

Session 4:
Market Development



Grapefruit: Supplying the Right Quality and Quantity at the Right Time

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Presentation Framework

- What was Grapefruit's "Burning Platform"?
- What was Grapefruit's "Eureka" moment?
- How did Grapefruit Growers Respond to the Challenge?
- What did the Grapefruit Taste Company do?
- What have been the Results so far?
- How can we Sustain and Improve our Collective Efforts?

What Was Grapefruit's "Burning Platform"?

- The Perfect Storm...
- Strong supply side growth
- Perception of declining demand in key markets
- Lack of trust in SA Grapefruit suppliers – Poor reputation
- Result: Low / Unprofitable / Unsustainable returns back on farm

What Was Grapefruit's "Eureka" moment?

- Little / No competition for almost 16 weeks
- Dramatic supply peak from week 18 to 22
 - Least expensive storage space available is on the tree
- Gross mismatch between supply and consumption trends
- All Grapefruit eventually gets sold, just at much lower values
- Consolidated nature of Grapefruit Industry
- We *CAN* and *HAVE TO* take control of our own destiny!

How Did Grapefruit Growers Respond to the Challenge?

- Biggest Grapefruit grower-exporter stood up and took the lead
 - Initially met with cynicism and resistance
- Admitted as an industry that we had a problem
 - But that we could do something about it
- Travelled the country lobbying for support of like-minded growers
- Formed the Grapefruit Taste Company

What Did the Grapefruit Taste Company Do?

- Preached a simple but effective “gospel”
 - Supply the best quality Grapefruit, to the right market, at the right time, in the right quantity!
- How? By asking like-minded Grapefruit growers to make a “pledge”
 - To spread the collective supply window as widely and evenly as possible
 - To be aware of market demand trends
 - To take responsible decisions on weekly volumes and marginal quality fruit
- How? By convening and facilitating Industry Stakeholder Meetings
 - Japan Shipping Group

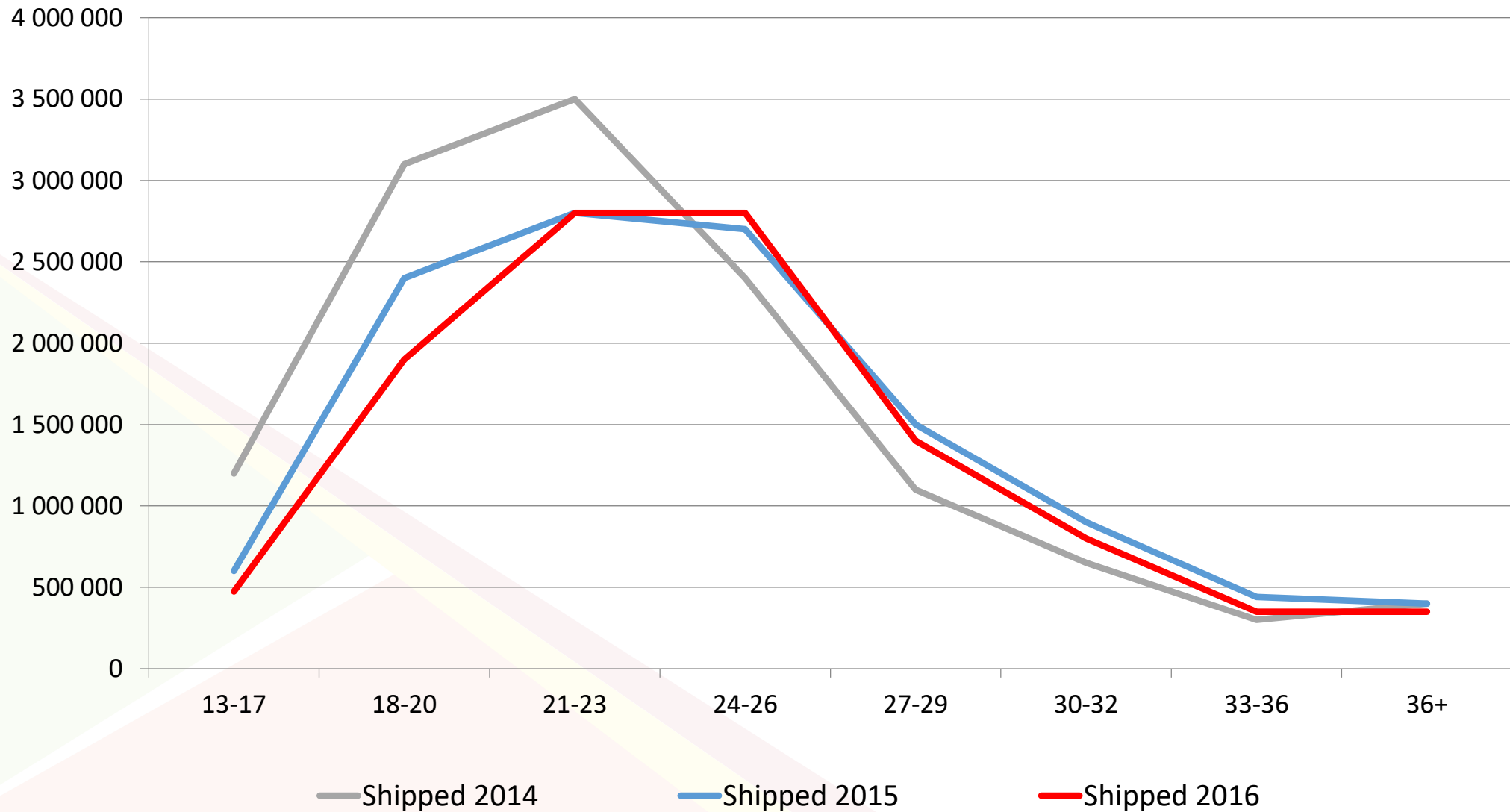
What Did the Grapefruit Taste Company Do?

- Upgraded our Market Intelligence Capability
 - Regional and National volume estimates by week and count
 - Estimated demand trends for key markets
 - Reporting on actual packing and shipping data by region and market
 - Independent analysis of data with qualitative recommendations
- Upgraded our Communication
 - Bi-weekly Grapefruit Taste Company Memo
 - Distributed to all stakeholders
 - Aimed at improving the quality of short- and medium term decisions

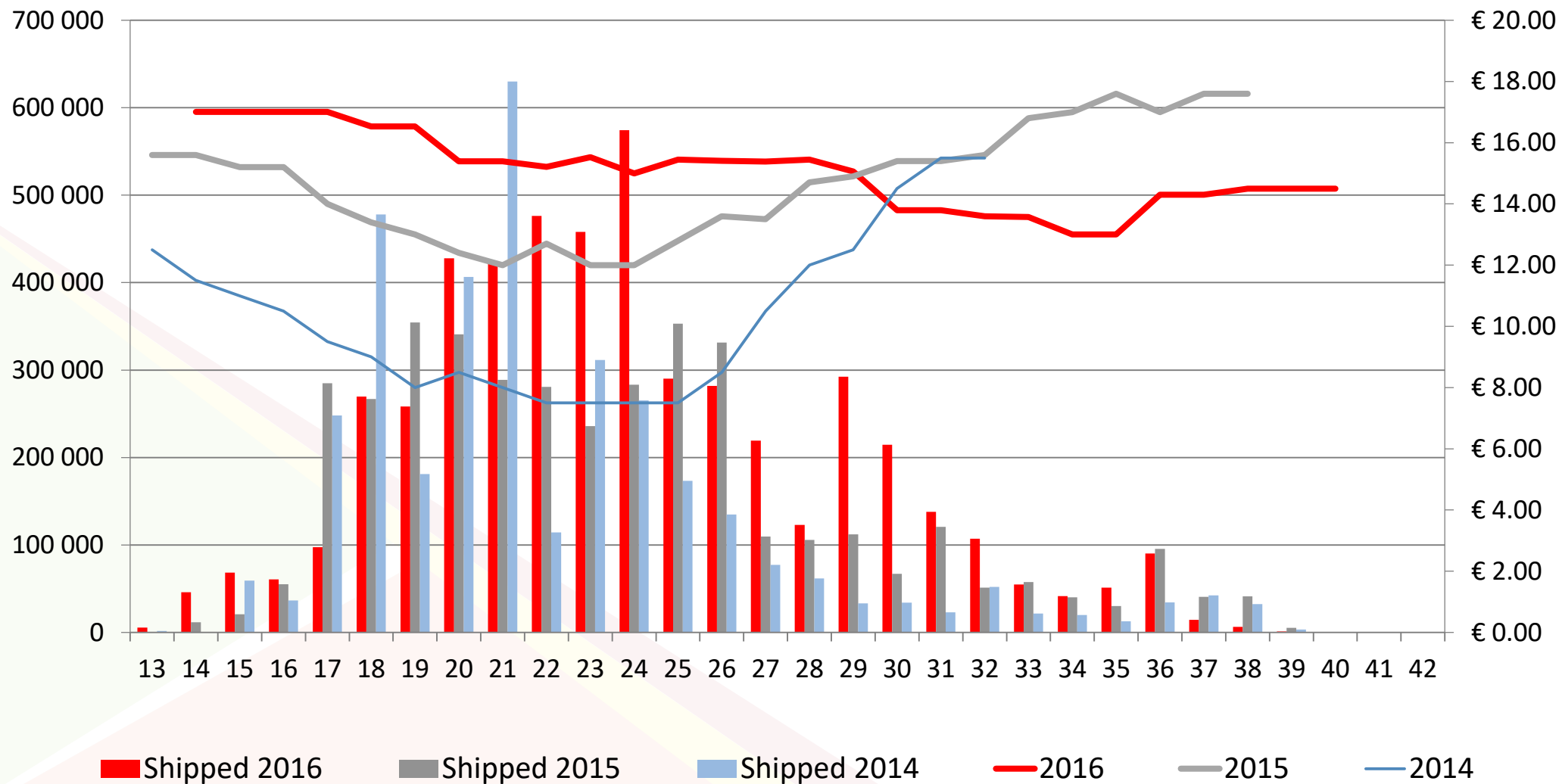
What Have Been the Results so Far?

- Acknowledgement: Many external factors contributing to 2015 and 2016 success
- Empowered Grapefruit growers to make intelligent and responsible decisions
- Changed the supply behaviour of key Growers
- Changed the narrative on SA Grapefruit from Negative to Positive
- Created a case study proving that we as Growers can change our own destiny

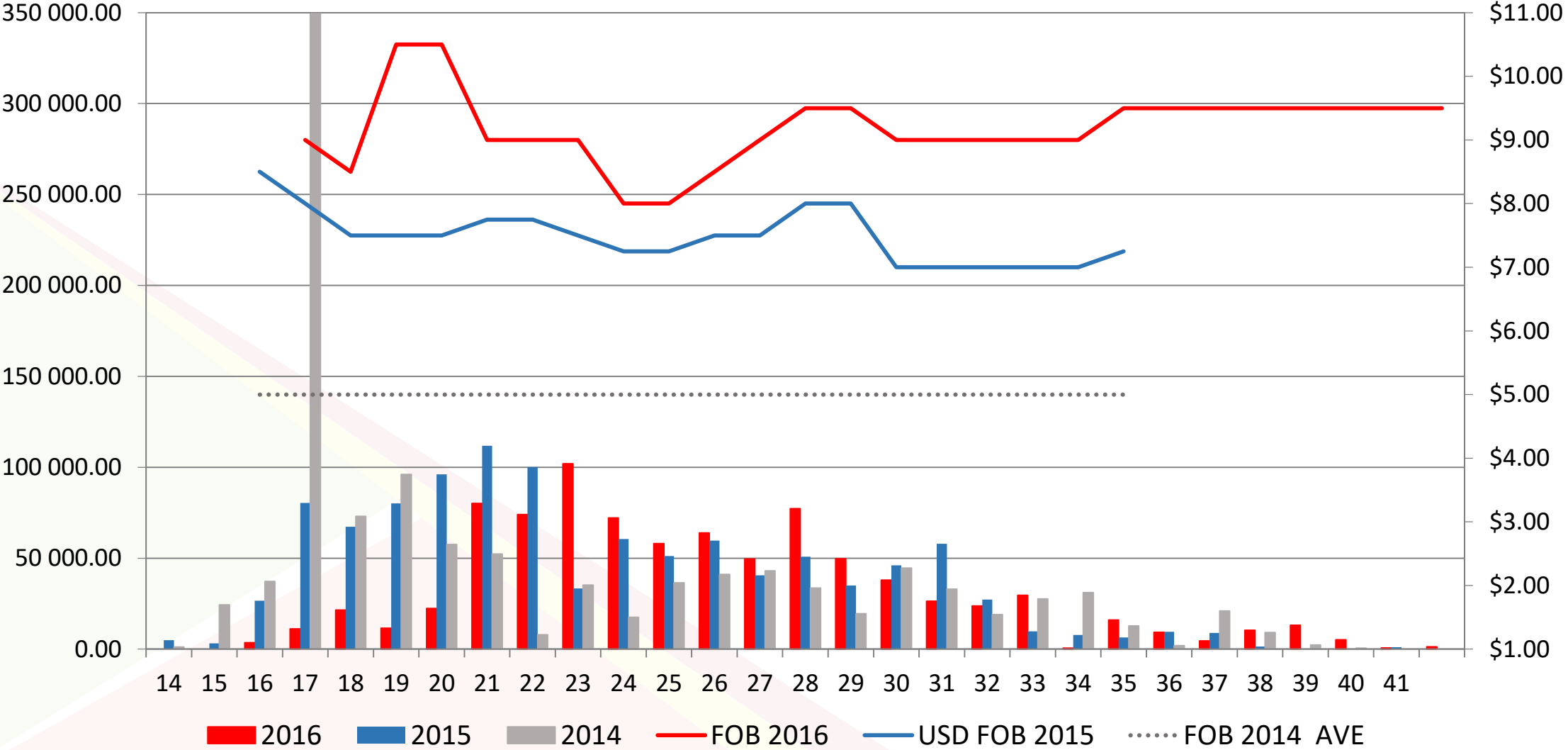
SA Weekly Grapefruit Shipments – All Markets



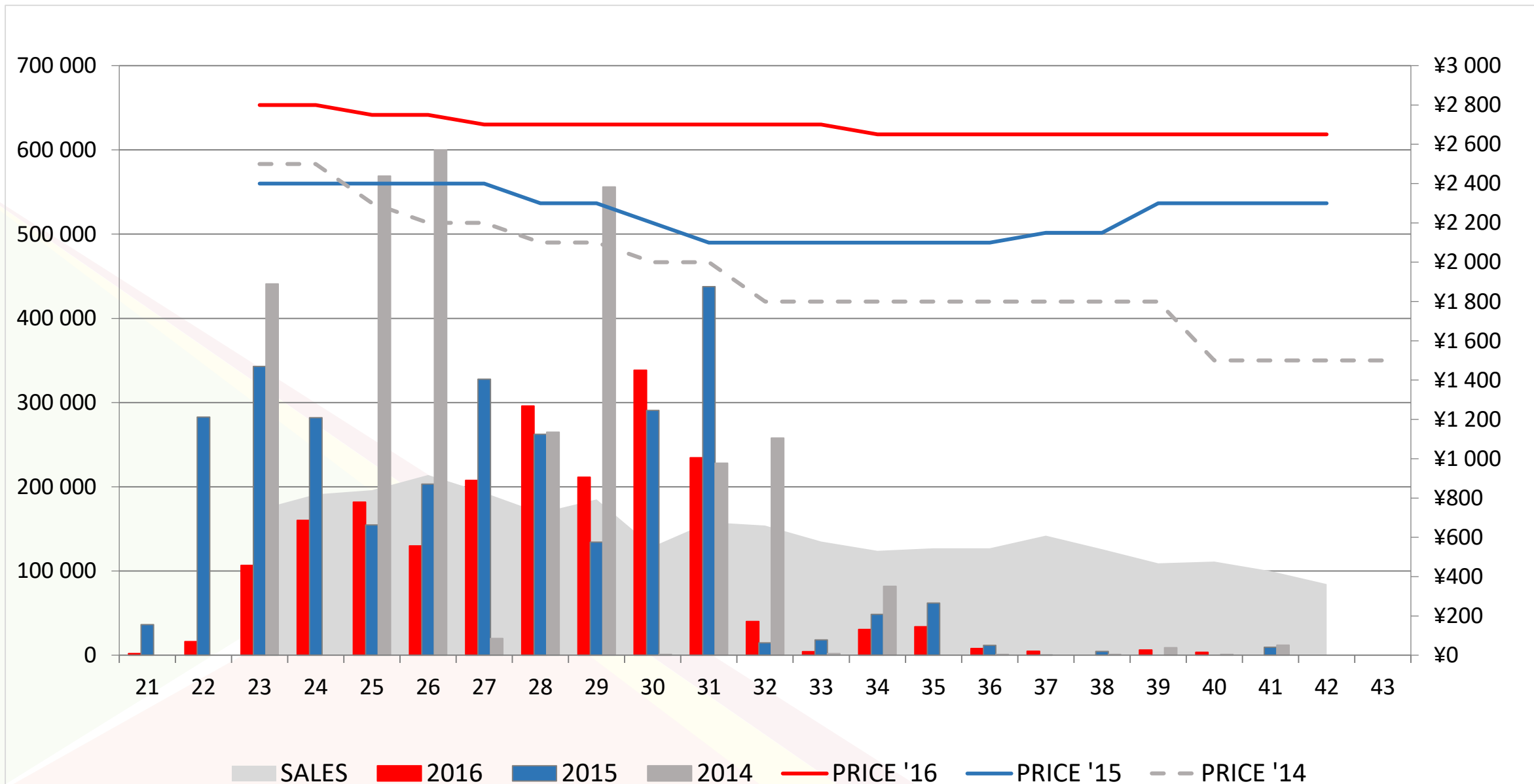
Northern Europe – Arrival Weeks vs Sales Price



Russia – Arrival Weeks vs Sales Price



Japan – Arrival Weeks vs Sales Tempo and Price



How Can We Sustain and Improve Our Collective Efforts?

- By clarifying the mandate hand-over or overlap between CGA and grower initiatives like Grapefruit Taste Company
- By “institutionalising” the Grapefruit Taste Co *modus operandi* within the CGA
 - Increased investment into Market Intelligence capacity – People and Systems
 - Consistent use of Communication Channels – Grapefruit Taste Co Memo

How Can We Sustain and Improve Our Collective Efforts?

- By re-inventing the Variety Focus Group into a Variety Advisory Board
 - Integrated strategy development, implementation and review
 - Lead by a dedicated Variety Champion (MD)
- By collaborating strategically with International Counterparts
 - Overall category health
 - Generic promotion
- By supplying the best quality Grapefruit, to the right market, at the right time, in the right quantity!

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Thank you

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