

Session 4:
Market Development

nelson mandela bay
MUNICIPALITY

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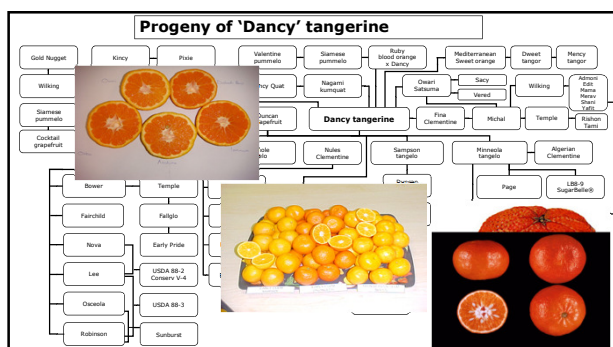
Is there a need for Market Development of Mandarins?

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Quo vadis – Mandarins?

- Excellent product in terms eating quality, convenience, diversity, health aspects, strong demand, high per kg price, somewhat novel (in some markets)
- There are innumerable mandarin cultivars and hybrids with varying parentage and characteristics
- Yet, only a few major cultivars are traded



Current status?

1. Historically highest returns: best prices ever achieved
2. New plantings at an unprecedented rate leading to increased volumes
3. Class 2 & size extremes still exported
4. Production peaks and potential bottlenecks are looming

- Are current prices sustainable (not accounting for exchange rate)?
- Will consumer demand soak up the projected production?
- Eurocentric market focus
 - +60-65% of South African mandarins marketed in Western Europe
 - Need to shift distribution patterns
- Exceptionally high packouts
- Quality standards & Buyer specs

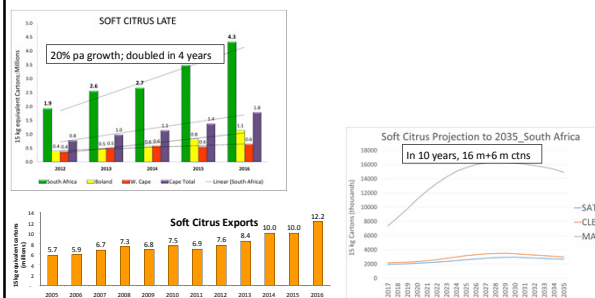


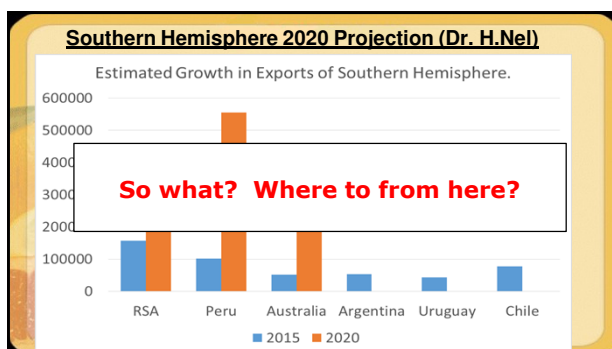
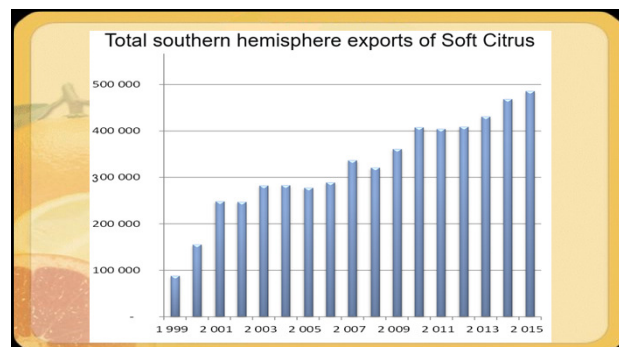
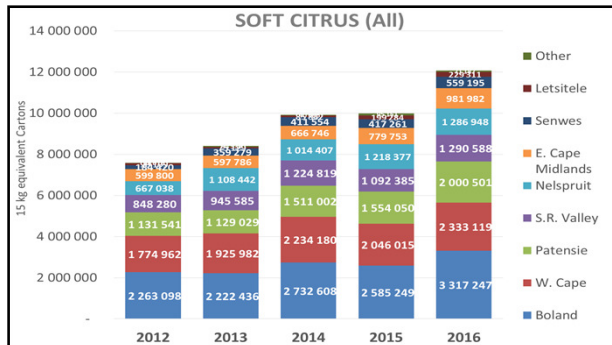
What is the problem?

- In the midst of a **vibrant, profitable** and **booming** soft citrus industry, we address the potential issue of a tsunami of late mandarin supply ... 20% annual growth = doubling of volumes every 4 years!!
- However, we cannot consider Soft Citrus or Mandarins as a whole; essential to separate into its component parts – each cultivar has unique SWOT (Sats, Clems, Novas, Nadorcott, ...) = "Big 5" + contenders
 - Challenges, threats and gaps per cultivar group can be identified



Already a reality: Predicted increased volumes (Novas and Late Mandarins)





So, where to from here? Various scenarios to consider:

- S1: There's no problem. Do nothing – let the market sort itself out
 - Potential fallout could be dire
 - Improved INTEL alone would assist Stakeholders with better decision-making
- S2: Over-production is looming and the bubble will burst
 - Unrealistic viewpoint using scare tactics!
- S3: Rapid growth from a relatively low base
 - How to stimulate demand for the rapid increase in volumes of South African Mandarins?
 - Challenges, threats and gaps per cultivar group need to be analysed in detail
 - Product distribution to markets other than EU/UK
 - Specific gameplan/strategy per situation to be determined

Potential strategy per cultivar group

- Each cultivar has unique SWOT (Sats, Clems, Novas, Nadorcott, ...)
- To determine the challenges and threats per cultivar group
- Specific needs can be identified
- Nature, scope, method of funding will require thorough investigation & consultation
- To increase consumption of mandarins: product promotion
- To stimulate demand for South African mandarins (summer season): supplier promotion
- Cooperation between NH and SH suppliers to facilitate smooth transition of supply between seasons
- Focus on quality standards and consistency of quality
- Improve distribution in terms of timing and markets
- Coordination of volumes and distribution, cf. Japan, Russia
- Alternative market outlets



Potential strategy per cultivar group

- What volume of Mandarins can the market(s) sustain at profitable prices?
- Matrix of cultivar x market x volume x price
- Market capacity: per capita consumption
- Market development: how do we develop new markets for Mandarins?



Analysis of competitors: SH mandarin suppliers

- Supplier country x cultivar x volume x market destination

Country	Cultivar	Volumes	Markets	Advantages	Disadvantages
Peru	Satsumas				
	Nadorcott				
	Minneola				
Chile	Clementines				
	Nadorcott				
Uruguay	Satsumas				
	Clementines				
	Nova				
Argentina	Ortanique				
	Satsumas				
	Clementines				
	Nova				
	Nadorcott				
	Ellendale				
	Murcott				

Looking ahead – predictions ...

- Further small decline in Satsuma and Clementine volumes
 - Competition from NH late mandarins
 - Competition from new early-season Mandarin cultivars
 - Yes, opportunities exist for selected new plantings of Sats and Clems
- Cannibalism of the Navel sector by Late Mandarins
- Further increase in Late Mandarin volumes
 - Specifically Nadorcott and its derivatives (Nadorcott LS, Tango)
 - Proliferation of new Mandarin cultivars, both mid- and early-season
 - Topworking of Nova in wrong micro-climate or soil conditions



Take home messages

- In order to effectively compete (with Peru and Chile, and summer fruits):
 - We need to **increase** supply volumes (to maintain/increase market share)
 - Combined with increased product quality (no compromise on quality standards)
 - We need to match volumes and quality with market sector (greater coordination among suppliers by connecting fruit directly to the market rather than simply "selling")
 - Actively develop local & regional market demand (typically a short-coming in a developing export market economy)
 - Develop processing projects to develop alternative products
- Improve INTEL (in depth and breadth)
 - More detailed analysis of supply-demand dynamics (beyond short-term, current season operational supply info to long-term supply-demand dynamics per country of origin and per market segment)
- Identify specific market development gaps and prepare "projects" per gap

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Thank you for your attention

We haven't even started scratching the surface!!

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