

## **Final Report**

# **Australian sweetpotato market insights report**

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Australian sweetpotato market insights report (PW19000)

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## Summary

PW19000 has conducted coordinated and extensive market intelligence research on the Australian sweet potato industry, with a focus on six identified export markets selected for analysis. This research was completed using desktop analysis, stakeholder consultation in-market with trade experts, as well as stakeholder consultation with the grower reference group.

In Phase 1 of the project (Kick Off), the Consultant collaborated with Hort Innovation and the Project Reference Group (PRG) to select six priority export markets for analysis.

These were:

- United Arab Emirates
- Malaysia
- Thailand
- Indonesia
- Netherlands
- United Kingdom

In Phase 2, the team gathered information sources and data to be used in the market analysis. From an export perspective, this included predominantly sweet potato export data from Hort Innovation (2011-2020), Austrade market profiles, as well as trade data from the UN Comtrade Database. Data was also collected from sources such as the World Bank and the Observatory of Economic Complexity for general market insights around economic growth, country income levels, and impact of COVID-19 on consumption.

In Phase 3, Market profiles were completed for the six different countries. These profiles include an overview of in-market consumption trends, preferences, behaviour, and channels, as well as supply chain considerations, market access and regulatory factors, overall market demand and growth. Where information was available, the analysis includes market-specific insights around varieties, colours, sizes, and forms of sweet potatoes consumed and demanded in respective export markets. For existing export markets, market profiles include an overview of the value and volume of Australian sweet potato exports to a respective market, and how these exports have changed since Australia began exporting there.

Competitor analyses were also conducted for each market, which show the value and volume of major sweet potato exporters to each of the selected markets, and price points received. From a qualitative perspective, this competitor analysis includes the varieties produced by competitors, respective seasonality, and any key production characteristics to note. This analysis will assist the Australian industry in identifying key competitive advantages to explore, especially considering its ability to produce and export year-round.

In Phase 4, findings were validated with in-market industry stakeholders as well as the Project Reference Group (PRG). This included conversations with trade and customs the Consultant's experts in the United Arab Emirates (UAE), as well as a consult with Al Dahra Holdings in the UAE, a major agribusiness trader in the UAE and Gulf Cooperation Council (GCC). These consults were valuable in providing market-specific insights and an overview of a certain market's consumer attitudes toward sweet potato and fresh fruit and vegetable import consumption in general. The PRG was also consulted to validate findings around global sweet potato production and competitor insights.

In the final reporting phase, insights from Phases 1-4 were brought together in the Market Insights Report. This includes an overview of Australian production and exports, and the six respective market profiles. The report concludes with recommendations for next steps for the industry with regard to how to use these key market insights to guide the direction of the industry as it aims to strengthen trade performance, diversify export markets, increase international demand and strengthen the reputation of Australian horticulture globally.

This project will assist the Sweet Potato Strategic Industry Advisory Panel (SIAP) in future decisions around further investment in developing an export strategy/action plan for the industry to strengthen export capability for a wider scope of growers in a targeted way.

## Keywords

Sweet Potatoes; Global Export Markets; Supply Chain; Market Access; Trade; Export; Consumer

## Introduction

The Fresh Sweet Potato industry is Australia's 31st largest horticulture sector exported in the 2019<sup>1</sup> financial year (based on trade value), providing room for growth and opportunity for Australian growers to strengthen their position within targeted international markets.

The Australian Sweet Potato market is experiencing consistent growth, with both production and export volumes on the rise. Despite around 95% of Australia's fresh sweet potato production remaining in Australia, the industry has been experiencing significant growth in the value and volume of exports, reaching \$3.6M and 1.6M kilograms in 2020.<sup>1</sup> The top export markets for Australian sweet potatoes in 2020 were the UAE (34% of exports), Singapore (18% of exports), and the United Kingdom (11% of exports). Australian producers are for good reason seeking potential trade opportunities to strengthen this market share; particularly within Asia and the Middle East as well as in growing markets across Europe.

Market challenges facing Australian sweet potato growers, that are being addressed through thorough market intelligence, include and are not limited to the following:

**A lack of industry understanding of international markets and consumers:** The lack of information around the varying consumer profiles of each target market is an impediment to the export growth of new and existing varieties. Developing effective marketing strategies to build brand awareness requires a thorough understanding of both the product, and the consumer.

**Inconsistency in supply of sweet potatoes:** With the gold variety accounting for 90% of fresh production<sup>1</sup>, the supply of different or new varieties sought after in international markets is irregular – Australian producers face higher production costs compared to international competitors, with labour costs and stringent biosecurity requirements.

Australia can strengthen its position in the global market and work towards addressing the issues above by leveraging its reputation for strict supply-chain standards and high-quality produce. To do so, the sweet potato industry needs to conduct coordinated extensive market intelligence research supplemented with industry consultation, both domestically and internationally. This market insights report achieves this goal, by providing targeted information relating to prioritised markets for Australian sweet potatoes. This includes market intelligence around consumer preferences, in-market supply chains, trade barriers and regulations, and competitor analyses. The report also includes in-depth analysis into the trade performance of the global market to inform Australians on potential trade opportunities and the barriers to success.

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<sup>1</sup> Hort Innovation, 2020

## Methodology

The below methodology was followed to carry out PW19000. A phased approach was used in order to ensure that targeted objectives were met at each phase.

The project maintained a practical, strategic lens of focus, helping to direct the Australian sweet potato industry with next steps in growing lucrative export markets.

### Phase 1: Project Kick Off

The objectives of this phase were to confirm the industry's broad export objectives, review existing export information and opportunities, confirm stakeholders and priority export markets for later phases. A Grower Reference Committee was established, to offer input throughout the project. This consisted of individuals from Industry Body Australian Sweet Potatoes (representing the SIAP), as well as key production company Sweet Potatoes Australia.

The Consultant worked with the Committee and Hort Innovation to select six markets for analysis, based on an initial long list formed for consideration. The final markets selected were the UAE, Malaysia, Indonesia, Thailand, the UK, and the Netherlands.

### Phase 2: Data Collection

The objectives of this phase were to gather information sources and data to be used in the market analysis, and to identify any gaps in data sources and determine proxy data to address them. From an export perspective, this included predominantly sweet potato export data from Hort Innovation (2011-2020), Austrade market profiles, as well as trade data from the UN Comtrade Database. Data sources identified for general market insights around economic growth, country income levels, and COVID-19 impacts were included organisations such as the World Bank and the Observatory of Economic Complexity.

### Phase 3: Market Analysis

The objectives of this phase were to gain an in-depth understanding of the international sweet potato import and export market and Australia's global position, and to identify supply and demand drivers within the priority export markets. Desktop analysis was used to develop a detailed profile for each export market, which include an overview of in-market consumption trends, preferences, behaviour, and channels, as well as supply chain considerations, market access and regulatory factors, overall market demand and growth.

For existing export markets, market profiles include an overview of the value and volume of Australian sweet potato exports to a respective market, and how these exports have changed since Australia began exporting there. This was developed using export data from Hort Innovation. Competitor analyses were also conducted for each market using data from the UN Comtrade platform, which show the value and volume of major sweet potato exporters to each market, as well as price points received.

### Phase 4: Stakeholder Consultation

The objectives of this phase were to validate findings from Phase 3 with industry stakeholders and confirm practical relevance of market insights from growers. Consults were conducted with in-market industry stakeholders as well as the Project Reference Group. This included conversations with trade and customs the Consultant's UAE office, as well as a consult with Al Dahra Holdings in the UAE, a major agribusiness trader in the UAE and GCC. Other engagement included with experts from the Consultant's offices in Malaysia, Thailand, and Indonesia.

### Phase 5: Reporting

The objectives of this phase were to consolidate Phase 3 and Phase 4 learnings into a practical and relevant market intelligence report. This report includes an overview of Australian production and exports, and the six respective market profiles. The report concludes with recommendations for next steps for the industry with regard to how to use these key market insights to guide the direction of the industry as it aims to strengthen trade performance, diversify export markets, increase international demand and strengthen the reputation of Australian horticulture globally.

## Outputs

The key deliverable for project PW19000 was a Market Insights Report. A high-level summary of each section of this report is included below:

### Introduction

The Market Insights Report begins with an overview of the sweet potato industry and its current and historic export activity. The report also explains the methodology behind the selection of markets for analysis as well as the report more broadly. This included the development of a long-list of export markets of interest, and the short listing of six markets by consulting the PRG. The final list of markets was selected based on input from all members of the Committee as well as the views of Hort Innovation and the Consultant's project team. The list included representation from:

- Both existing export markets and markets where Australian sweet potato exporters are not yet present
- Both Asian and European markets
- Markets where there is capacity to increase knowledge of consumer preferences and the overall sweet potato opportunity. This means that the analysis did not cover certain markets where the SIAP has previously completed substantial consumer research

The final short list of markets includes markets with evidence of existing and growing consumer demand for sweet potatoes, logistical capability for Australian sweet potato exporters, and potential for Australian products to compete.



### Market Profiles:

A market profile was developed for each identified export market. Each profile includes detailed analysis of:

- **Australian exports:** Overview of Australian volume and value of yearly exports to the market (if any), dating back to commencement of exports
- **Competitors:** Overview of other top ten volume exporters to the market in 2019 by value and volume, including price points received by top three volume exporters as well as highest price points received overall. This also includes qualitative research on the varieties produced, seasonality, and other key production characteristics of major competitors in the market
- **Trade and market landscape:** Market-specific insights on the regulation/customs, market access, COVID-19 impact on trade and consumption, and supply chain and logistics in the market with regard to the export of sweet potatoes. This includes, for example, detail on a market's tariffs and any other market entry regulations, Free Trade Agreement, and in-market logistics capabilities
- **Consumer insights:** This includes (where information is available):
  - Purchase behaviour and insights on varieties, sizes, and colours of sweet potatoes preferred by consumers in the market
  - Key retail channels to reach consumers is also a consideration, including general trends in this area such as the growth of hypermarkets in Asian markets
  - General export opportunities with respect to consumers, an overview of the optimal ways to reach

- consumers in the market by building relationships and differentiating Australian product
- **E-commerce sweet potatoes:** Select examples of sweet potatoes for sale on e-commerce channels in the market, including both dedicated online delivery companies as well as physical stores with a supplementary online presence



**Conclusions and next steps:** Short, sharp next steps for the industry in using this report to invest in export activities, which includes predominantly the development of an export strategy.

## Outcomes

The key outcome for PW19000 outlined in the Monitoring and Evaluation plan was:

*“To assist the Australian Sweet Potato industry to identify export opportunities and improve both domestic and global performance based on market intelligence reporting for high potential markets.”*

This contributes to the overarching SIAP outcome:

*“Position the industry to diversify into new markets that offer profitable opportunities”*

PW19000 has met this core outcome through the following:

- Identification of high potential export markets and opportunities to improve trade performance.
- Engagement with industry to validate market intelligence findings and understand the issues facing producers.
- Analysis of consumer preferences, consumption channels, and supply chain considerations within each market identified.
- Analysis of competing sweet potato exporting nations in each identified export market
- View on next steps for the industry to invest in strengthening export performance

## Monitoring and evaluation

TG19002's stated goals have each been met – having reviewed good engagement and feedback from key stakeholders. The outcomes noted in the previous section can be evaluated by tracking against the five key evaluation questions listed in the project's Monitoring and Evaluation plan.

### — To what extent has the project achieved its expected outcomes?

PW19000 has met the expected outlines listed in the Monitoring and Evaluation plan. Please see the above 'outcomes' section for relevant details as to how the project has met the intended outcomes.

### — How relevant was the project to the needs of the intended beneficiaries?

Having been engaged at the project Kick Off, the intended beneficiaries (the SIAP and wider industry participants) actively shaped the project's methodology and outputs by driving the selection of six export markets for analysis.

The draft Market Insights Report was validated with the Project Reference Group at the completion of the project to ensure it aligned with expectations, and requested modifications were actioned accordingly. The proposed structure of the final report was also sense-checked with this group, to ensure the format was relevant for their needs. As such, the report is clear and concise to ensure accessibility of all industry participants, and that outputs are relevant and helpful to guide the next steps for export growth in the industry.

The project's outputs will equip beneficiaries with knowledge and capacity for industry export development, by identifying practical and commercially relevant insights for growers relating to export development. This has been achieved through the provision of detailed insights on in-market consumer preferences and other product and market-specific considerations.

### — How well have intended beneficiaries been engaged in the project?

Stakeholder consultations were effective, informative and gave rise to valuable insights for the project. These included interviews with in-market experts on the nuances of consumer behaviour and fresh fruit and vegetable imports in a certain market. Hort Innovation received positive feedback from stakeholders for engagement by the Consultant. Timelines were adhered to and stakeholders were engaged within appropriate timeframes to ensure the smooth progression of the project.

### — To what extent were engagement processes appropriate to the target audience/s of the project?

The consultation methods and timelines were flexible enough to cater to grower needs. These meetings took place virtually and enabled strong input from the Project Reference Group. This was an important factor especially in the selection of six export markets for analysis. Virtual engagement was sufficiently prepared to ensure discussions engaged each participant. The virtual format of delivery was engaging and informative through the use of visual aids, including for example graphs and maps which show where Australian sweet potato exports have been sent in recent years.

### — What efforts did the project make to improve efficiency?

Several conscious decisions were made to allow the project plan to be executed effectively and to maximise time and resources efficiently.

Firstly, the delivery team was selected in order to improve execution of the project. Team members with specific previous experience in the horticulture sector and/or with trade and export experience were resourced, which enabled prior knowledge to be appropriately leveraged and built upon. The team was informed on key resources in which to scan for country profiling, ways to analyse export data, and best practice for engaging with horticultural stakeholders.

Documents were shared with Hort Innovation and the Project Reference Group with enough time to allow review and feedback, and meetings were scheduled with enough lead and flexibility to prepare and include all participants.

Risks and challenges were identified and addressed in a fast and transparent manner, for example the initial risk of late project kick off due to the changing of project managers from Hort Innovation. This risk was managed effectively by commencing non-market-specific research until a new project manager was engaged to enable the selection of priority markets.

Another risk identified was the availability of sweet potato-specific export data by both destination country and year. This information is not frequently publicly available, therefore Hort Innovation was engaged to provide the data. The same information availability risk prevailed in sourcing sweet potato-specific data relating to in-market consumption behaviour and preferences in each market. For example, whether Indonesian consumers prefer orange or purple sweet potatoes can be difficult to confirm using publicly available resources. In these cases the analysis may include assumptions around the general behaviour of consumers within a certain region such as ASEAN.

Despite challenges from the COVID-19 environment and inability to travel, this allowed further efficiencies for the project. This led to efficiencies relating to eliminated travel costs and other expenses, and the ability to seamlessly engage stakeholders in other countries.

The project approach was also deliberately phased, with key stage-gates or objectives set for each of the major phases. This was designed to ensure that the project was process driven and robust in how it approached the industry's requirements. As a result of clear timelines being laid out in the project plan, this ensured that the project ran more efficiently and was delivered on time, to budget, and effectively. Providing the team with set goals for each phase ensured that PW19000 was completed in a logical manner.

## Recommendations

Given that PW19000 is a Market Insights Report as opposed to an export strategy, it does not include directed recommendations or actions for the industry. Its purpose is to inform the SIAP's future investment decisions in export, for example to develop an export strategy which will direct industry actions in more detail. The report is not intended to be a 'next-day guide' for export, but more an overview of the key export insights according to each market analysed.

As such, the recommended 'next steps' for industry upon the completion of PW19000 are as follows:

### 1. Review data and key insights as collective SIAP

- SIAP to review market insights report and pull out most relevant takeaways to assist the group in decisions around further investment in developing an export strategy/action plan

### 2. Conduct suggested additional research

Upon extracting the key takeaways from the Market Insights Report, there are a number of areas recommended to be the focus of Hort Innovation and the industry's next phase of research. These are:

#### Why do certain markets achieve premium prices?

- Conduct further stakeholder consultation and industry research to understand why markets such as the Republic of South Korea or Japan consistently receive uniquely premium prices for sweet potato exports

#### Further analyse secondary markets including those that re-export

- Conduct further research into secondary markets and Australian exporters' capacity to target these markets. These include the UAE, Netherlands, and the USA
- In particular, the research should look to uncover the final consumers of sweet potato re-exports which are delivered via these markets, and those consumers' preferences, consumption behaviours, and so on.

#### Scope the opportunity for processing and value-added sweet potato products in target export markets

- Conduct further research into the ability to either export value-added sweet potato products or process these products offshore for final sale in the export markets identified
- This would include products such as sweet potato chips, crackers, purees, jams, or variations such as pre-cut, ready-to-cook sweet potatoes
- This would include the identification of existing processing infrastructure in markets, further detail on consumer appetite for processed sweet potato products, market growth insights, and so on. This research may need to involve more targeted in-market stakeholder consultation with regard to processed products in particular

#### Explore the dietary shifts of consumers as indicators of future market demand

- Conduct more detailed research into the specific dietary shifts in target markets and the drivers behind them. Use these insights to indicate where future market demand is most likely to grow, and then guide future export activities accordingly

### 3. Develop an industry export strategy

- Use the learnings from this market analysis to develop a plan for the industry to strengthen export capability
- This strategy will map out actions for the industry to enable producers to pursue export by leveraging knowledge gained through this study

### 4. Implement the strategy

- Implement the export strategy through industry-wide initiatives such as marketing and communications, training and education programs and other forms of industry engagement

At the forefront of the sweet potato industry's next steps should be three priorities, knowledge of which is enhanced by the Market Insights Report:

- Increasing international demand
- Diversification in export markets
- Strengthening global horticulture reputation

## Refereed scientific publications

There are no refereed scientific publications published during the reporting period that can be attributed or partly attributed to the project.

## References

The key references utilised in PV19000 are outlined below.

- Austrade, Market Profiles – UAE, Indonesia, Malaysia, Thailand, United Kingdom and Netherlands, 2020
- Austrade, Food and beverage – UAE, Indonesia, Malaysia, Thailand, United Kingdom and Netherlands, 2020
- Hort Innovation Sweet Potato Export Data
- UN Comtrade
- Fresh Plaza, Overview of Global Sweet Potato Market, 2019
- The World Bank, Economic Indicators of UAE, Indonesia, Malaysia, Thailand, United Kingdom and Netherlands, 2020
- OEC, trade analyses UAE, Indonesia, Malaysia, Thailand, United Kingdom and Netherlands, 2020
- International Trade Administration, United Arab Emirates Country Commercial Guide
- Statista, Select Economic Indicators for Economic growth and development in UAE, Indonesia, Malaysia, Thailand, United Kingdom and Netherlands, 2020

## **Intellectual property, commercialisation and confidentiality**

No project IP, project outputs, commercialisation or confidentiality issues to report.

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|------------------------|---------------------------|
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| KPMG UAE               |                           |
| Cosun (Netherlands)    |                           |
| Aviko (Netherlands)    |                           |

## Appendices

There are no appendices to this document.