

## **Premium olive oil sales plunge: Shoppers ditch big brands after prices shoot up by more than 16% in a year**

- **Overall sales of extra virgin olive oil have risen 4.7 per cent in volume and 12.5 per cent in value**
- **Branded volumes have slumped 11.7 per cent**
- **Extra virgin olive oil brands still reeling from after-effects of prolonged drought in Spain**

Sales of leading brands of extra virgin olive oil have plummeted in the wake of a hefty hike in prices, a new report showed yesterday.

For the average price of branded olive oil has shot up 16.4 per cent to £5.19 a litre over the course of the past year and the increase has taken its toll on sales to supermarket shoppers, according to the latest research.

While overall sales of extra virgin olive oil have risen 4.7 per cent in volume and 12.5 per cent in value, branded volumes have slumped 11.7 per cent and the 2.8 per cent rise in value is almost entirely attributable to price inflation, data from market analysts Kantar World panel shows.

Trade magazine The Grocer said yesterday: 'There is a limit to how much Brits will pay for quality and it seems some of Britain's biggest extra virgin olive oil brands have hit it.

The report says that, own label products, on the other hand, have kept a lid on inflation. The upshot is that the difference between own label and brands has widened from 19.1 per cent to 28.7 per cent and own-label sales have soared 25.8 per cent in value on volumes up 22.8 per cent.

Among the best-selling olive oil brands, the worst hit in the last year was Napolina with volume sales down 31.9 per cent followed by Don Mario which was down 28.9 per cent and Filippo Berio down 7.1 per cent.

The Grocer said that reduced deal activity from the brands has not helped but they have lost out to other premium oil brands, notably rapeseed.

The report says that extra virgin olive oil brands are still reeling from the after-effects of prolonged drought in Spain which decimated the country's 2012/13 olive harvest, slashing production from 1.6 million tonnes in the previous season to just 616,300 tonnes.

Factory gate prices surged by more than 40 per cent in some cases as supplies were squeezed, said Walter Zanre, managing director of Filippo Berio UK. 'People were scrambling around for oil towards the end of the season and the accessibility of raw materials was very tight,' he told the magazine.

Mr Zanre says he sees no imminent end to the sky-high prices despite the recent Spanish harvest being up 150 per cent on last year's to an estimated 1.5 million

tonnes. He says there is no reason for prices to fall and the industry needs another good year to make up for the shortfall.

The report says that although cost hikes affect brands and own label alike, until now only the brands have passed on the increases and this has resulted in a significant price discrepancy between branded and own label.

The Grocer said: 'With raw material costs likely to stay high, how long suppliers will be able to keep a lid on own label extra virgin olive oil costs – up just 2½ per cent in the past year – is now in question. And if the difference between own label and branded prices begins to narrow again, brands could claw back some of the lost share over the coming year.'

Source: <http://www.dailymail.co.uk/news/article-2640002/Premium-olive-oil-sales-plunge-Shoppers-ditch-big-brands-prices-shoot-16-year.html#ixzz330NlyQSQ> (05/2014)