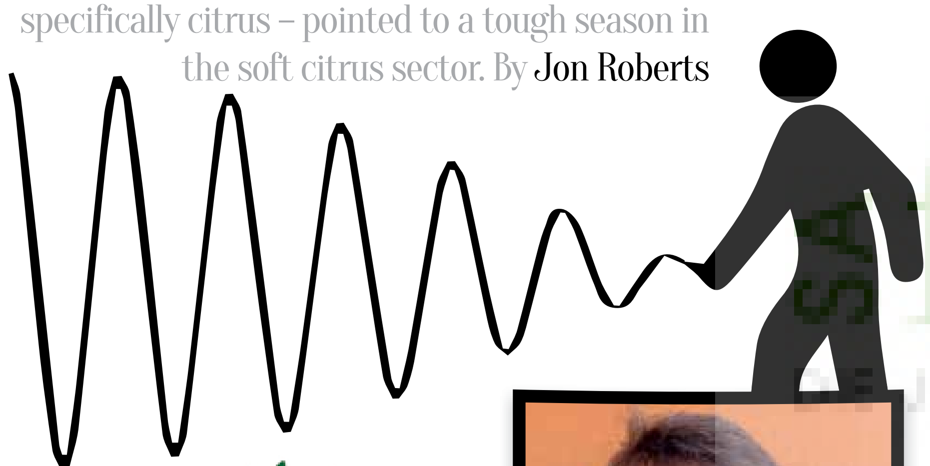
The Forrester effect

Recent headlines in fruit sector publications – specifically citrus – pointed to a tough season in the soft citrus sector. By Jon Roberts



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Some of the articles in relevant publications that warrant concern include:

- 21 May 2021, *Fresh Fruit Portal*, "Queensland dumping fruit, due to delays in picking which caused oversupply in an already sluggish market."
- 07 June 2021, "Australian citrus growers complaining of slow processing; Logistics in port causing fruit oversupply in market".
- 24 July *Fresh Plaza*, "South America, Columbia, oversupply and weakness in the market. Growers unable to harvest their crops".
- 22 July *Fresh Plaza*, "South Africa, Port delays caused by KZN violence, least of South African farmers' concerns. Climatic concerns of drought and extreme cold are of extreme concern in light of slow soft citrus market".

Towards the end of the South African season, in the soft citrus market, some areas in the Eastern Cape held back on picking where possible, as the market was still full of fruit due to the delays in logistics from the north.

It serves little purpose talking about the concerns raised several years ago, as ever increasing hectares were planted into the Late Mandarin window periods, but that increased supply has made itself felt this season, for various reasons.

Unexpectedly, growers in the warmer, earlier-ripening northern areas began planting these varieties where traditionally only hard citrus was planted. It resulted in an earlier start to this market. The "geographic" maturity spread has probably been beneficial to date by extending and flattening the production peaks of the new plantings.

However, in a difficult season like this, with delays caused by the KZN violence, the cyber-attack on Transnet and apparent sluggish market demand, the market has continued to fill when the later maturing areas in the south started their harvest. Increasing drought and approaching cold in the south left growers with little option but to harvest as early as possible, exacerbating an already difficult situation.

Every consultant and variety management company will have been asked to pinpoint options to plant and with which to replace difficult or oversupplied varieties.

The current landscape makes it extremely difficult to effectively advise a grower – there are very few window periods left. It is probable that the earlier and, to a certain extent, ultra-late windows are the only options left in soft citrus. Even the proven, earlier Clementine and Nova in some areas have not been spared, as Late Mandarins from the northern areas compete with the tail-end of the Cape Clementines. However, there are no "proven" new varieties in these windows that have shown to perform as well as the premier Late Mandarins. Growers can ill afford any risk at this time, so it is advisable to be sure of one's risk tolerance before planting.

An article I read on *Fresh Fruit Portal* regarding the table grape sector titled, "I've planted the new grape varieties. Now what?", asks tough questions of the cultivar sector. The writer says of the new cultivars being marketed as supposedly, "easier to grow with better yields, less problems and characteristics that would excite consumers," his business was assured of access to those, "well-paying preferred retailers", demanding these specific varieties, only to find the markets for his varieties being oversupplied.

The Citrus industry has certainly done very well at times, with cultivars that matched market requirements such as W. Murcott/ Nadorcott and Tango. The market was initially short supplied then the boom period started. The same happened with open varieties, Star Ruby in the late 90s and, recently lemons.

In extreme shortages such as this, the Forrester or Bullwhip effect can occur, where the point of sale/retail indicates their requirement to multiple suppliers who then amplify these same requirements to multiple entities up the supply chain. Research shows a typical fluctuation in point-of-sale demand of around 5% being interpreted by additional supply chain participants, to an increase in demand of up to approximately 40%. Much like cracking a whip. The problem comes when that supply is amplified and the variety becomes a commodity, and is then oversupplied.

What is the way forward? Unless a variety better than Nadorcott is found – which is very unlikely – growers would be unwise to continue planting in this window period. Finding a window equivalent to the length of time that the Late Mandarins remain in the market is also improbable. Basically, the remaining areas in soft citrus are probably only before and slightly after Clem and Nova. There is no more wiggle room with lemons.

The article on table grapes warns against paying unreasonable royalties. Be sure that you are not falling for sales talk and that you are not part of the "voorslag" of the "sweep". Any new cultivars have to be a significant improvement on what we already have, before the consumer, the retailer and the rest of the supply chain change their requirement for the existing proven cultivars.

That said, there are quite a few varieties on the horizon that may well provide improvements. Although not sufficiently evaluated yet, the variety companies hold considerable potential, and that's exciting.

From recent publications as well as the CRI Symposium variety and rootstock videos show the most advanced of these from early to mid-season being:

- Clemensoon CGACC, (Ultra early Clementine)
- Florida C4-15-19, Florida 900 CGACC, (seedless peel-able Clem Nova type, earlier than Clem)
- Octubrina Citrus Genesis (early Clementine)
- Samba mandarin XLnT Citrus (early-mid season)
- Ma'ayana, Citrogold, early-mid season Leanri, Citrogold.

There may be more, next generation, equally high potential, but less evaluated cultivars in evaluation. Some of these may also overlap with the old generation Satsuma, Clementine and Nova, but may present characteristics such as seedlessness, non-pollinating, better internals and easier peeling, making them improvements of the established varieties. This has been a focus in our procurement of new cultivars to date. Due to confidentiality requirements, it is best to contact the various cultivar companies privately regarding information on these cultivars.

As I have said, it is risky planting new untested cultivars, especially after this current difficult market. A conservative approach of spreading one's options with known varieties is advisable for growers with a smaller appetite for risk.

There's another recent trend requiring consideration: in a previous article I wrote about the effects of the pandemic last year, where we saw up to 9% increase in fruit consumption in foreign markets. Given the statistics of consumers paying fewer visits to the supermarket, demand for fruit tended to be for varieties that had better ambient shelf life due to limited fridge space in the home. In citrus this would obviously be hard citrus varieties such as oranges, lemons and grapefruit.

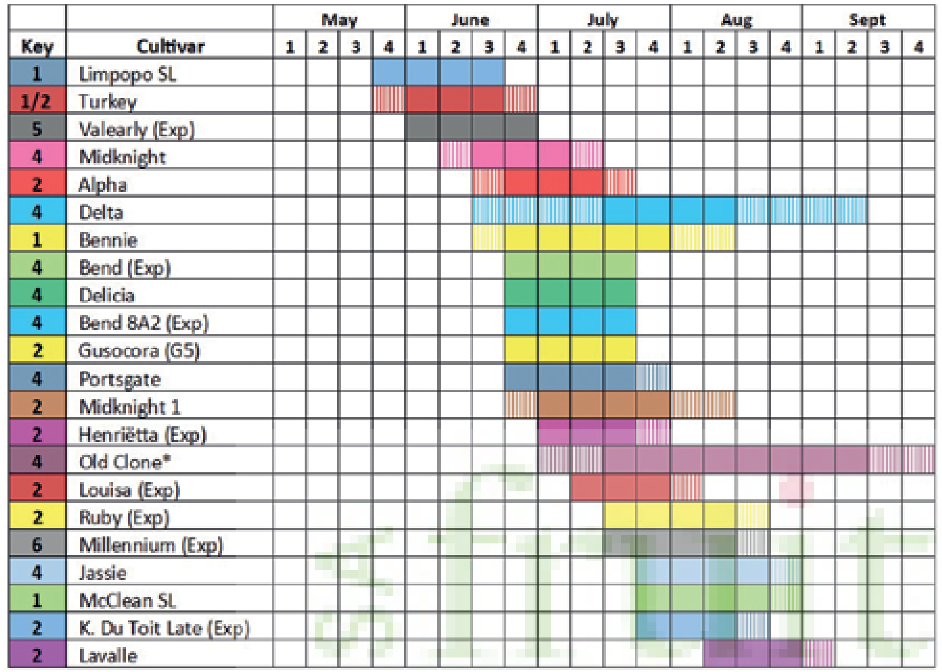
Does the post-pandemic era see a normalisation of consumer demand back to soft citrus, or will this take a while? Statistics show that the alternative online purchasing has been sustained and the trend doesn't seem likely to change anytime soon. Is this one of the consumers' perceived benefits of the so-called "new normal"? If so, it could bring about a fundamental change in the market in the long term that needs consideration.

Given the above, it seems possible that hard citrus should be brought into growers' planning when deciding what their spread should look like. As with the new soft citrus introductions, there are many new, promising hard citrus varieties that cultivar companies have introduced but have probably been overlooked in recent years due to the soft citrus focus. Most of these have also undergone longer evaluation and stress testing. They are the new earlier and late oranges, Red Lycopene and Anthocyanin oranges (where climate allows).

In extreme shortages the Forrester or Bullwhip effect can occur where the point of sale/ retail indicates their requirement to multiple suppliers, who then amplify these same requirements to multiple entities up the supply chain.

There are also many improved cultivars of navel, Valencia and grapefruit varieties that provide earlier, later or better characteristics of the established cultivars with similar stability. The orange market – especially Valencias – has been more stable in recent years, but growers should be careful to prevent planting in production peaks. It is also critical to plant in suitable climates to achieve the optimum yields required for profitability. The same seasonal maturity spread and improved selections should be considered, as with the soft citrus. These cultivars and their performance are discussed in the recent CRI symposium video, "Summary of Cultivar and Rootstock programme". Ask CRI for download links, or contact the respective cultivar managers. The video shows a useful maturity table of new cultivars and the companies that manage them.

Valencia Maturity Chart (Letsitele)

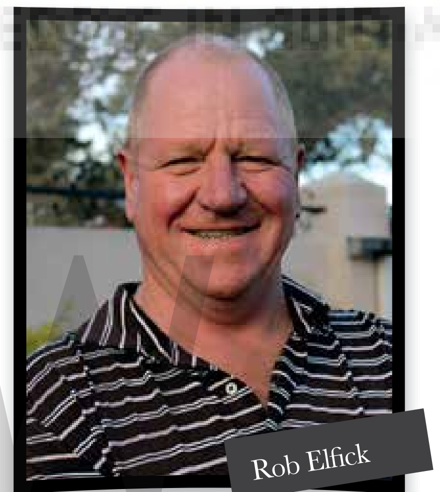


Key

1 - CGA Cultivar Company
2 - Citrogold
3 - Eurosemillas
4 - Open
5 - Stargrow
6 - XLnT
Exp - Experimental Cultivar

River Bioscience and XSIT
Building a great team

The RBX Group values their employees and believes in celebrating, as well as motivating each one to be the very best they can be – as employees, but also as people. By Rob Elfick



It was celebrations all round on 9 September 2021, as the River Bioscience and XSIT (RBX) Group rewarded its long-service employees and thanked them for their years' of outstanding service. The RBX Group hosted a virtual awards ceremony that included all the staff from River Bioscience and XSIT, with more than 200 employees attending online.

After the long-service awards ceremony, it was the turn of those employees who live out the company values daily, to be recognised. They had been nominated by their colleagues for living out one or more of the group's core values.

It was only fitting to applaud the team for celebrating one another for each accomplishment. A true hallmark of the RBX Group is the team embracing and living out the group's values – it makes RBX who it is.

After the celebrations, several employees were asked what they enjoy about working for River Bioscience and XSIT, and the responses were heartwarming. The RBX Group has certainly positioned itself to be the place to work, and the team agrees.

The group is setting clear objectives and has good prospects that continue to grow. Some employees have said that the teams they have been working with on the products and services, in the admin departments and all aspects, are what makes the company work so well. Teamwork makes the dream work, and the group has a keen interest in helping each employee grow in a great working environment. With a diverse group of employees, the RBX Group has proven to be dynamite and will continue to trail blaze with its products and services.

The group believes in integrity and honesty; commitment, respect and equality; courage and fun. These are the cornerstones used to build a stronger tomorrow within the RBX Group.

Left: River Bioscience Long-service Award recipients, right: XSIT Long-service Award recipients