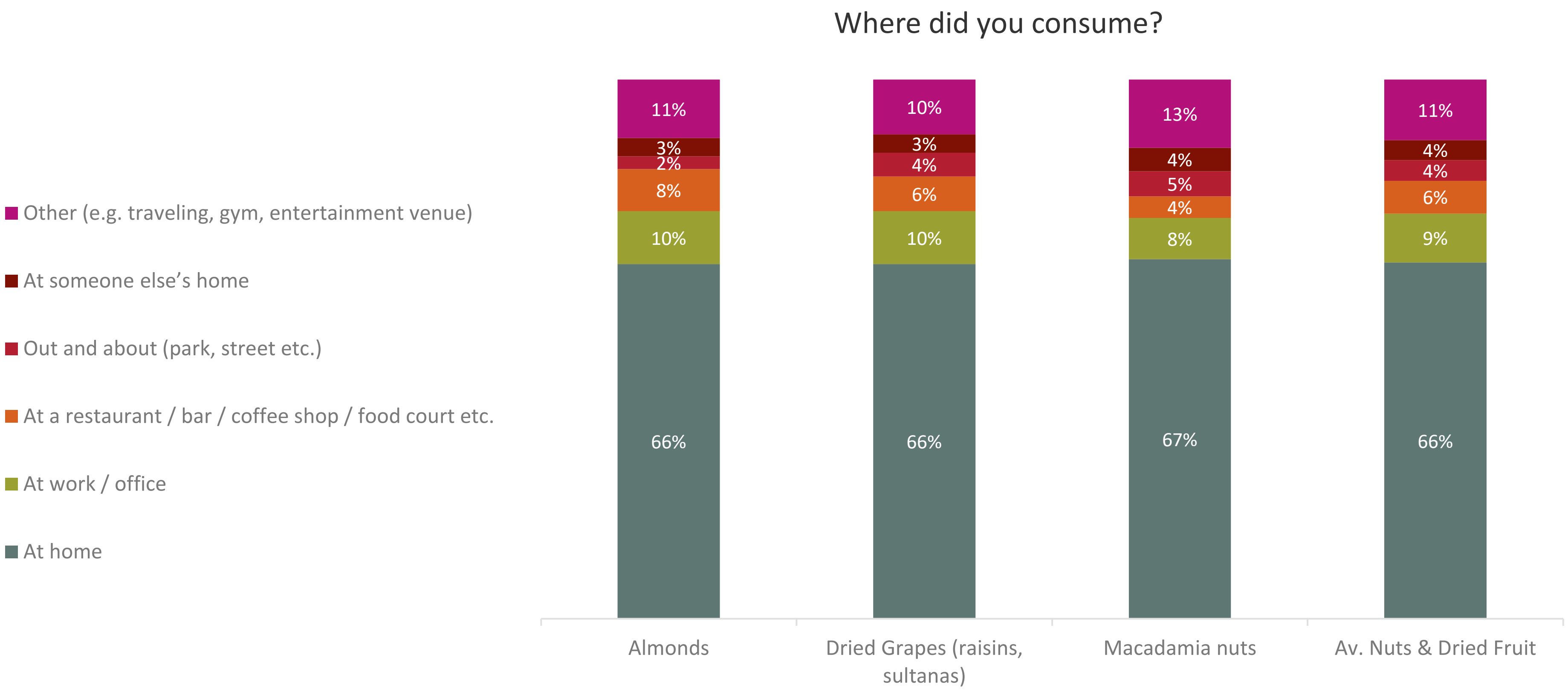
Nuts & dried fruits are consumed in a wide variety of formats and are more likely to be 'as part of a snack' or for dried grapes 'fresh on its own'



KANTAR

Source: Kantar HIA International Demand Study 2022
N=890

Two thirds of consumption of nuts and dried fruits is in the home



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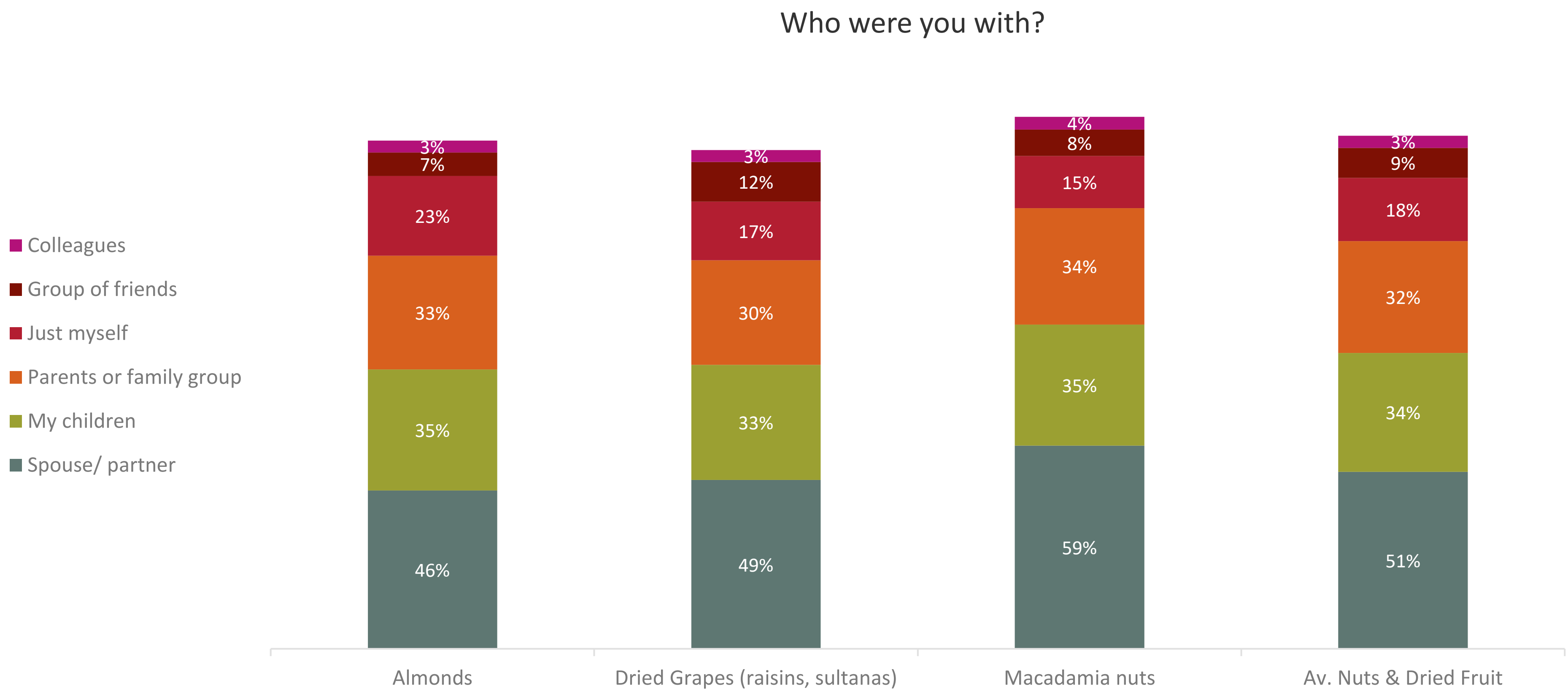
Source: Kantar HIA International Demand Study 2022
N=890

Hort Innovation

Nuts and dried grapes are again consumed with family in Vietnam, either spouse / partner, children or parents or family group



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Source: Kantar HIA International Demand Study 2022
N=890

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

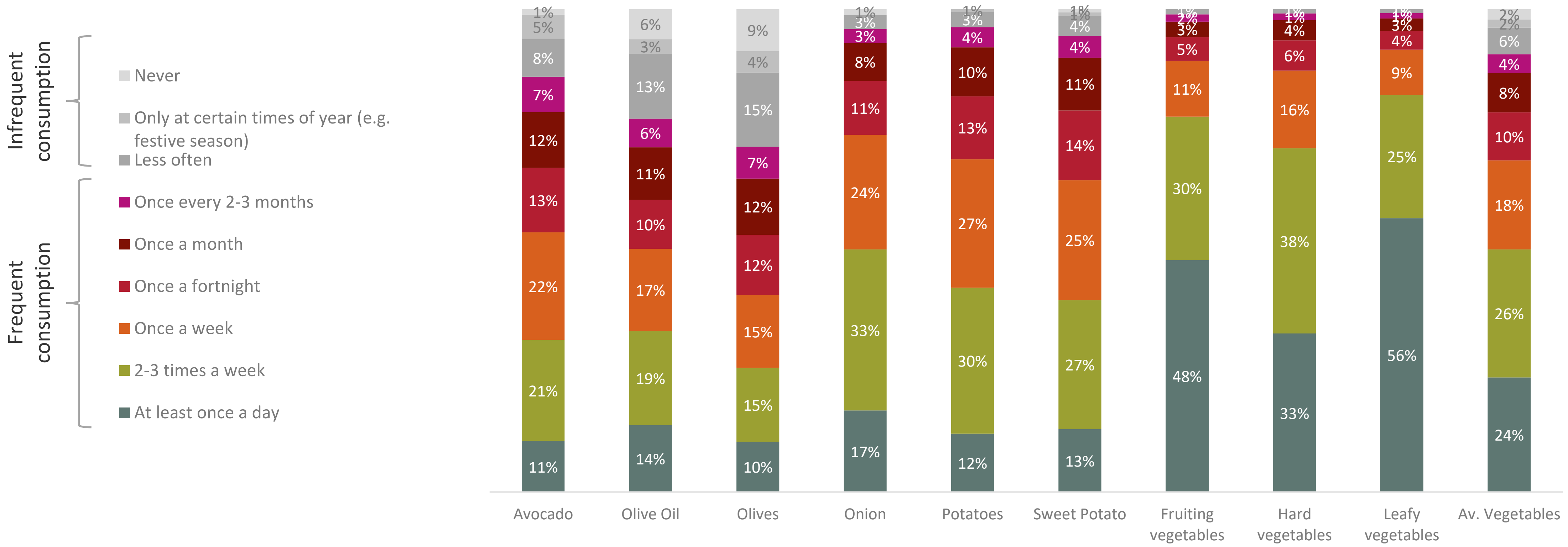
Potatoes

Sweet Potato

Hard Veg,
Fruiting Veg & Leafy Veg

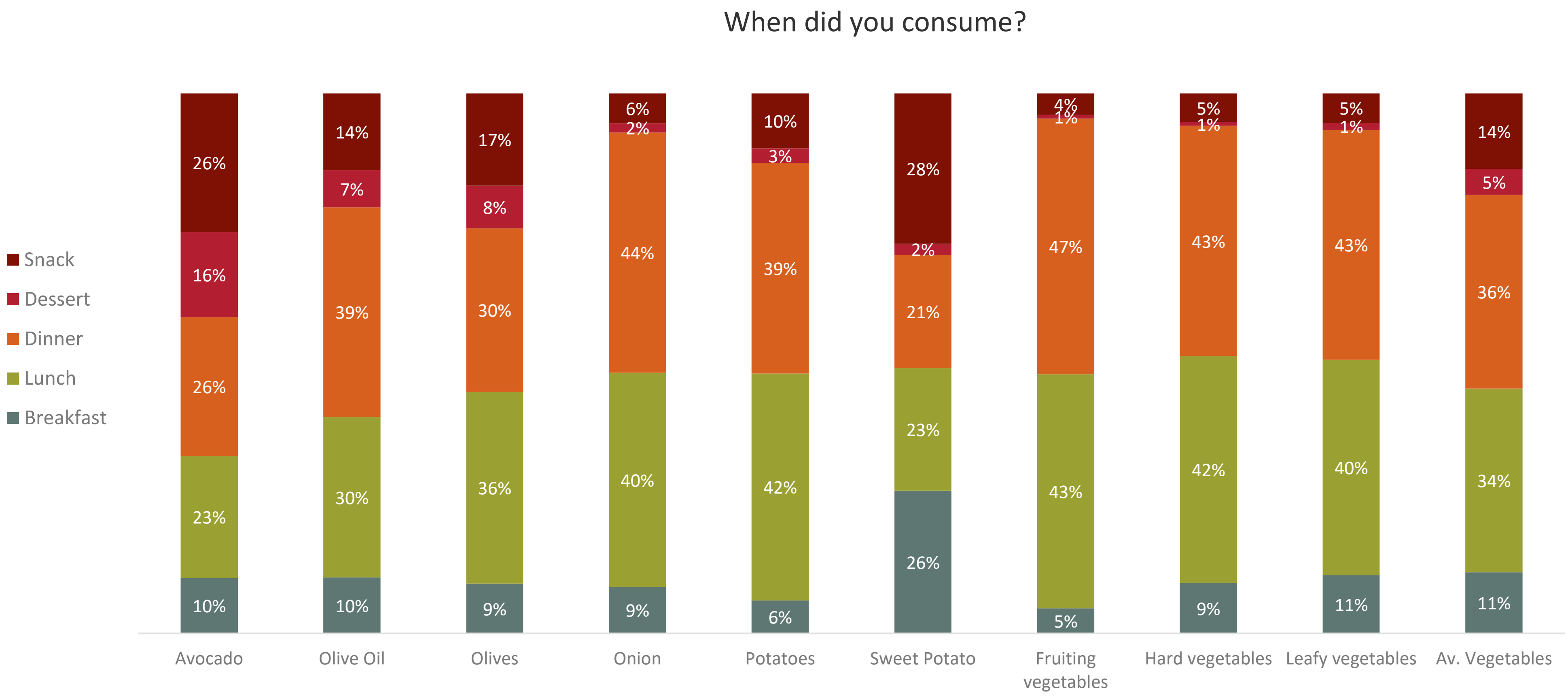
Fruiting, hard and leafy vegetables are consumed daily or 2-3 times a week with all vegetables highly penetrated

How often do you consume each commodity?



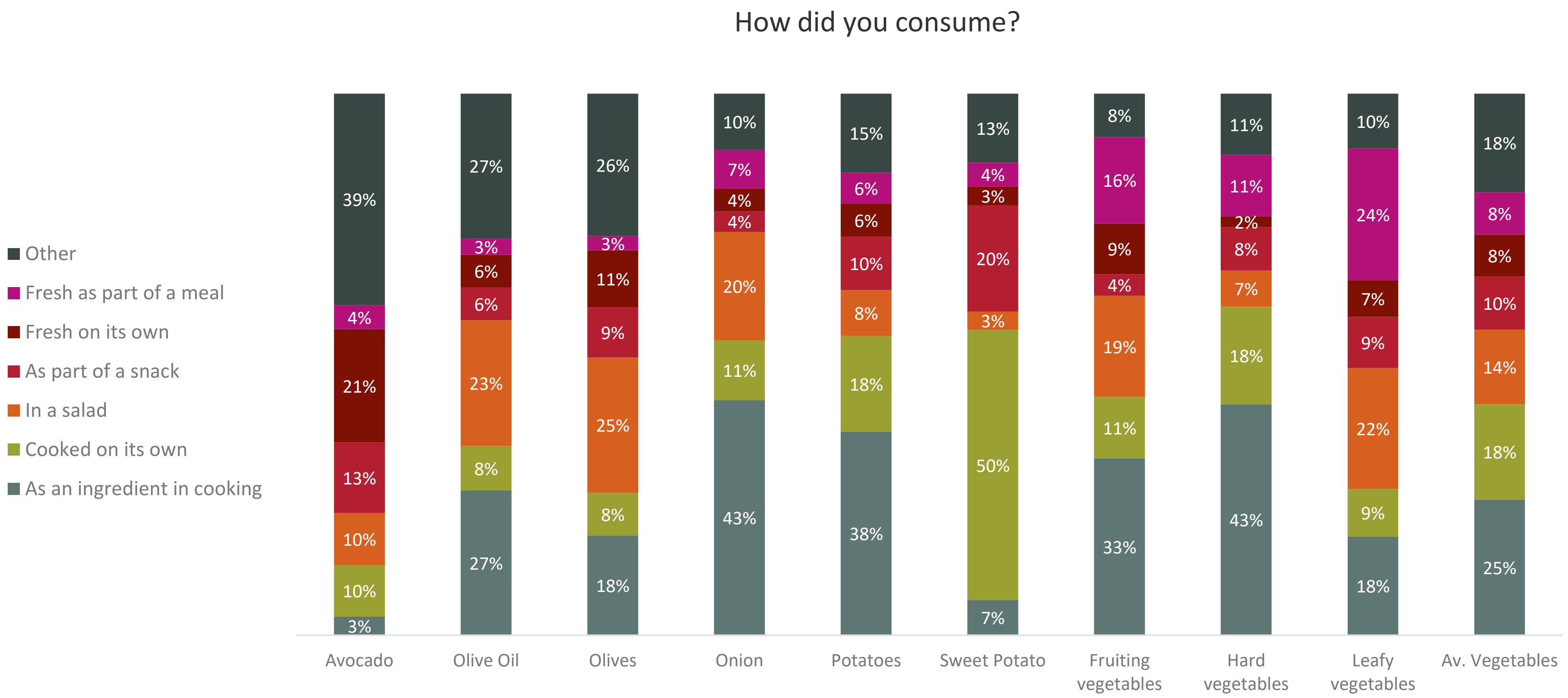
Source: Kantar HIA International Demand Study 2022
N=4054

Most vegetables are consumed at meals, mainly at lunch or dinner. Avocados and sweet potatoes are also consumed as a snack.



Source: Kantar HIA International Demand Study 2022
N=1924

The majority of vegetables are used as part of a meal, either as an ingredient in cooking or cooked on its own



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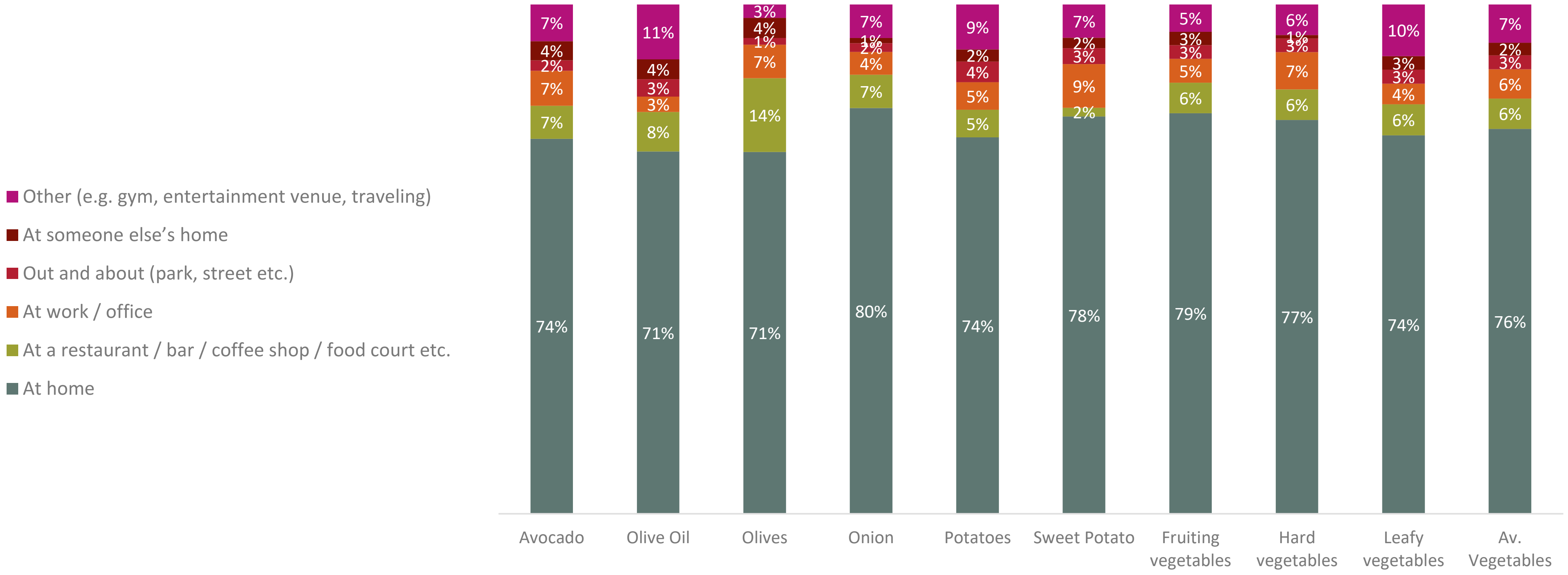
Source: Kantar HIA International Demand Study 2022
N=1924

Hort Innovation

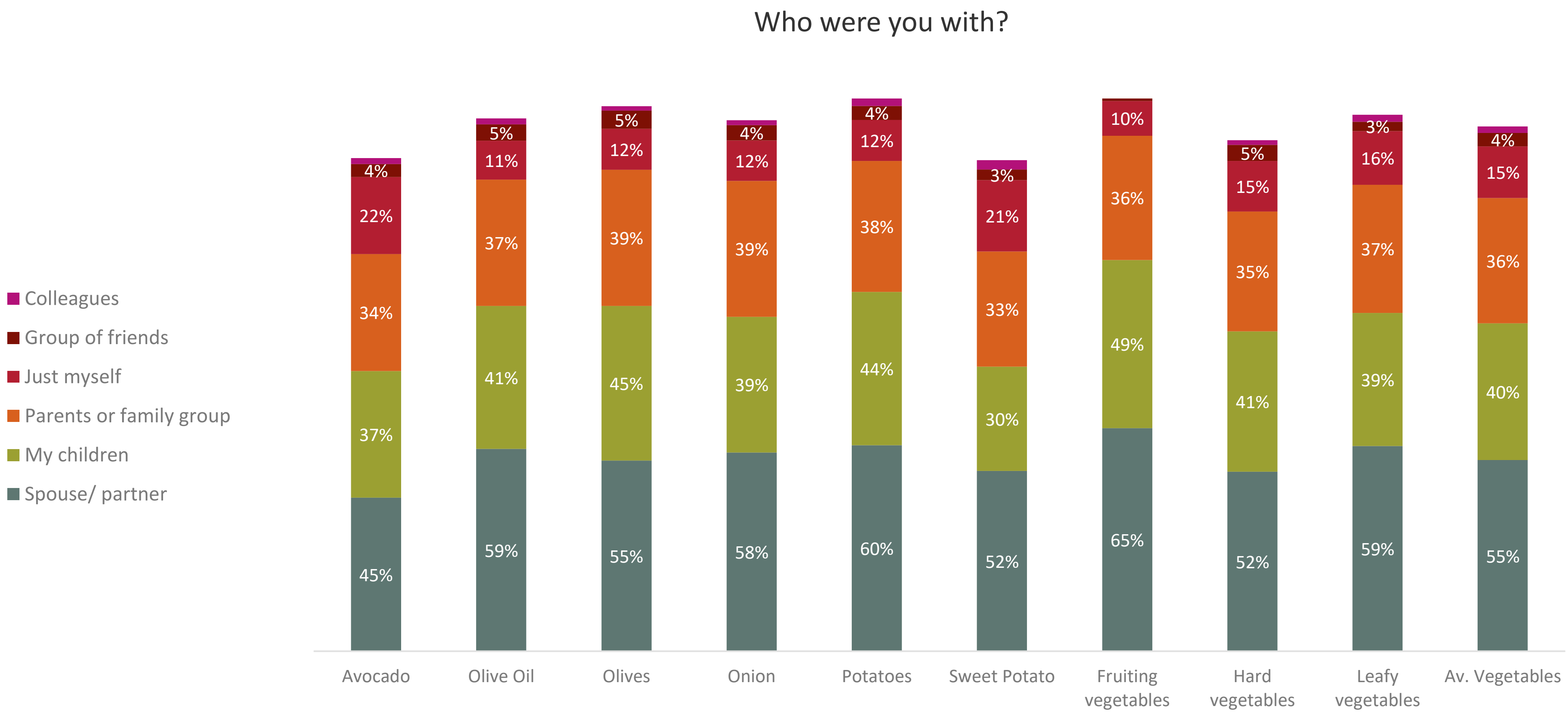
The average vegetable is consumed mainly in home

Where did you consume?



Source: Kantar HIA International Demand Study 2022
N=1924

Vegetable consumption is typically with family as spouse / partner, children or parents or family group



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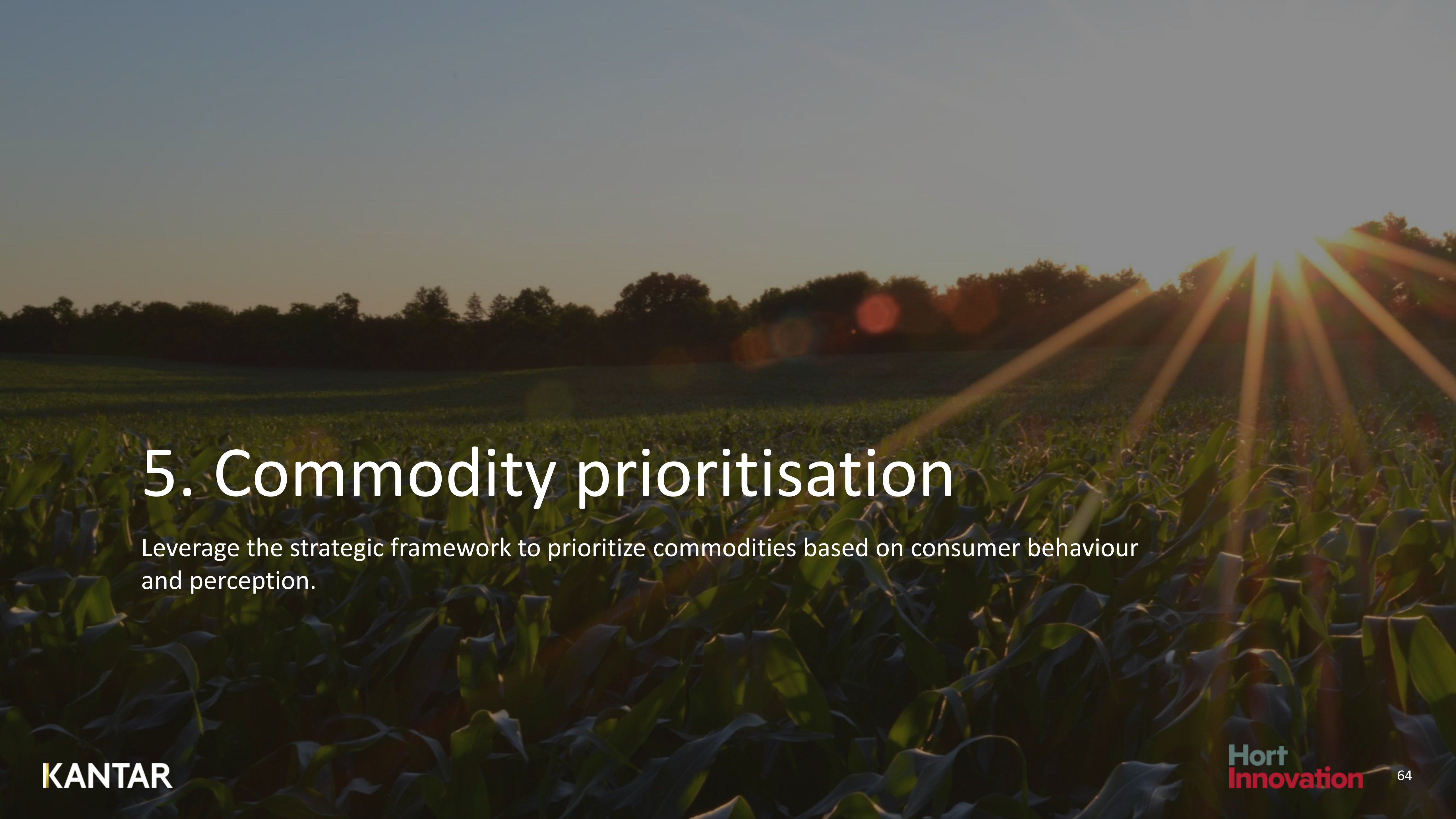
Source: Kantar HIA International Demand Study 2022
N=1924

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

Commodity Attractiveness + **Australian Appeal**

How attractive is the consumer opportunity for a commodity?

How appealing is Australian or premium produce?

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

Commodity Attractiveness + **Australian Appeal**

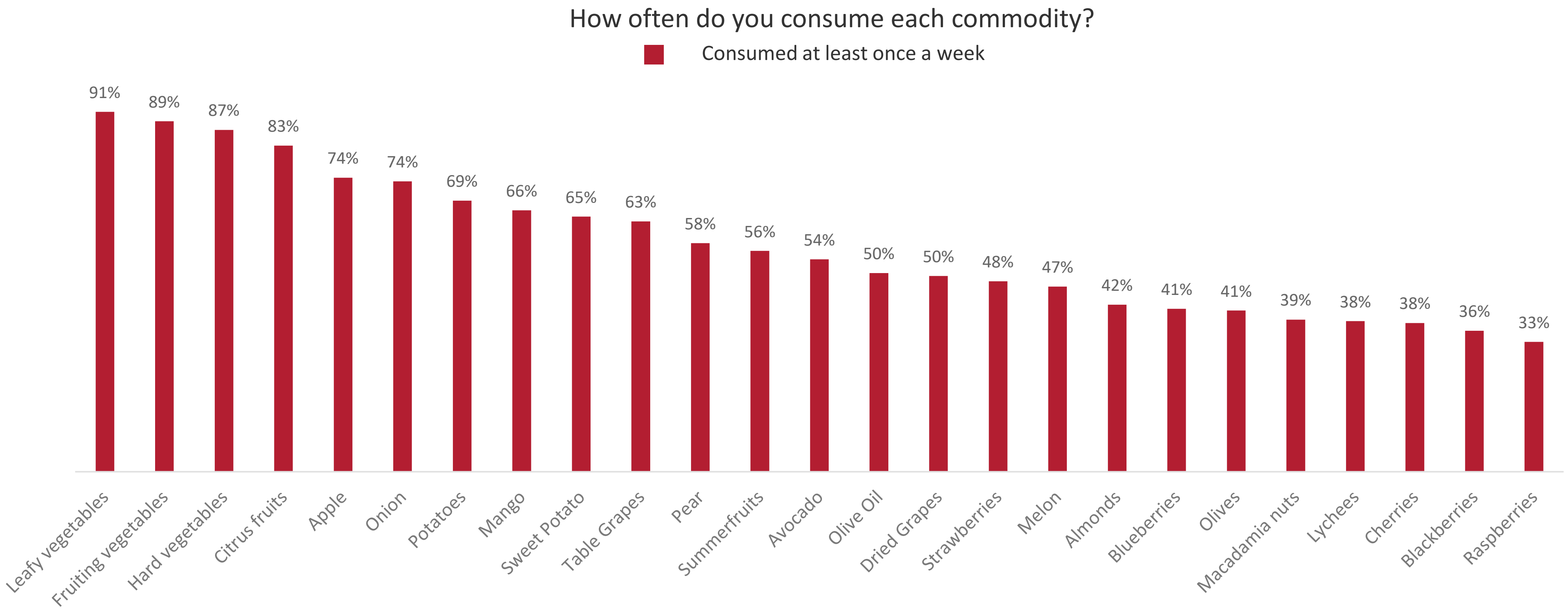
Commodity Attractiveness		Australian Appeal	
Penetration (consumed at least once a week)	Likelihood to pay at least 1.5x premium	Likelihood to purchase Australian	Ability to command a premium
30%	70%	40%	60%

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

nmodity Attractiver

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

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



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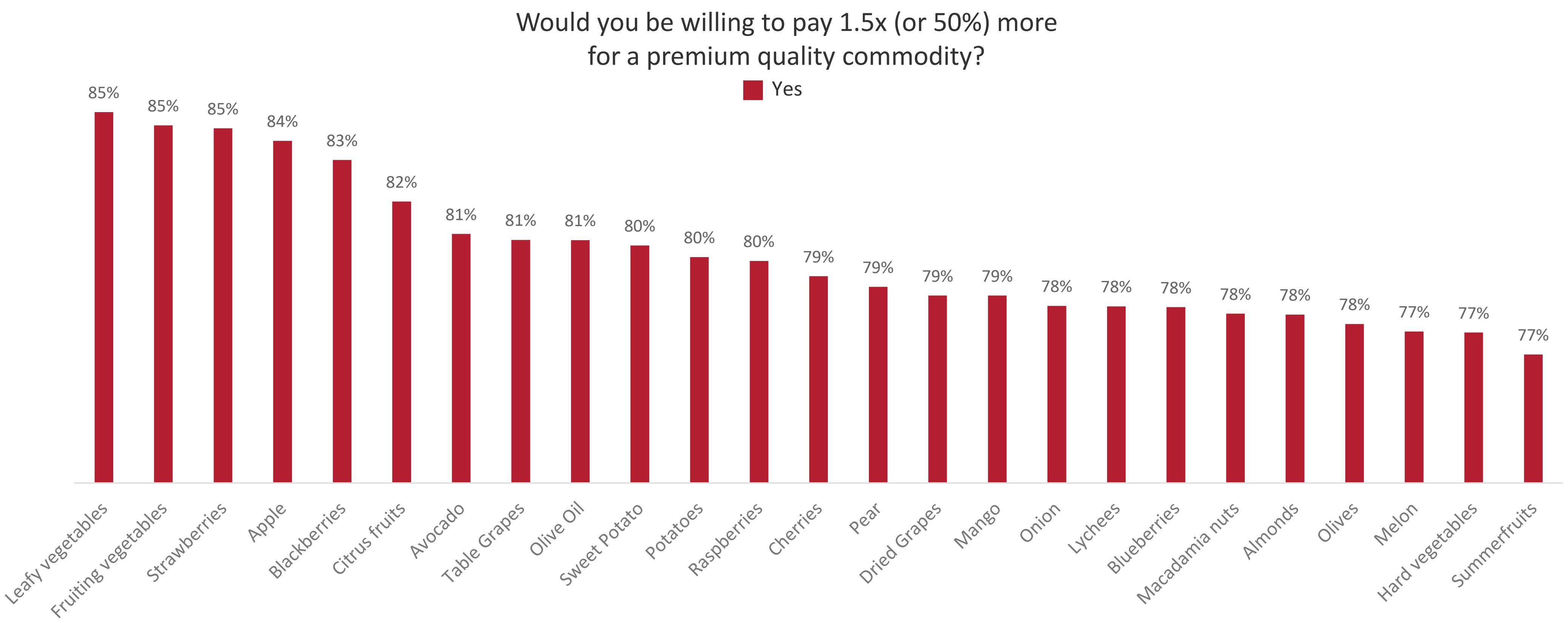
Source: Kantar HIA International Demand Study 2022; n=4054

Hort Innovation

Consumers in Vietnam are willing to pay a premium for a range of commodities, in particular leafy & fruiting vegetables, strawberries, apple & blackberries



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Source: Kantar HIA International Demand Study 2022, n=4054

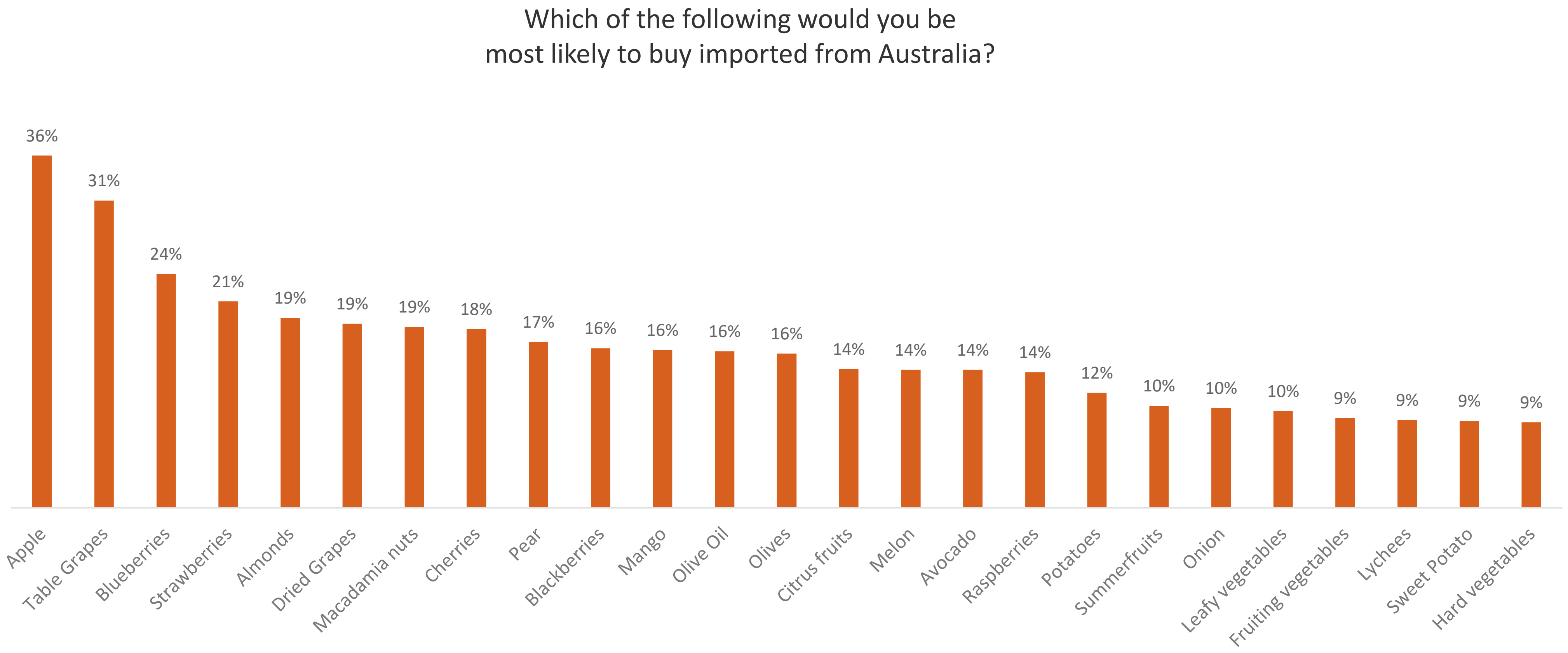
Hort Innovation

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

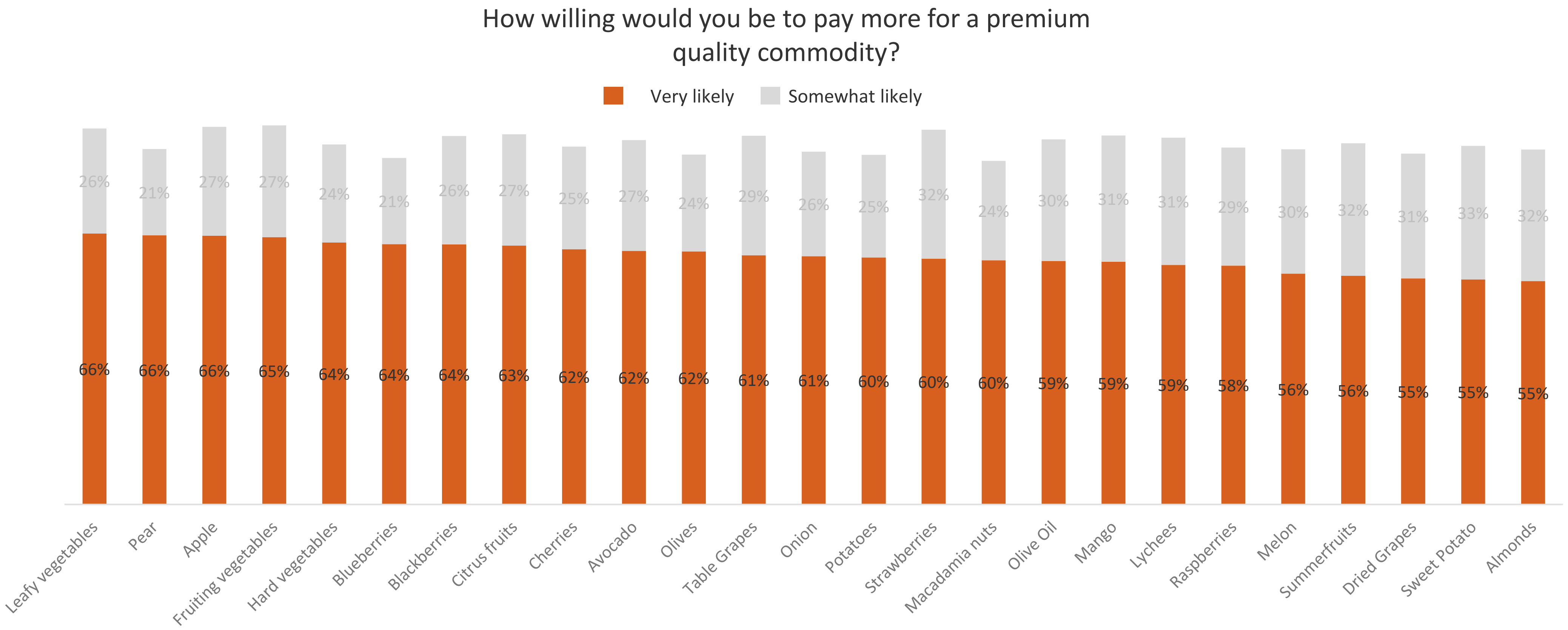
Metric	Question	What this gives us
Likelihood to buy Australian	*Which would you be most likely to buy imported from Australia?*	The commodities for which Australian origin is appealing
Ability to command a premium	*How willing would you be to pay more for a premium quality commodity?*	The commodities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

Apples, table grapes & blueberries have strongest Australian appeal for Vietnam consumers



Source: Kantar HIA International Demand Study 2022, n=4054

Similarly, Vietnam consumers are very likely to pay a premium for quality across all commodities, especially leafy vegetables, pears & apples

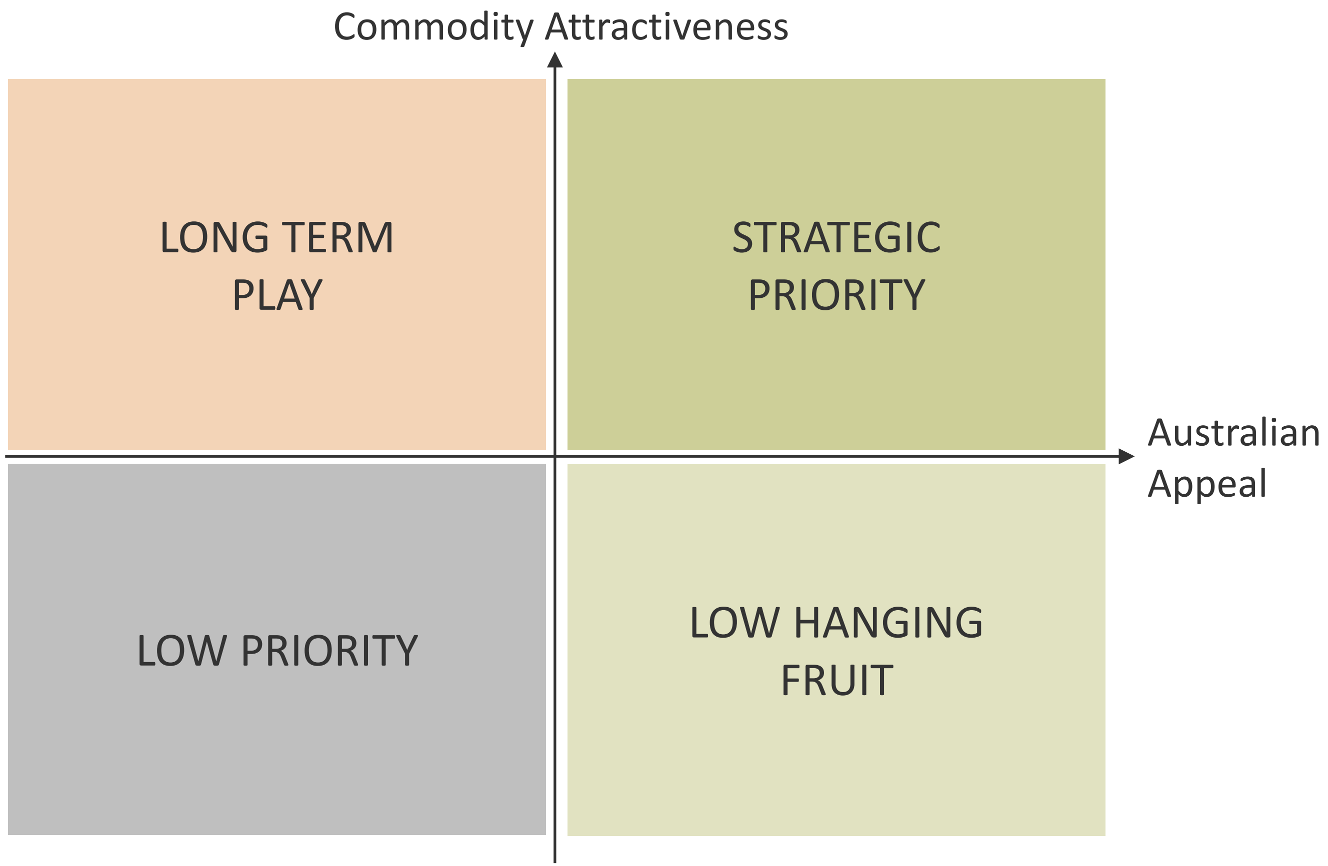


Source: Kantar HIA International Demand Study 2022, n=4054

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



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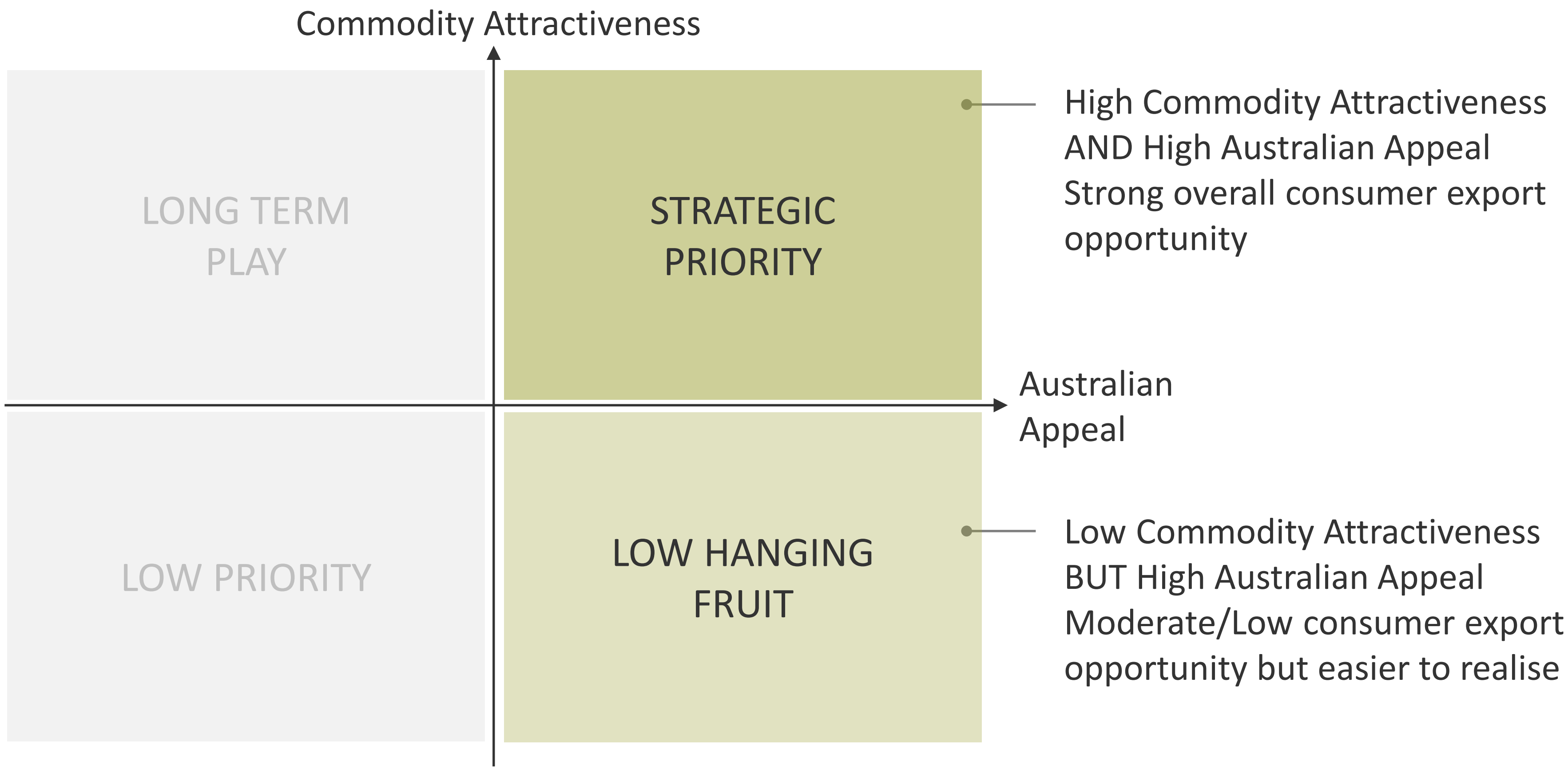
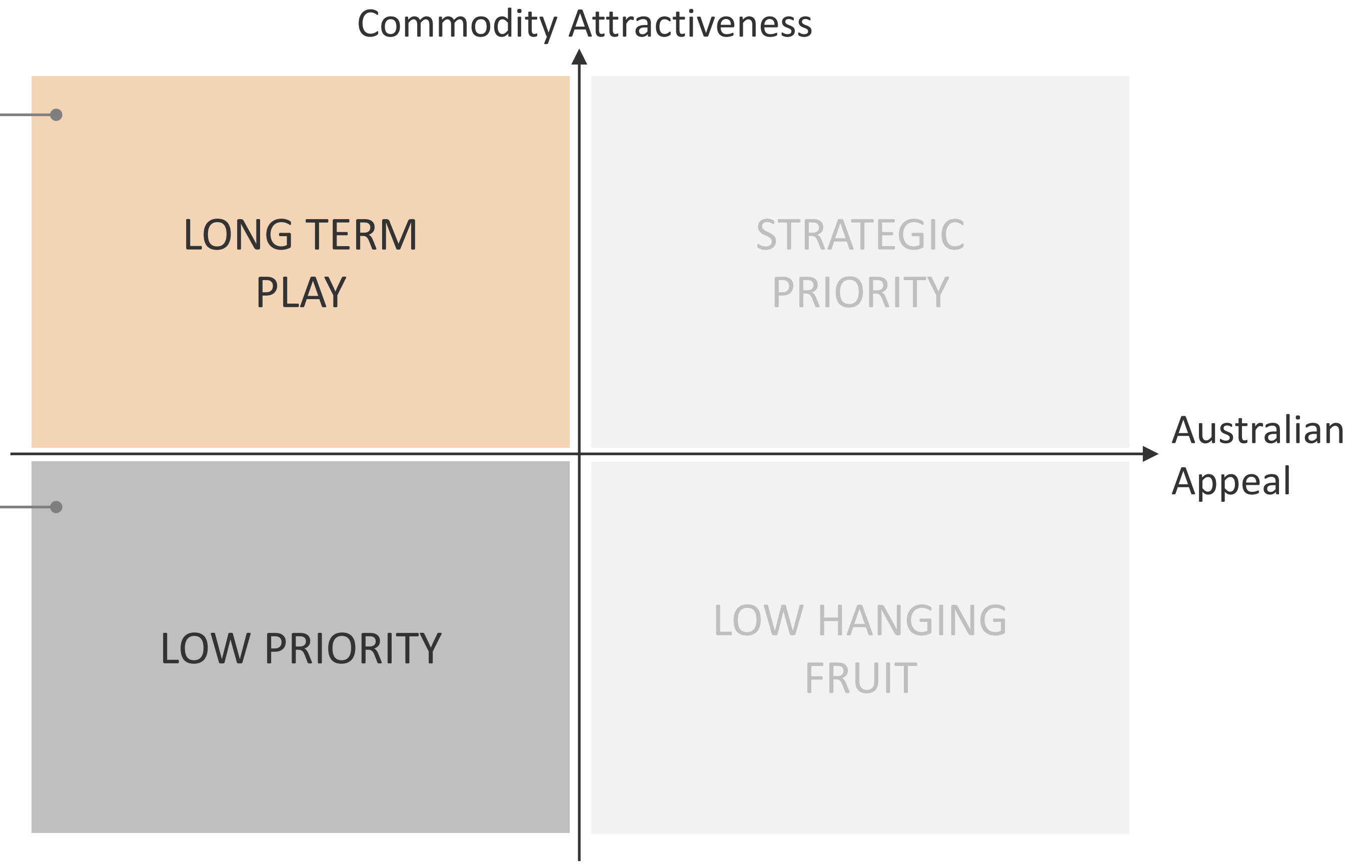
Commodities on the right-hand side of the matrix represent more attractive consumer opportunities for export and investment is more likely to generate a return



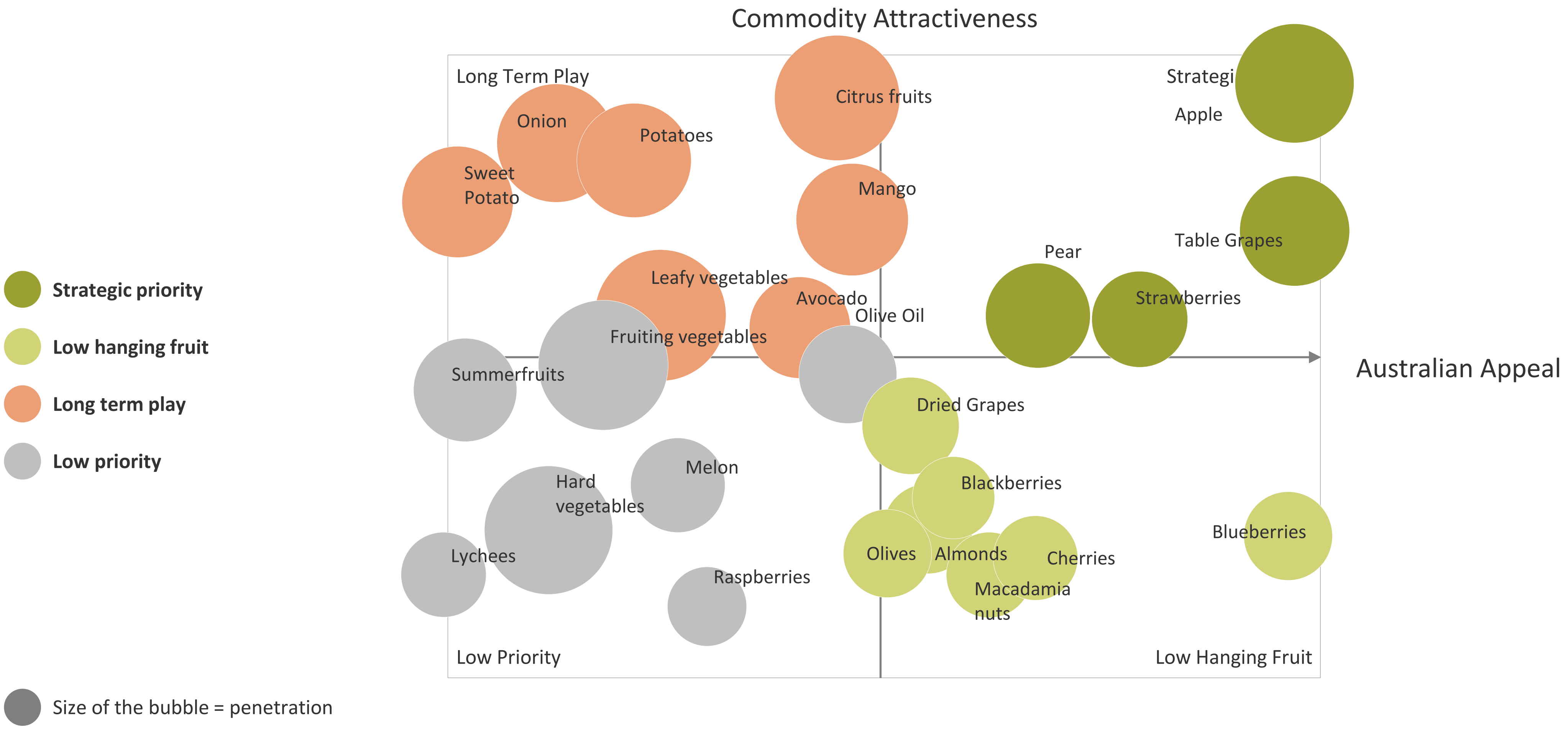
By contrast, commodities on the left-hand side of the matrix may require more investment with a longer term pay-off or minimal to no returns

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

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



We have identified 4 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

Hort Innovation

Vietnam: Summary of Strategic Priorities

	 Apples	 Table Grapes	 Strawberries	 Pear
STRATEGIC IMPLICATIONS	Apples are the most attractive and addressable opportunity for Vietnam export, driven by wide consumption, high willingness to pay for premium and strong Australian appeal	Table grapes have a lower attractiveness score the claimed willingness to pay for premium is lower. However, Australian appeal can be leveraged – this factor remains a strong feature of Table Grapes	Strawberries from Australia have high appeal,. They're a premium fruit on which consumers are more willing to spend more which makes them a strong opportunity despite lower penetration	Penetration of Pears is also lower vs. Apples and Grapes; however, consumers claim to be willing to spend on premium Pears which boosts this into a highly addressable opportunity for export
ATTRACTIVENESS	• Strong penetration (74% consume weekly), this is the #2 most widely consumed fruit, behind only Citrus • Very high relative willingness to pay 1.5x more for premium quality (#2 ranked fruit behind Strawberries)	• High penetration • High relative willingness to pay 1.5x more for premium quality	• Strong penetration • Very high relative willingness to pay 1.5x more for premium quality (#1 ranked fruit)	• High penetration • Strong relative willingness to pay 1.5x more for premium quality, but lowest amongst the four priority commodities
ADDRESSABILITY	• High Australian appeal vs. other commodities – the #1 ranked commodity • High claimed willingness to spend on premium quality	• Table Grapes also have very high Australian appeal, second only to Apples • Moderate claimed willingness to spend on premium quality =	• High Australian appeal • Moderate claimed willingness to spend on premium quality	• High Australian appeal, but lowest amongst priority commodities • High claimed willingness to spend on premium quality (#2 ranked commodity)

6. Appendix A

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

Fruits


Apple & Pear


Blueberries


Cherry


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


Lychees


Mango


Melons


Raspberries & Blackberries


Strawberries


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


Table Grapes

Nuts & dried fruits


Almond


Macadamia


Dried Grapes
(e.g. raisins, sultanas)

Vegetables


Potatoes


Sweet Potato


Avocado


Olives/Olive Oil


Onion


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


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


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

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