

Price rises and private label drive up sales of olive oil across Europe - IRI data

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IRI figures show total sales of €3 billion, while prices increase by 4.8%

The success of private label and the impact of price increases across European countries is driving up value sales of olive oil, according to the latest figures from IRI (<https://www.iriworldwide.com/en-GB>), the provider of big data and predictive analytics for FMCG manufacturers and retailers. Despite challenging economic conditions and poor harvests in Spain, Italy and Greece during 2015, value sales were up in several markets, with total sales of €3bn (January-December 2016) in Western Europe, while prices rose on average by 4.8%.

IRI, which measured sales in supermarkets and hypermarkets (and discounters in selected markets) in Spain, Italy, Netherlands, Germany, UK, Greece and France, revealed a €6.9m increase in sales over the previous 12 months, representing 0.36% in actual percentage growth. Germany (7.9%) and Spain (6.5%) saw the biggest percentage increase, while Greece (-11.9%) and Italy (-10.4%) suffered the biggest decline in value sales for 2016.

Several countries reported that private label is now dominant in the olive oil category, largely driven by the discount channel, which has extended its product portfolio and increased promotional activity. The UK, for example, saw a rise of 5% in private label, while in Germany value sales of private label products grew by 10.8%, driven by both price and an increase in volume sales. However, private label suffered in Greece when the main retailer, Marinopoulos, which had a very strong private label range, went bankrupt, impacting overall sales in the country last year.

Sebastian Hendricks, Consultant at IRI, comments: "It's interesting that olive oil, which has traditionally been dominated by recognizable brands, has seen a significant shift in recent years. Private label is now better in quality, which is why we have seen the increase of PL in other categories as well, but we are also seeing retailers, including the discounters, giving much more shelf space and extending the range of their oils, including organic ranges, in-store."

Prices increase less than in 2015 but still significant

The increase in the price of olive oil was highlighted a year ago by IRI, when it announced an average price increase of 19.8% in 2015, due to the impact of a bacterial disease on olive production in Italy and poor harvests in Spain, Europe's largest olive oil producing country. While prices rose much less steeply in 2016 vs. 2015, IRI's figures suggest that these environmental factors are still affecting the olive oil category.

Greece saw prices go up the most, more than 8%, but Germany and Spain were close behind with 7.3% and 7.1% increases respectively. The Netherlands (1.2%) and the UK (1.6%) suffered the lowest price increases overall.

IRI figures on Olive Oil in seven Western European markets (January–December 2016) - table available upon request.

Regional analysis:

- Spain - During 2016 there was a big price increase, due to the very poor harvest in 2015 and decreased production. 2016 saw a good harvest, so it is expected that 50% of the olive oil in the world will be produced by Spain for 2017. PL is the leader in sales of olive oil in Spain.

- Italy – The price of olive oil rose in 2016, while value and volume sales decreased significantly. The drop in production and increase in price has had a negative impact on the category in Italy.

- Netherlands – Olive oil is increasingly accepted as a part of Dutch cooking. It is widely available at retailers with large areas of shelf space. Value and volume sales increased, driven by price increases, but also thanks to the increased sales of the higher priced olive oil segment. PL is dominant within olive oil and taking more market share in the Netherlands.

- Germany – Value sales of olive oil in Germany increased by +7.9% in 2016 due to a price increase (+7.3%), while volume sales only grew by 0.6%. Value sales of PL products grew more dynamically by +10.8%, driven by both, prices (+8.5%) and an increase in volume sales (+2.2%). Branded oils grew slower (+3.2%), driven by prices only (+7.1%), as volume sales decreased by -3.6%. This positive development in private label oils is driven by discounters, which extended their product portfolios and increased their promotion activities.

- UK - A positive year for olive oil, almost all sales came from major multiples with convenience multiples showing good percentage growth, but supermarkets delivering more actual growth due to their scale. While distribution has been cut by -4% over the last year, the category has seen improvements in rate of sale and customers buying larger packs. Extra Virgin has seen the largest actual value growth, with a shift between the two key brands Filippo Berio down -7% (lost distribution and ROS with higher prices) and Napolina up 6% (driven by ROS and lower prices). The gap has closed between these brands with Berio just maintaining their no. 1 position in value, but Napolina selling more volume. PL has also had a good year up 5%.

- Greece – The no. 1 retailer in Greece, Marinopoulos, declared bankruptcy, which saw many of its customers move to different channels, mainly discounters. Marinopoulos had a strong PL, which explains the sales decline in this category. There has been a significant price increase in the total oil category especially in olive oil.

- France - The price of olive oil rose in 2016 (+5,2%). However, prices tend to stabilize month on month (+ 3% only in the second quarter of 2016). In volume sales, the market remained poorly oriented (-1.4%) but the decline was less than in other oil varieties (-2.9%). In value sales, olive oil passed 50% of the total oil market for the first time. The big increase in olive oil prices over the last two years had only a moderate impact on the figures. It has resisted the general decline in consumption of fatty products like butter, margarine or oils better than other products.

About IRI (<https://www.iriworldwide.com/en-GB>):

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help FMCG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media,

social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. www.IRIworldwide.com. Follow IRI on Twitter.

Amanda Hassall, PR Consultant, Eureka Communications

amanda@eurekacomms.co.uk

T: +44 (0) 1628 822741/M: +44 (0) 7855 359889

Switchboard: +44 (0)1420 564346

Twitter: @mandyhassall