

An Overview of the South African Avocado Industry

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The avocado has served man over centuries as a food source from early times to modern man. The seeds of avocados eaten 8000 years ago by ancient men were discovered in cave deposits in the Tehuacan Valley at Puebla in Mexico. The present day abundance of "Criollos" in Guatemala certainly suggests an ancient history as old or older than that of Mexico.

The history of the avocado in South Africa is much more recent with only a few seedling trees of West Indian varieties dating back to 1904. In 1925, the Department of Agriculture presented imported budded Mexican and Guatemalan avocado trees to three nurseries in the Transvaal Lowveld Region. Some of the first small scale commercial orchards were planted in the 1930's by Dr. Merensky at Westfalia Estate and by Lanion Hall at H.L. Hall and Sons. The industry really developed more rapidly in the 1960's when a replacement crop was required for citrus which was dying as a result of greening disease.

The need for a forum to discuss production, harvesting, transport and export related problems led to the formation of the South African Avocado Growers' Association (SAAGA). The first meeting was chaired by Prof J.M. Kotze on November 27, 1967, at Westfalia Estate.

SAAGA is a growers' organization without statutory powers and represents 96% of total South African avocado production. SAAGA's main objectives are:

1. To provide a forum where matters of mutual interest to all concerned with the avocado industry can be discussed and also to initiate any required action on a united front;
2. To encourage the coordination of export and local marketing of avocados and to assist in the distribution of information to exporters;
3. To coordinate research on avocados by determination of priorities and by funding of research projects;
4. To gather information regarding avocados and to make it available to producers, packers, transporters and agents;
5. To act as the official industry representative in negotiations with Government and other official departments or industries; and

6. To promote the demand for avocados.

Today our industry has a strong base of technical expertise to support successful production, packing, transport and marketing of our crops.

Production

Geographical distribution. The main South African production areas are in the subtropical lowveld areas situated in the north eastern part of the Transvaal Province. The major districts are Tzaneen, Nelspruit/Hazyview, and Louis Trichardt/Levubu. Total production has increased over the last 20 years (Table 1). The Fuerte cultivar dominates production (Table 2).

Marketing

South African avocado production is export-orientated, with 70% exported (Table 3).

Factory grade fruit. The present estimate of 8,500 tons of factory grade avocados are marketed to various sectors. Approximately 4,000 tons are sold to oil extraction plants that produce avocado oil for cosmetic and pharmaceutical industries. Oil is extracted by centrifuge or by organic solvent processes. We are fortunate to have a local company that produces excellent cosmetic products with avocado oil as a base.

The informal fresh fruit trade in rural areas accounts for a major share of blemished fruit. Demand in this market sector is growing very strongly.

Processing of avocado pulp is seen as a vital market segment and a factor for the future. Research is in an advanced stage and the first factory producing an avocado based product will be in production by August, 1991.

Local market. Local grade avocados are sold mainly on the national fresh produce markets. An increasing volume is however sold directly on contract to supermarket groups. Coordinated marketing by larger pack-houses accounts for 70% of local grade production while marketing of the balance is uncoordinated.

Table 1. Avocado production in South Africa.

| Year | Total production (tons) |
|------|-------------------------|
| 1970 | 8,800 |
| 1975 | 17,600 |
| 1980 | 23,500 |
| 1985 | 37,600 |
| 1990 | 51,700 |
| 1991 | 57,000 ^z |

^z Estimated.

Table 2. Cultivars produced in South Africa with their harvest periods.

| Cultivar | % of total ² | Harvest Period | | | | | | |
|----------|-------------------------|----------------|-------|-----|------|------|--------|-----------|
| | | March | April | May | June | July | August | September |
| Fuerte | 56 | X | X | X | X | X | | |
| Hass | 27 | | | X | X | X | X | X |
| Edranol | 8 | | | X | X | X | | |
| Ryan | 7 | | | | | X | X | |
| Other | 2 | | | | | X | X | |

^z 1991 data

Table 3. Distribution of South African avocados to various markets.^z

| Market | % of total production | Production (tons) |
|---------------|-----------------------|-------------------|
| Export market | 70 | 40,000 |
| Local market | 15 | 8,500 |
| Factory grade | 15 | 8,500 |
| Total | 100 | 57,000 |

^z 1991 estimated data

An advertising campaign through SAAGA has been launched using the nutritional value of the avocado as the basic theme and the avocado as a body builder as an additional

theme. Press releases and styled recipes in women's magazines have formed the basis of the SAAGA promotional program. TV and radio discussions by well known medical authorities on the value of avocados have produced a very positive response. Detailed analysis and food value is perceived to be important.

In-store promotion at point of sale is done by trained staff. SAAGA has created specialized advertising material for use by the various marketing companies.

Export market. The export market is the major outlet for South African avocado production. France, followed by the United Kingdom, is at present the major marketing sector and the projected 1991 distribution is given in Table 4. For future development, the European Economic Community is seen as a potential market of magnitude.

Quality and reliability are seen as essential factors for market development. For many years a number of storage-associated disorders limited our marketing capabilities. Research followed by commercial implementation of results made it possible to develop a "quality management" system.

The program starts with the producer who can control some of the factors regarding the post harvest potential of his fruit. Packhouses play a major role in the management of the time/temperature management system. The palletized packaging system was designed for optimum ventilation as part of a totally integrated management project. During the refrigerated road transport of over 2,000 km, temperatures are monitored until arrival in the harbor area, where control is taken over by the Perishable Produce Export Control Board (PPECB) and containerization takes place. Temperature control and management is continued on the container vessels that transport the bulk of our fruit to Europe.

In Europe, the containers are distributed rapidly to the various outlets where the temperature management systems are continued. SAAGA monitors fruit quality in Europe on arrival at the markets by placing staff in Europe for the entire season. This information feedback is used to increase the database for decision-making regarding transportation or storage requirements.

South African avocado marketing is based on the free enterprise system. Market agents compete for the producer's fruit and sell in competition in the open market. At present the three larger agents handle 72% of the crop with approximately 15 agents marketing the balance.

In the past, avocados were mainly sold through agents on the fresh produce markets with some direct sales to supermarkets. However, marketing has now become more sophisticated and the role of large supermarket groups is becoming much more important. Pre-packers are expected to feature more prominently in the market development of the future.

Promotion/Advertising. Consumer and trade advertising and promotion campaigns are

seen as part of the responsibility of the export agents and importing companies. Each agent/company uses different methods to promote and advertise.

According to an opinion poll by agents on the marketing and promotion of avocados in Europe the following are important to them:

1. Promote more "ready-to-eat" fruit;
2. Let the consumer know that avocados are available throughout the year;
3. Articles and recipes on avocados in women's magazines;
4. Sales campaigns in supermarkets; and
5. Stress the nutritional value of the fruit.

Strategy and Expectations. Market-related growth forms the basis of planning and future development.

An increase in the 'Hass' component is seen as essential to supply the natural developing market trends. This will also make the supply-curve more consistent which will also ensure that the needs of our trade partners are catered to.

"Quality improvement" system-development, with the objective of giving the housewife and caterer a good product, is seen as the highest priority.

Customer and trade sensitivity and revised needs regarding toxicology have made it essential to re-think disease control concepts. Biological and user-friendly integrated control systems therefore form an important part of current development.

Creation of a greater demand for avocados will become more important with the increasing volume in production. Advertising and promotion should be aimed at the total trade and the consumer. The unique nutritional properties of the avocado should be commercialized. The "ready-to-eat" campaign probably holds the greatest current potential in marketing.

Table 4. Distribution of exported South African-grown avocados.^z

| Market | Tons | % of total exported fruit |
|--------------------------|--------|---------------------------|
| France | 26,000 | 65 |
| United Kingdom | 10,000 | 25 |
| Other European Countries | 4,000 | 10 |

^z 1991 estimated data

Processed avocados will become more important and will open new horizons in avocado marketing as buyers become more sophisticated.

We believe that we have a wonderful product. We also have the expertise and the determination to continuously increase the volume of our avocado sales well into the 21st century.

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