Discovering South African Popcorn: An Interview with Brad Lever
South Africa’s popcorn industry may not be as large or as well-known as Argentina’s, but it has been around longer and has enjoyed steady growth over the years.

By Dario Bard

“I don’t think people know much about the popcorn we produce in South Africa,” admits Brad Lever of Advance Seed, an agri-business company that has been family-run for three generations.

Since 1966, Advance Seed has been a major player in the country’s seed business, and a leader in the production and marketing of South African legumes and pulses. When Brad came on board in the mid-'90s, the company began establishing itself as South Africa’s premier popcorn producer and processor. Brad was given charge of the popcorn side of the business and he took it to the next level, making Advance Seed one of the country’s top popcorn exporters.

Perhaps no single family has been more intimately involved with the emergence of South Africa’s popcorn industry than the Levers. Their involvement with popcorn began in the mid-'80s, when a U.S. company brought popcorn seed into the country and approached Brad’s grandfather about planting it in South African soil. He accepted and together with several of his contacts in South Africa’s farming community, agreed to grow the crop under contract.

“But when harvest rolled around,” relates Brad, “the U.S. company was nowhere to be found and my grandfather was stuck with the crop.”

Consequently, he and his group of growers were left to their own devices. Eventually, they found enough domestic buyers to gradually sell off the crop and, despite the international partner’s disappearing act, the growers were sufficiently pleased with the crop’s yields and overall production to continue planting popcorn and selling it domestically in the years that followed.

“That was probably one of the first South African experiences with popcorn,” says Brad. “From there, slowly but surely, the market took off on its own, with farmers bringing in their own U.S. seed varieties.”

Brad estimates the South African popcorn industry has seen steady growth of about 5% to 7% per year since those early days in the mid-'80s. Today, the country typically has 20,000 to 25,000 MT of popcorn available for export. And with seven of the ten fastest growing world economies located in Africa, Brad feels confident South Africa’s popcorn industry will continue to enjoy steady growth for years to come.

IFT: Tell me about your experiences in the popcorn business.

Brad Lever: I came on to the family business in the mid-'90s. At the time, the same farmers who had
planted with us in the mid-'80s were now bringing in their own popcorn hybrids from the U.S. They started with Ipop-12 and were growing popcorn under contract, and then in 1996, I got involved in starting to export popcorn internationally out of South Africa.

South Africa had become a democracy in 1992, so we were pretty much the flavor of the month. Everybody was looking at South Africa and seeing peaceful elections and a transition to independence. We were open to international markets and we had high quality popcorn to offer at a very competitive price.

Also, the U.S. drought of '97 helped put us on the map. They had a run of bad campaigns there, and so the U.S. industry turned to South Africa to ship popcorn to third party buyers in other countries on their behalf.

We definitely have a growing industry here. In 2011, Alliance Grain Traders bought a 100% interest in Advance Seed. So our company is now part of a big group listed on the Toronto Stock Exchange, but it is still family managed.

IFT: What are the popcorn consumption habits in South Africa? Is it mostly enjoyed at the movies?

Brad Lever: South Africa is corn country. We grow more than 2 million hectares of corn per year here. So corn is a staple food in South Africa. We have a corn culture here, were corn and corn-derived products like corn flour are a big part of the South African diet. Popcorn fits into that culture as a relatively inexpensive snack.

Because of that, cinemas account for probably less than 20% of domestic consumption. The big market here is retail, where popcorn is sold in 500gram/1kg retail packs. There is also a market for ready-popped popcorn in places like sweet shops, school tuck shops and shopping centers. Over the past three to four years, we are seeing strong sales of ready-to-eat popcorn at the retail level, along with a relatively decent sized microwave popcorn market.

It's definitely a growing market. I'd say domestic consumption is about 15,000 MT, and the neighboring countries—Swaziland, Zimbabwe, Namibia and Botswana—all consume popcorn, too. Not as much as South Africa; I'd say there is a 2,000 to 3,000 MT market there.

IFT: Do you see the African popcorn market growing?

Brad Lever: Yes, it definitely is. Today, we have customers taking ten containers a month when, ten years ago, they were taking one. If you talk to the pre-packers, year on year they are buying and packing more popcorn, and we are seeing our sales up year on year out of our own microwave popcorn plant. I'd say we are seeing growth of about 5% to 7% per year.
IFT: How much popcorn is produced in South Africa?

Brad Lever: In a normal year approximately 7,000 hectares of popcorn are planted. Our yields average 6.5 MT per hectare, all irrigated, so annual production is approximately 45,000 MT. Of that amount, 15,000 to 20,000 MT stays in the region. So we normally have 20,000 to 25,000 MT for export that we ship all over the world, including to markets in Asia, Southeast Asia, Europe, East and West Africa, and the Middle East.

IFT: Does the industry continue to use U.S. hybrids or has South Africa developed its own seed?

Brad Lever: At least 95% of the seed planted in South Africa is of U.S. origin. There is one popcorn seed breeding and production company in South Africa that is developing local popcorn hybrids. They produce no more than 20 MT of popcorn seed per year. New varieties are continually being worked on and the quality and yields there are improving year on year.

IFT: What was this past campaign like?

Brad Lever: We had very good production, with planting up and good yields. We planted 9,000 hectares and production this year must be at least 55,000 MT.

The reason our volume is up is because popcorn production in South Africa is very much linked to corn prices. If corn prices are not that favorable to the grower, farmers will sign forward contracts for popcorn to hedge some of their risk.

One of the advantages we have in South Africa is that our harvest is spread out over six months, so we continually have fresh crop coming in. That’s because our popcorn plantings are spread throughout the country. We plant in Northern, Eastern and Central South Africa. So we are quite well diversified in terms of spreading our risk.

IFT: What do you see as the biggest challenges to the South African popcorn industry today?

Brad Lever: The biggest challenge we face is really a worldwide challenge, and that’s overproduction. The high prices we had in the past year led to increased production. That brought Turkey in as a producer and we are seeing production increases in South Africa and Argentina. So the overproduction and the consequent drop in price is the biggest challenge for us here in South Africa.

What's more, Argentina and Brazil are getting themselves into a fight over pricing. Between the two of them, they probably have at least 300,000 MT for export. Brazil used to be a net importer, with Argentina as its main provider. Now they are competitors, and that's going to have a downward impact not just for us, but on popcorn pricing worldwide.
IFT: What could this mean for the future of the popcorn industry in South Africa?

Brad Lever: South Africa's popcorn industry is here to stay. We found our niche market. Our export markets are growing year on year. I think some of the opportunistic farmers that grew popcorn this year are going to find it difficult to move their crop because of the worldwide overproduction. They’ll go back to field corn next year and the market in South Africa will stabilize.

SNAPSHOT: SOUTH AFRICA’S POPCORN INDUSTRY

“If you haven’t tried South African popcorn, you are missing out. You really should.”
-Brad Lever, Advance Seed

Domestic and regional consumption: South Africa’s domestic consumption is about 15,000 MT and it provides up to 5,000 MT to markets in neighboring countries.

Overall production: 45,000 MT

Export availability: 20,000 to 25,000 MT

Growing season: Planting starts as early as August in the northern part of the country; the bulk of the crop, however, is planted from October to December. The first of the new crop is harvested in late December and early January; the bulk of the crop is harvested from late March to June.