Olive oil grows like greased lightning

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Back in 2000 olive oils made up just 43% of the liquid oils market value, with standard oils taking 52% and speciality oils accounting for the remainder. But now, fuelled by health concerns and a general move towards premium products the tables have turned. Today, the olive oil sector is worth some Â£104 million and alone accounts for an estimated 51% of the total market.

"Although by volume standard oils still command the vast majority of the market, the fact that Brits now spend more on olive oil than on standard oils shows a willingness to pay a premium price for more sophisticated alternatives to everyday products. The use of olive oil in rustic and exotic dishes has also done a lot to elevate its status as something â€˜specialâ€™ especially amongst those who enjoy recreational cooking and entertaining. What is more, the popularity of olive oil has not only been helped by its aspirational value, but also by its association with Mediterranean cooking and the health claims linked with this way of life, comments Claire Birks, senior market analyst at MINTEL.

According to MINTEL's exclusive consumer research the number of consumers buying virgin or extra virgin oil has risen from 25% in 2003 to 30% last year, with those purchasing regular olive oil remaining stable at 44%. Meanwhile, the popularity of standard oils has been mixed, with vegetable oil in particular falling out of favour. Back in 2003 some 54% of consumers had bought this variety but this has dipped to just 44% - meaning olive oil is now just as popular as this once store cupboard staple.

Speciality oils: A recipe for success
Although starting from a small base (Â£14 million in 2004) speciality oils, such as sprays, mild/light oils, non-olive/seed based and flavoured oils, experienced amazing growth between 2000 and 2004, having increased their market value by as much as 76%. Within this sector it is the mild and light varieties that are providing a major boost.

"As the British consumer becomes increasingly better off and more demanding they are likely to continue to turn to higher quality products, a trend that will of course benefit speciality oils. In the future manufacturers will need to tap into this, looking at ways to add value to their products and as a result we should be seeing ever more premium end oils on our supermarket shelves," comments Claire Birks.

Slippery slope for solid fats
Overall, the market for edible oils has increased 15% since 2002 to reach just under Â£220 million last year, with liquid oils taking some 94% of sales. The remainder of the market is made up of solid fats, dominated by lard and it is this sector that is now really starting to feel the heat. Value here has melted away from Â£22 million to just Â£14 million since the start of the millennium, a decline of some 35%.

"Solid fats have largely suffered at the hands of the decline in home baking, which has become less fashionable due to increased interest in convenience food and the unhealthy image of pastry, cakes and biscuits," explains Claire Birks.

The future looks equally as cloudy for solid fats with the sector expected to decline at a similar speed seen over the last five years to below Â£10 million. Meanwhile, sales of all liquid oils are expected to rise in both value and volume, with the value of the market rising some 11% by 2010 to just under Â£230 million.Â
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