Session 4:
Market Development

nelson mandela bay MUNICIPALITY

CGA CITRUS SUMMIT

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# Responding to the Lemon Volume Increase

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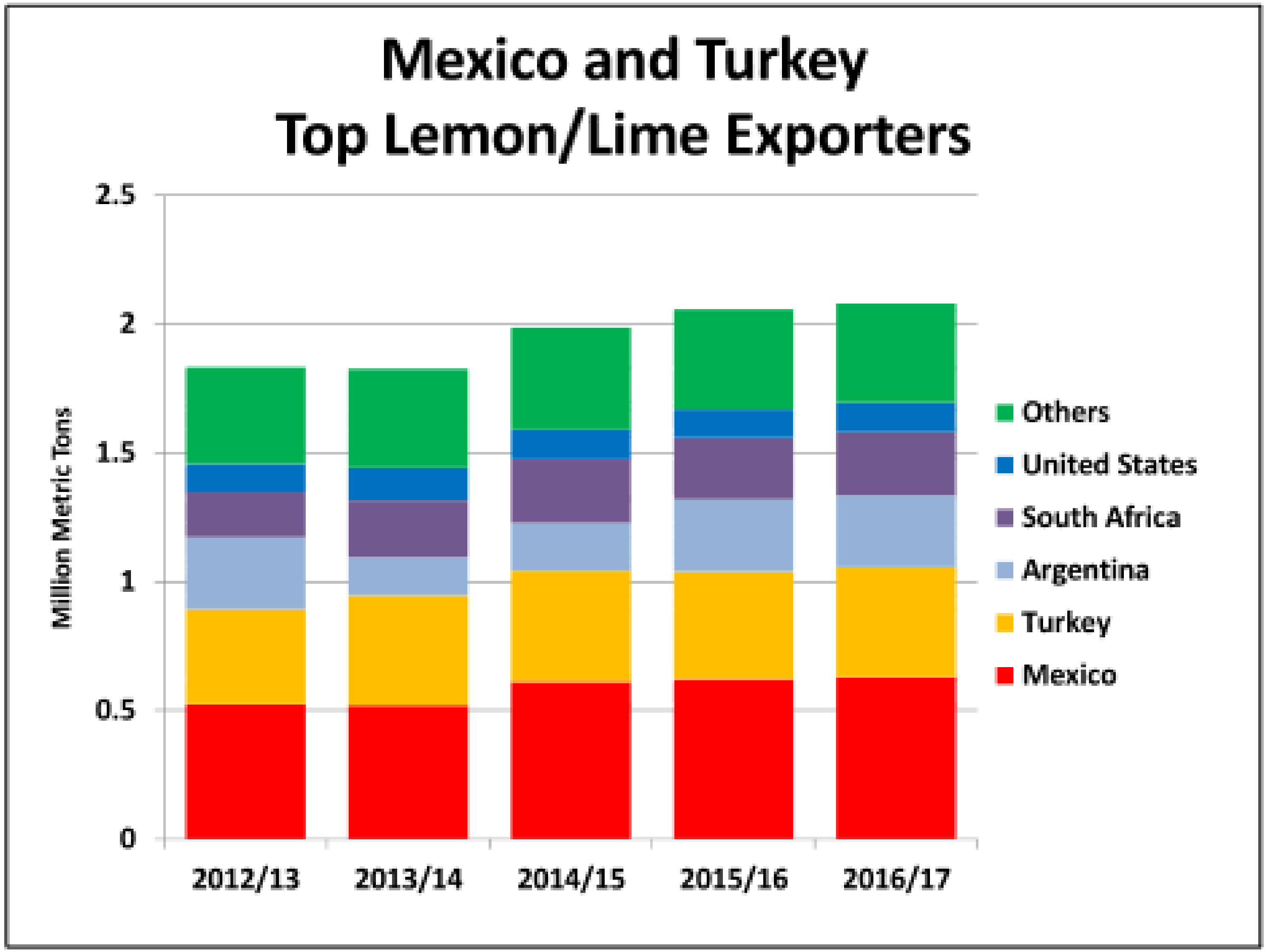
# Global Lemon & Lime Production




# Why Is a Coordinated Market Development Effort Needed for RSA Lemons

- Dramatic growth in RSA volumes associated with new plantings
- Import gaps in Lemon Markets are diminishing
- N-H competitors are starting to play on our turf (market window)
- Market development initiatives by competitors
  - Country Brand Initiatives
  - Consumer awareness initiatives
  - Point of sales promotions
  - Market access indicatives

# RSA Volume Projections – for 2021

**Two components:**

1. Orchards currently registered with DAFF (Assumption on orchards >3 years are registered)
2. Young orchards planted from 2015 (Based on CFB budwood data)

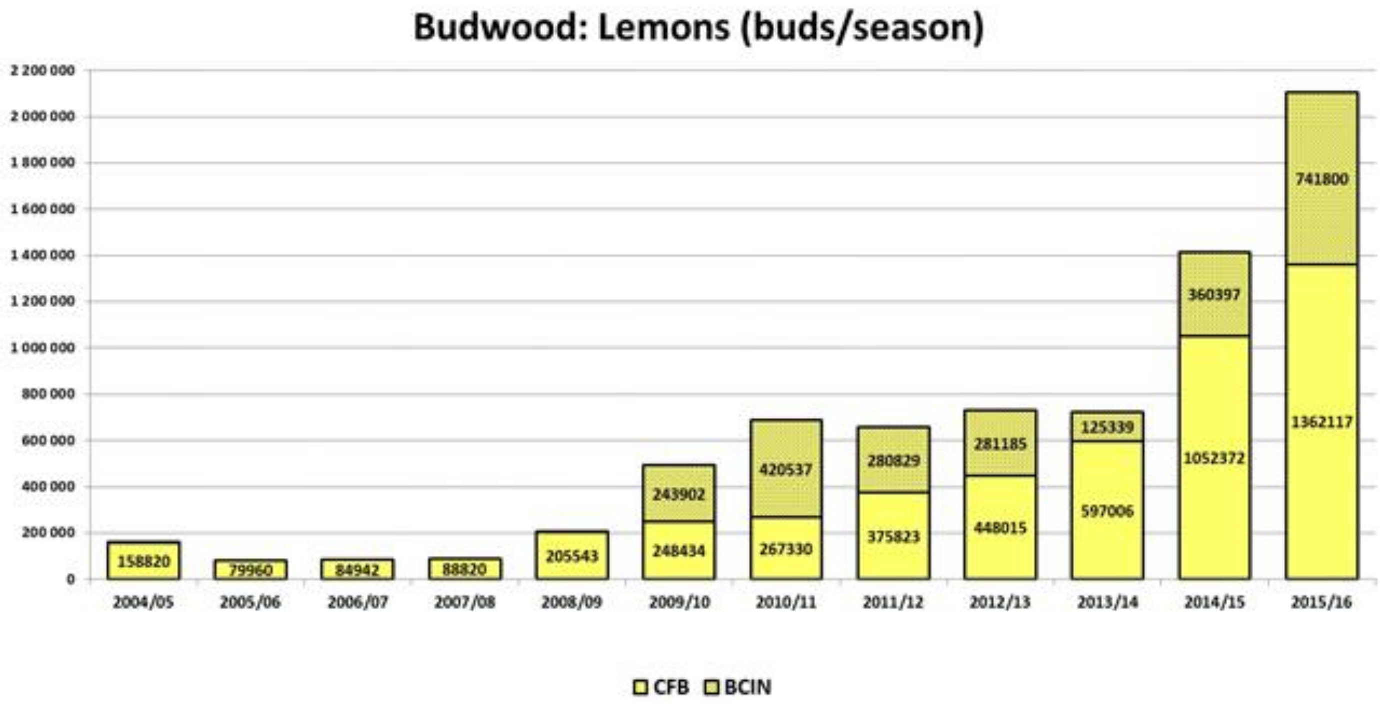
# 2021 Volume Projections Based on Registered Orchards

| **Lemons** | Hectares 2016 | | | | Projected export cartons based on 2016 age groups | | | |
|---|---|---|---|---|---|---|---|---|
| | 0-5 | 6-30 | >31 | Total | 0-5 yr group | 6-30 yr goup | >31 yr group | Total |
| Boland | 142 | 359 | 46 | 547 | 312 400 | 1 148 800 | 120 474 | 1 581 674 |
| E. Cape Midlands | 123 | 168 | 6 | 297 | 270 600 | 537 600 | 15 635 | 823 835 |
| Hoedspruit | 342 | 492 | 34 | 868 | 752 400 | 1 574 400 | 89 046 | 2 415 846 |
| Letsitele | 161 | 102 | 14 | 277 | 354 200 | 326 400 | 36 666 | 717 266 |
| Limpopo River | 49 | 220 | - | 269 | 107 800 | 704 000 | 0 | 811 800 |
| N. Cape | - | 20 | - | 20 | 0 | 64 000 | 0 | 64 000 |
| Nelspruit | 115 | 219 | - | 334 | 253 000 | 700 800 | 0 | 953 800 |
| Nkwaleni | 14 | 235 | | 249 | 30 800 | 752 000 | 0 | 782 800 |
| Oranje Rivier | 15 | 82 | - | 97 | 33 000 | 262 400 | 0 | 295 400 |
| Patensie | 226 | 232 | 11 | 469 | 497 200 | 742 400 | 28 809 | 1 268 409 |
| S.R. Valley | 1 175 | 2 492 | 78 | 3 745 | 2 585 000 | 7 974 400 | 204 282 | 10 763 682 |
| Senwes | 386 | 1 038 | 155 | 1 579 | 849 200 | 3 321 600 | 405 945 | 4 576 745 |
| S-KZN | 30 | 113 | - | 143 | 66 000 | 361 600 | 0 | 427 600 |
| W. Cape | 125 | 261 | 65 | 451 | 275 000 | 835 200 | 170 235 | 1 280 435 |
| **Grand Total** | 2 903 | 6 033 | 409 | 9 345 | 6 386 600 | 19 305 600 | 1 071 092 | **26 763 292** |
| | | | | Assumptions | | | | |
| | | | | Exp cartons/ha | 2200 | 3200 | 2700 | |
| | | | | Replacement | | | 0,97 | |

# Plus: New Orchards Planted Since 2014 and Not Registered Yet

**Assumptions**

- Budwood released:
  - 2014/15 = 1 273 000
  - 2015/16 = 2 100 000
  - Total = 3 373 000
- Assume
  - 90% effective trees planted
  - 20% for replacement of old orchards
  - Thus 70% = new orchards @ 350 trees/hectares
    = 6 700 new hectares
  - At 1 000 cartons per hectare in 2021 = 6 700 000 cartons




# Total Volume Projected - 2021

| | |
|---|---|
| Currently registered orchards | 26,7 million cartons |
| “New Orchards” planted and not yet registered | 6,7 million cartons |
| **Total** | **33,4 million cartons** |

**Note:** Compulsory annual registration of all orchards an imperative

# Import Gaps

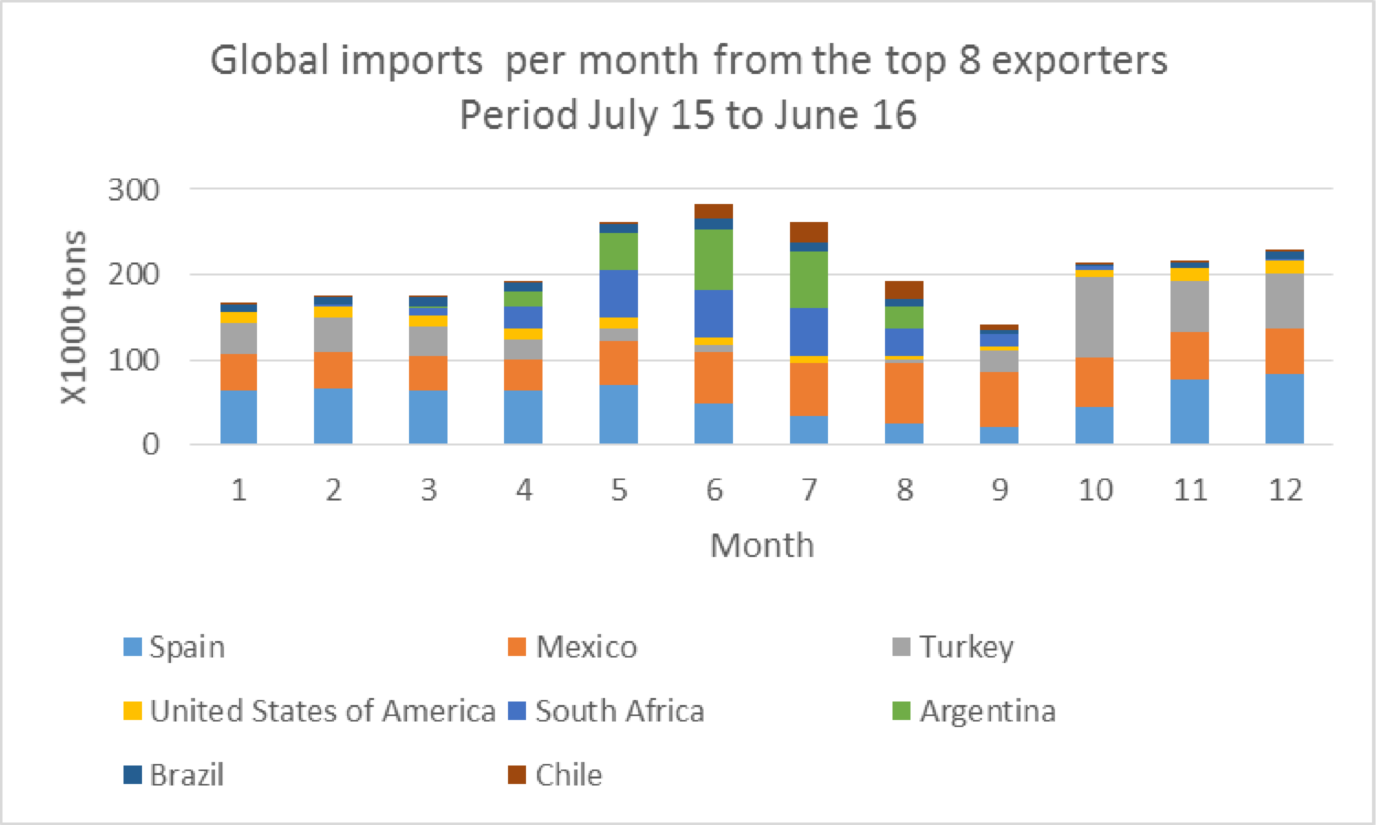
Assuming constant consumption all year round and effect of local production unknown.

Import gaps in :

- ➢ September
- ➢ January to March

Northern Hemisphere competitors playing on our turf:

- ➢ Mexico (Limes?)
- ➢ Spain




# Target Markets

| Importers | Tonnes imported 2015 | USD/ton | Share in world imports (%) |
| --- | --- | --- | --- |
| World | 2 907 103 | 1 072 | 100 |
| United States of America | 594 797 | 689 | 13.1 |
| Germany | 172 193 | 1 485 | 8.2 |
| France | 147 604 | 1 384 | 6.6 |
| Netherlands | 162 786 | 1 245 | 6.5 |
| Russian Federation | 200 303 | 856 | 5.5 |
| United Kingdom | 137 492 | 1 200 | 5.3 |
| Italy | 121 471 | 1 249 | 4.9 |
| Canada | 88 938 | 1 290 | 3.7 |
| Poland | 99 668 | 1 131 | 3.6 |
| Japan | 50 725 | 2 091 | 3.4 |
| United Arab Emirates | 107 715 | 815 | 2.8 |
| Saudi Arabia | 104 131 | 706 | 2.4 |
| Spain | 48 806 | 1 431 | 2.2 |
| Hong Kong, China | 41 793 | 1 525 | 2 |
| Belgium | 38 959 | 1 471 | 1.8 |
| Romania | 50 977 | 987 | 1.6 |
| Austria | 37 928 | 1 298 | 1.6 |
| Korea, Republic of | 17 793 | 2 559 | 1.5 |
| Czech Republic | 40 364 | 1 076 | 1.4 |
| Iraq | 88 796 | 475 | 1.4 |
| Switzerland | 22 804 | 1 752 | 1.3 |
| Sweden | 27 026 | 1 355 | 1.2 |
| Ukraine | 39 818 | 917 | 1.2 |
| China | 14 667 | 2 318 | 1.1 |

# LemonFresh

- RSA will continue to have:
  - Best fresh lemon in the world! Beautiful product to market
  - Professional producers and an equally professional supply chain
  - Citrus as is a job creator and a BEE opportunity
- RSA industry can reduce volumes marginally through a grid / time system
  - Should we?
- Introduce LemonFresh: Property and Trademark of the CGA

## Why LemonFresh?

**The challenge and the debate**

- RSA citrus does not promote either the country or the category
- Our competitors do!
- Lemons are positioned in the food category against enormous brands
  - Health, food, juice, industrial categories
  - But a beautiful product to promote
- Price decrease on volume increase may not be the solution
- What is required?
  - Market Research Capability
  - Country & Category Promotion
- The “do nothing option” has to be considered carefully and is not an option

# Why LemonFresh?

**What don’t we know?**

- Breadth of markets
  - Can we exploit them more?
- Which markets have not been penetrated and why?
- Can consumption be increased?
- Can income levels be maintained or stay realistic?

**Tools:**

- Market Research
- Stimulating demand

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# Thank you

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