PW19000 Australian Sweet Potato Market Insights

Market intelligence report snapshot

PW19000

March 2021

Hort Innovation
Strategic levy investment

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Scope and Limitations

This report forms part of PW19000 – Australian Sweet Potato Market Insights. The overall project is seeking to provide targeted market intelligence and insights relating to high value potential export markets for Australian Sweet Potatoes.

This Market Insights Report has been created to detail the key insights and takeaways which resulted from sweet potato market intelligence reporting. The objective of these insights are to assist the Australian sweet potato industry in identifying potential export opportunities to improve trade performance and long term industry sustainability. The content of this report has been developed predominantly from two sources of information:

- Publicly available data (desktop analysis)
- Stakeholder consultation (Sweet Potato growers and in-market experts in identified high potential export markets)

A set methodology has been followed to achieve the intended outcomes, including selection of markets for investigation, research approach and key takeaways for each market. This is detailed further in the report.

Export markets and supply chains are rapidly changing in response to Covid-19 and geopolitical relations, which can impact the currency of recommendations in this report. The information provided in this report is current as of March 2021. Information has not been independently verified or cross-checked for accuracy. Reliance should not be placed upon data provided in this report, and individuals/organisations are accountable for any decisions made using the information provided.

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This project has been funded by Hort Innovation using the sweetpotato research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit horticulture.com.au

Note: all price per kilogram figures mentioned in this report are FOB prices listed in AUD, calculated using the export data provided and are therefore exclusive of freight. For Australian sweet potato export figures this data is sourced from Hort Innovation, while for competitor analyses this is sourced from the UN Comtrade database.

The United Nations Commodity Trade Statistics Database (UN Comtrade) contains detailed imports and exports statistics reported by statistical authorities of close to 200 countries or areas. It concerns annual trade data from 1962 to the most recent year. UN Comtrade is considered the most comprehensive trade database available with more than 1 billion records. UN Comtrade is available to the general public and should be used with good knowledge of its limitations:

1. *The values of the reported detailed commodity data do not necessarily sum up to the total trade value for a given country dataset. Due to confidentiality, countries may not report some of its detailed trade.*
2. *Countries (or areas) do not necessarily report their trade statistics for each and every year. This means that aggregations of data into groups of countries may involve countries with no reported data for a specific year. UN Comtrade does not contain estimates for missing data. Therefore, trade of a country group could be understated due to unavailability of some country data.*

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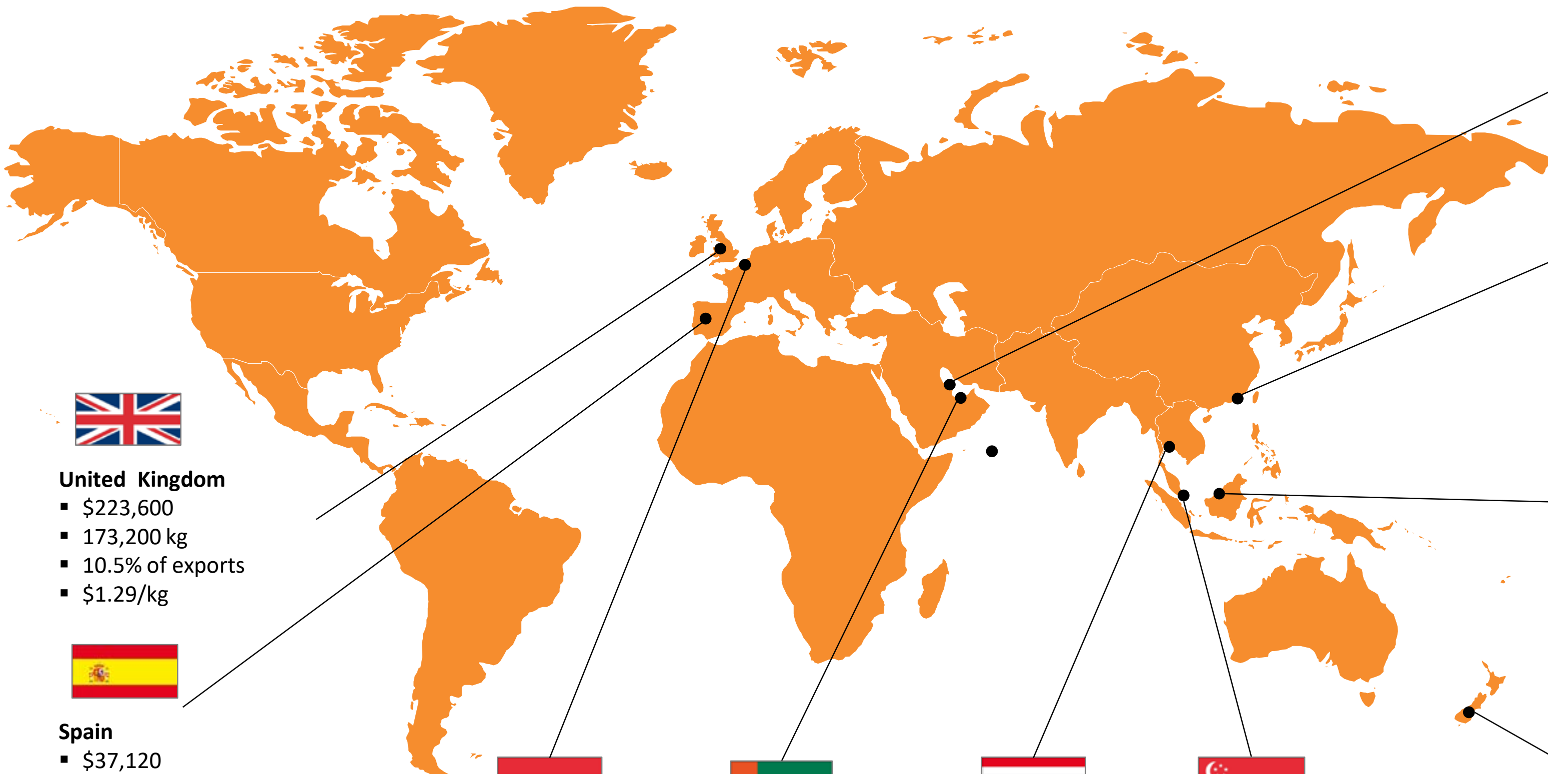
Where were Australian sweet potatoes exported to in 2020? An overview of the top 10 export markets

The map below indicates the top ten destinations of Australian sweet potatoes in 2020, and their respective value (AUD), volume (kilograms), price per kilogram, and share of the total volume of Australian sweet potato exports.



Qatar
- $356,184
- 90,424 kg
- 5.5% of exports
- $3.94/kg

Hong Kong
- $473,724
- 101,648 kg
- 6% of exports
- $4.66/kg

United Kingdom
- $223,600
- 173,200 kg
- 10.5% of exports
- $1.29/kg

Malaysia
- $456,544
- 126,878 kg
- 7.7% of exports
- $3.60/kg

Spain
- $37,120
- 41,200 kg
- 2.5% of exports
- $0.90/kg

Netherlands
- $145,600
- 108,000 kg
- 6.6% of exports
- $1.35/kg

UAE
- $919,117
- 560,102 kg
- 34% of exports
- $1.64/kg

Thailand
- $92,593
- 74,914 kg
- 4.6% of exports
- $1.24/kg

Singapore
- $656,960
- 290,685 kg
- 17.7% of exports
- $2.26/kg

New Zealand
- $107,682
- 22,302 kg
- 1.35% of exports
- $4.83/kg

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NOTE

(1) the % of total export volumes does not total to 100% given the graphic displays only the top 10 export markets.

Source: Hort Innovation, 2021. Sweet Potato Export Data.

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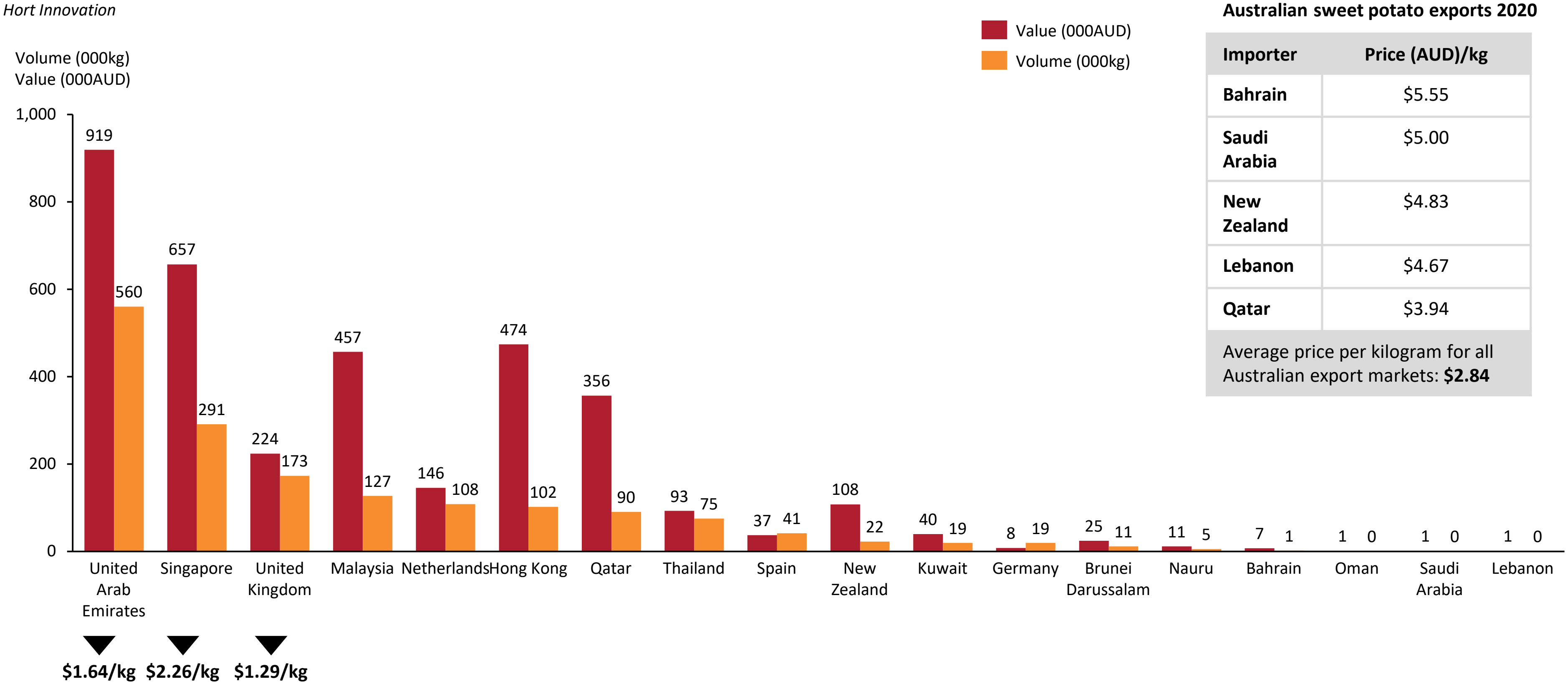
The UAE accounted for the largest amount of 2020 Australian sweet potato exports by value and volume

The graph below displays the value and volume of all Australian sweet potato exports by destination, the price points charged by the top 3 volume importers as well as the highest price points overall. Unsurprisingly, there appears to be a trend where price points decrease when export volumes increase.

Value and volume of total Australian Sweet Potato Exports by market
2020
Hort Innovation



Highest price points received for Australian sweet potato exports 2020

Importer	Price (AUD)/kg
Bahrain	$5.55
Saudi Arabia	$5.00
New Zealand	$4.83
Lebanon	$4.67
Qatar	$3.94

Average price per kilogram for all Australian export markets: **$2.84**

NOTE
(1) Markets listed as '0' for volume had volumes less than 1000kg.
(2) HS6 Code 71420 *Sweet Potatoes, Fresh or Dried, whether or not sliced or n the form of pellets*
Source: Hort Innovation, 2021. Sweet Potato Export Data.

A number of differences in consumer preferences have arisen through an analysis of export markets

UAE consumer preferences: quick facts	
Size	Large (450-600 grams)
Varietal/ colour	Orange
Average selling price 2019	$2.28/kg

Thai consumer preferences: quick facts	
Size	Small (150-200 grams)
Varietal/ colour	Purple, red
Average selling price 2019	$4.15/kg

Malaysian consumer preferences: quick facts	
Size	Small-Medium (150-350 grams)
Varietal/ colour	Orange
Average selling price 2019	$2.26/kg

Indonesian consumer preferences: quick facts	
Size	Small-Medium (150-350 grams)
Varietal/ colour	Purple
Average selling price 2019	$2.51/kg

UK consumer preferences: quick facts	
Size	Medium-large (350-600 grams)
Varietal/ colour	Orange
Average selling price 2019	$1.62/kg

Netherlands consumer preferences: quick facts	
Size	Medium-large (350-600 grams)
Varietal/ colour	Orange
Average selling price 2019	$1.16/kg

A number of differences in consumer preferences have arisen through an analysis of export markets

Markets	Rationale for market focus	Consumer insights/preferences
United Arab Emirates	• Largest existing sweet potato export market • Strong demand for fresh product from high income earners and expats • Biggest volume export competitor is Egypt where Australia is counter-seasonal (July-November), opportunity to fill supply gap	• Preference for larger size sweet potatoes • Australian Gold sweet potatoes have been received favourably in the past • Demand for organic produce is growing
Thailand	• Favourable demand and substantial increase in consumer spending over last two years[6] • Peak harvest of export competitors August-November (barring Vietnam export year-round), Australia can fill gaps in first half of year	• Some customers are willing to pay a premium for vegetables that are sustainably grown with low levels of chemicals in production
Malaysia	• Increasing appetite for high quality, healthy foods however low average income ($8K per capita)[7] • Peak harvest of export competitors August-November (barring Vietnam export year-round), Australia can fill gaps in first half of year	• Beauregard and purple sweet potatoes are produced on a domestic scale, which has driven demand for the category overall but may present competition for imports in the future
Indonesia	• Large consumer population with high levels of starch in diet • Low food security indicates reliance on imports; relative growth in income • Near year-round supply from China presents risks, however opportunity for Australia to fill gaps in first half of year	• Sweet potatoes were previously viewed as a food for lower socio economic groups with regional island villages are typically the main consumers of domestic produce[2], however increasing use of sweet potatoes in cooking as well as food service (common street food) supports higher value consumption • Purple sweet potatoes are produced in lower socioeconomic regions, however this does not appear to have an impact on consumption of exports due to a lack of access and affordability[3]
United Kingdom	• Significant existing demand due to growing popularity of sweet potato category, as one of the largest markets outside the US • Potential for increasingly liberal trading relationship • November-February is domestic offseason which Australian exporters have the opportunity to target, counter-seasonal to northern producers	• Consumers tend to prefer two types of sweet potatoes which are dominant in the market, the American Covington and the Spanish Beauregard, both orange varieties • Sweet potato is quickly becoming an everyday food staple for British consumers year-round,[8] increasingly accessible through supermarkets, online grocery channels and home delivery, and trending in food service outlets
Netherlands	• Strong appetite for fresh foods and capability for re-export • Growing domestic production has driven interest in the category • November-February is domestic offseason which Australian exporters could target, counter-seasonal to northern producers	• Dutch consumers are increasingly buying local and prefer smaller, single-portion sizes or products like sweet potatoes.[5] Sweet potatoes of orange varieties in particular are experiencing rapidly growing demand, due in part to growth in domestic production
Asian consumers	• Consumers prefer small to medium-sized sweet potatoes between 150-350 grams, typically of red or purple varieties[1]	
European consumers	• Importers tend to prefer large, saffron-coloured sweet potatoes, and red sweet potatoes in the weight ranges of 300-450 grams and 450-600 grams, as well as the smaller purple sweet potato in the weight range of 150-300 grams[1] • The orange-skin American Covington and Spanish Beauregard are most common, accounting for 95% of the total market[4]	

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A summary of insights extracted from the profiling and comparing of target export markets

Focus area	Key message	Key insights
Competitors	Competitor exporter nations include China, USA, Egypt, Singapore (re-export)	▪ The highest price per kilogram of Australian sweet potatoes received in 2019 amongst the identified target export markets (FOB prices) was $4.39/kg to Indonesia, while the lowest was $0.88/kg to the Netherlands. For comparison, the highest price received for Australian sweet potatoes amongst all export markets was $5.55/kg from Bahrain, albeit for only 1,326kg of sweet potatoes. Domestically, Hort Innovation production data shows an average price received of $0.78/kg in 2020 ▪ There is a general trend of higher price points received for sweet potatoes in Asian markets, and lower price points in European markets. Despite exporting minimal volumes, export data shows the Republic of Korea and Japan receive consistently high price points due to robust quality assurance processes in production and ▪ Tariffs are imposed on Australian sweet potatoes in the UAE (5%), the UK (2%), and the Netherlands (3%). There are no tariffs imposed for Thailand, Malaysia, or Indonesia. In the UAE, this cost is usually not incurred by the Australian exporter as the product is re-exported
Value-add	There is opportunity for value-add exports, emphasis on snacks in Asia and pre-cut SKUs in Europe	▪ The APAC savoury snack market is valued at around ~$69B AUD and has undergone transformation in recent years to emphasise healthier options as well as localised flavours and ingredients[1] ▪ Value-add products most common in Asian markets include sweet potato chips, purees, fresh pre-baked sweet potatoes, and fried variations served as street food ▪ Chips, purees and other snacks are also popular in Europe, with the addition of sweet potato flour processed using second grade products. Pre-cut and pre-mixed, ready-to-cook sweet potato SKUs feature heavily in most sales channels. Other pre-prepared popular sweet potato products include products such as falafel or patties
Varieties	Orange (Europe) and purple (Asia) varieties are the most common	▪ Orange and Purple sweet potato, or local variations of these varieties, appear to be the most widely produced amongst export competitors. Orange appears to be more prevalent across European consumer markets, particularly in food service channels, while purple sweet potatoes feature more heavily in Asian consumer markets ▪ The 'Japanese' variety appears heavily across Asian consumption channels, which have purple or red skin and white flesh that turns yellow after cooking, similar to the Australian Northern Star variety
Online consumption	Sweet potato products are increasingly available online	▪ UAE online consumption channels appear to emphasise country of origin as a selling point, which commonly include Egypt, Australia, Spain and the UAE (re-export). Asian e-commerce channels offer predominantly processed sweet potato products such as chips, while European sales channels tend to focus on either fresh or pre-cut products ▪ At least one sales channel analysed for each market offers an organic variety of sweet potato
Seasonality	Australia can fill supply gaps in the first six months of the year	▪ The sweet potato cultivation/export season in the majority of export markets appears to take place in the latter half of the year, ranging anywhere from July-November. This excludes certain markets, for example Vietnam and the USA who report the ability to produce sweet potatoes for export year-round ▪ Unsurprisingly, Australia's seasonality is relatively similar to Southeast Asian markets, many of whom trade heavily with each other, which may present some barriers to entry for sweet potato exports

Project Snapshot References

Page	References
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