

Wall of Confusion

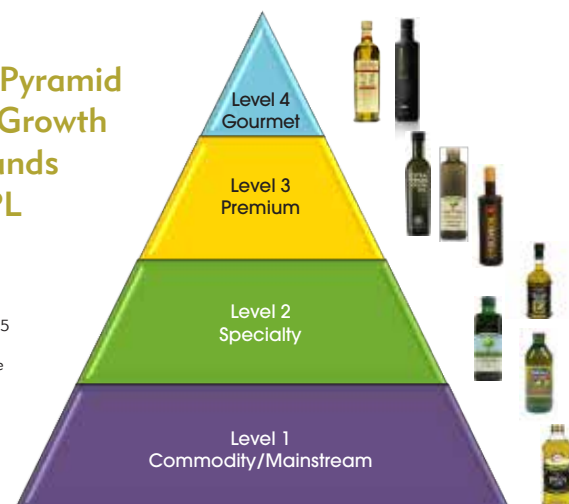
Consumers are confused by the olive oil set. This is partly the result of this tangled web of names—since when is a highly refined industrial product Pure? Purified, perhaps, but not what most people would call “pure”—but it is also the fault of the selection itself. Shelf after shelf of commodity “Extra Virgin” products jockey for position, with “Pure”, “Light” and “Extra Light” mixed in. There is no differentiation between commodity oils and single origin oils, only seemingly erratic price differences set them apart. And worst of all, a pall of suspicion lingers over the category, leading the attentive consumer to wonder if the Extra Virgin Olive Oil in their hand is really extra virgin at all.

Unlocking the Value of Extra Virgin

High quality, authentically labeled olive oil (Extra Virgin) will typically sell for a slightly too moderately higher price per ounce than the typical CPG olive oils we all know. However, experience has proven that retailers, who curate their assortment, eliminate all but Extra Virgin olive oils and quality Virgin oils, move the lower priced CPG brands to the bottom shelves and keep the better, higher priced brands to the middle of the set, will benefit from increased sales and margin dollars as well as improve consumer satisfaction.

Olive Oil Pyramid Group & Growth KeHE Brands SPINS TPL TTUS

Source: SPINS TPL L52W Ending 11/1/15 (Excluding Asian, Hispanic, and Private Label Brands)

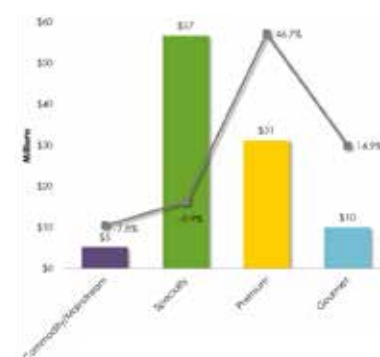


Olive oil shops selling bulk oil are popping up all over the country, appealing to US consumers who do not trust olive oil sold by grocers. The oils are typically sold from a non-airtight fusty (stainless steel container) and the producer is seldom identified. The oil tends to sell for a higher price per ounce than a good bottle of olive oil sold in typical food stores. Even though this requires the busy consumer to make a separate trip to buy olive oil, the proliferation of these shops is an indicator of the strength of the category. Grocers can capitalize on this trend by learning more about the category and product, invoking the help of experts and their key contacts at their distributor (KeHE), and making tough but appropriate choices during the olive oil review.

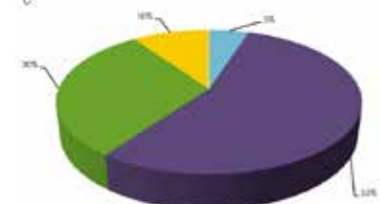
Don't be Less Prepared than the Producer

Most retail food chains utilize the expertise of a Wine Buyer/Sommelier to manage assortment, shelf placement and competitive pricing. Yet it's rare to find a chain that employs an olive oil expert or trained taster even though the olive oil category is as complicated as—and similar to—wine. How is a buyer responsible for olive oil selection, integrity, assortment and shelf management able to make effective decisions when faced with presentations by well-trained and prepared olive oil sales people? Knowledge is power: educate yourself in order to ask the right questions.

\$ Sales / % Growth



Market Share



The Power of the Purveyor

American retailers have an opportunity to unlock the value of genuine extra virgin olive oil. This needs to start with consumer trust in the product. Olive oil is a complex category; below are some of the things you can do as a buyer to assure that you are getting authentic extra virgin olive oil.

- **Question prices that are too good to be true, because they probably are not.** Genuine extra virgin olive oil costs more to make than ordinary virgin olive oil. Be suspicious of very low prices for “extra virgin” labeled products.
- **Be sure that you smell, taste and are buying current harvest oil.** Consider reviewing the oil category after the harvest which is Fall/Winter (Northern Hemisphere); if you currently review in August or September you are most likely tasting last year's oil. If you carry oils from both Northern (Europe & US) and Southern hemisphere (Australia, Chile, Argentina) you will always have new harvest oil on your shelves.
- **Ask to see the test results, both chemical and sensory analysis.** Taken together, the results of these tests tell you a lot about the oil you are considering: the grade, the age, how well it will last. A testing regimen that includes DAGs and PPPs, as used by retailers in Germany for a decade, specifically addresses the changes in the oil over time. A “trust but verify” approach is advisable here: third party testing of the oil at an accredited lab will give you invaluable information when you are buying.



- **Learn to taste olive oil.** Even though becoming an expert taster takes years, you can become familiar with the most common defects and learn to recognize good, fresh olive oil pretty quickly.
- **Read the label on the back of the bottle.** If a product is not from a single source and says something like “Contains extra virgin olive oil from: IT=Italy, ES=Spain, TN=Tunisia, MA=Morocco, CL=Chile, AG=Argentina, PT=Portugal” that is a sign it's a blended commodity oil sourced on the bulk market. Premium olive oils tend to come from a single estate, region or country of origin, clearly stated and without qualifying fine print on the back.

Visit the KeHE Olive Oil Pavilion, Booth #1032. There you can talk to several experts in the field of olive oil, all from different backgrounds and area of expertise. At the pavilion you can taste some of KeHE's best selection of premium olive oils and pick up a free copy of *Olive Oil: A Field Guide* (limited quantities), a tiny book packed with information such as explanations of the quality and authenticity tests as well as lots of other reference information. Olive oil is an exciting product and fascinating to explore.

Come by the Olive Oil Pavilion to taste and learn!

