

Oil and vinegar do mix

Exciting flavors and expanded usage are feeding private label's growth in the oils and vinegars category.

By Nevenka Jevtic

Do
be aware
that canola
oil is
increasing in
popularity
among
Hispanic
Americans.

Any home cook worth his salt knows his extra-virgin olive oil from his vegetable oil. But today's pantry staples within both the oil and vinegar spaces are moving beyond just the basics. New flavors and taste combinations are satisfying consumer appetites for interesting and creative ways to prepare their favorite dishes.

Retailers have done a fine job on the store brand side balancing product quality with price so far, especially when it comes to commodity-type products such as distilled white vinegar, apple cider vinegar and vegetable oil. But as the economy continues to perk up and consumers loosen the hold on their wallets, retailers will need to step up innovation and presentation and focus less on low price points to avoid losing momentum versus the national brands.

New trends

With the rise in popularity of specialty oils, both the name brand and private label sides of oils likely will see an influx of a wider variety of promising new products, according to "Fats & Salad/Cooking Oils in the U.S. Market," a recently published report from the Packaged Facts division of Rockville, Md.-based MarketResearch.com.

"The edible oil category keeps on experiencing good growth," says Matthieu Kohlmeyer, CEO of La Tourangelle, Richmond, Calif. "The item that is drawing the most attention is coconut oil. Both virgin and refined coconut oil are experiencing very strong sales and are proving a 'must have' on the shelves."

Vegetable oil (a blend that might include soybean oil, corn oil, safflower oil and others) is still the sales leader in the category. However, canola oil now is getting more attention.

"Since the mid-1990s, the industry has known that canola oil is the lowest in saturated fat levels among any of the other oils classified as 'vegetable' oils," explains Mark Coleman, vice

president of the retail division of Ayer, Mass.-based Catania Spagna Corp. "However, the interesting storyline is that now the Hispanic community has embraced canola oil for its healthy properties as well."

And olive oil remains an important part of a retailer's store brand edible oil offerings. Unfortunately, however, behind-the-scenes activities such as reverse auctions and online bidding have resulted in the oil being treated almost solely as a commodity.

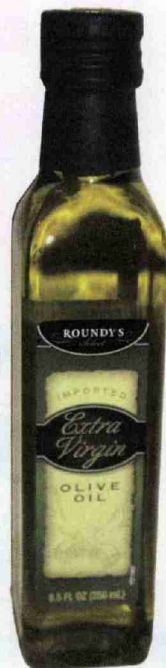
"The adulteration of olive oil has also dampened the product's image among enthusiasts, and this would apply to the national brands as well as store brands," Coleman says.

But this commoditization has created an opportunity for retailers to market "real" olive oil, he adds.

"We are seeing this more and more across the country where the retailer will have two different product offerings within the same olive oil category," he explains. "[For example, retailers will have] a national brand equivalent as well as a 'premium' or 'upscale' brand that is sold as 'the good stuff.'"

But if the premium label is known as "the good stuff," then what does that say about the quality of the national brand equivalent? The answer is not clear to consumers, Coleman says, suggesting an opportunity for consumer education on the retailer's part.

When it comes to vinegars, balsamic vinegar and other specialty vinegars are having their moment in the spotlight, as more consumers are becoming aware of the products' versatility and differences in quality.



Don't
limit store
brand vinegars
to traditional
white and
apple cider.



Category Intelligence: Oils and Vinegars



“Regarding the whole vinegar category,” says Jackie Finelli, sales and marketing manager for Clifton, N.J.-based Modena Fine Foods Inc., “[it] now seems to [be] veering away from the standard vinegar selection and toward new vinaigrettes, glazes and specialty wine vinegars.”

Packaged up

Packaging trends within oils and vinegars run the gamut from glass to PET — particularly when it comes to olive oil packaging.

“During this year, it [has been] confirmed [that] the best packaging for olive oil is glass,” says Agron Kosova, manager of Naperville, Ill.-based Fine Italian Food.

In fact, he maintains that recent testing by the Spanish government shows that all oils in plastic packaging tended to come up short when it came to meeting the standards for freshness.

However, Coleman feels that olive oil is transitioning from glass bottles to PET plastic bottles on a national scale — albeit at a slower pace than in recent years.

“Many of the top retailers have already made the switch to PET plastic bottles, even though

the national brand olive oil leaders are still selling glass,” he explains. “The savings is tremendous — from reduced freight costs to reduced damage bills to more consumer-friendly packages.”

On the vinegar side of the category, packaging is getting an upgrade to complement improvements in quality.

“Round and square bottles are very mainstream,” Finelli says, “and for store brands to differentiate, they need to provide consumers with something with a more elegant and upscale appeal.”

She recommends that retailers consider cruets and artisanal-style bottles for their specialty wine vinegars, glazes and vinaigrettes.

Sell it

Even the highest-quality, best-dressed store brand oils and vinegars stand to benefit from a little marketing support. And marketing here takes a bit of planning.

“Retailers should be merchandising oils in the produce, deli and bakery departments to maximize sales,” Coleman says. “Impulse is key here.”

Neck tags and in-store demos would get shoppers’

Category Intelligence: Oils and Vinegars

Oil and vinegar category performance



	Cooking and salad oils		Microwave browning/ pan spray		Olive oil		Shortening		Vinegar	
	Private Label	All Brands	Private Label	All Brands	Private Label	All Brands	Private Label	All Brands	Private Label	All Brands
Dollar Sales (in millions)	\$834.9	\$1,888.6	\$120.9	\$325.5	\$278.5	\$999.4	\$38.2	\$222.7	\$195.8	\$394.0
Change vs. Year Ago	+5.8%	+5.7%	+5.8%	+5.8%	-2.1%	-0.2%	-6.0%	+1.0%	+9.2%	+7.6%
Dollar Share	44.2%	100%	37.1%	100%	27.9%	100%	17.2%	100%	49.7%	100%
Unit Sales (in millions)	202.3	419.4	53.3	120.3	43.7	139.5	7.1	53.3	101.6	174.8
Change vs. Year Ago	+1.9%	-0.3%	-2.3%	-0.5%	+1.0%	+1.0%	-10.5%	-4.6%	+4.9%	+5.4%
Avg. Price Per Unit	\$4.13	\$4.50	\$2.27	\$2.71	\$6.37	\$7.16	\$5.34	\$4.18	\$1.93	\$2.25

Source: SymphonyIRI Group, a Chicago-based market research firm. Total U.S. supermarkets, drugstores, mass market retailers (including Walmart), military commissaries and select club and dollar retail chains, for the 52 weeks ending Nov. 4, 2012.

attention, according to Finelli. Technology also plays a part, especially in the form of iPhone and Facebook apps that use scanner codes to provide recipes, and other product-specific information.

Finelli also recommends cross-merchandising vinegars with complementary products — for example, putting balsamic vinegar in with upscale cheese and placing vinegars in the produce

department in proximity to salad makings.

Moreover, retailers should not forget that some oils have uses outside the typical grocery aisle.

“We see refined almond oils and coconut oil often purchased for massage and skincare,” Kohlmeyer explains. “It is good to add a sign on the shelf explaining usage [of] each product and overall benefits, including body-care usage.” **PLSB**