



Olives NZ Initial Recommendations
Rob Bree 23 July 2018

Business Challenge / Objectives

Olives NZ (the industry group) is tasked with leading the growth of its NZEVOO members who trade under their industry symbol, the Olive Mark. The business challenge then is to grow the purchase, consumption, market share of NZEVOO whilst maintaining (or building) healthy margins for members. The oils market is extremely competitive with many players from NZ and overseas as well as many other competing oils e.g. canola, coconut, sesame etc. Annual production is currently approximately 400,000 litres NZEVOO in a market of approximately 4,500,000 litres EVOO.

Industry Research Project

Olives NZ conducted research of household shoppers, food writers and commercial chefs to better understand attitudes and usage of oils of those three primary target groups. Olives NZ asked Rob Bree to look at the research, comment on the findings and then recommend how they might go about achieving the main business goal in the light of the research findings i.e.

1. What is the research telling us?
2. What then is the recommended growth strategy?
3. How should Olives NZ, with its members, set about executing that strategy?

This document is intended to address those needs and begin a process of industry growth.

Market Situation

If I summarise your market situation, it would go something like this:

NZEVOO is an extremely high-quality product, comprising around 100 brands, competing with much cheaper imported olive oils and non-olive oils, in a market of customers who don't fully understand and appreciate the benefits of NZEVOO, and are making category and brand choices based on ignorance and misconceptions.

Customers (general, food writers and chefs) attribute various benefits to various oils for various uses and sometimes they are misattributing and that is impacting on their choices regarding NZEVOO uses. NZEVOO is expensive and, as such, there are some limitations on its potential market share, at least in the short term. But expense is not the only current barrier to everyday usage. Customers have several uses for oils and there are many oil types and brands to choose from so customers organise their attitudes towards those choices in such a way as to assist them to choose particular oils (and brands) for particular uses and benefits. They also mis-use some of those oils due to mistaken beliefs.

Another complicating factor is that most oils are purchased from supermarkets. This limits the number of NZEVOOS likely to be purchased as most brands are not available in supermarkets. These other brands are reliant upon other forms of distribution which are not where most household shopping is carried out.

Main Research Findings

What types of oil bought in last 4 weeks?

ANSWER CHOICES	RESPONSES	
Extra virgin olive oil	75.33%	226
Flavoured olive oil	11.67%	35
Other olive oil	14.67%	44
Rice bran oil	39.67%	119
Canola oil	51.33%	154
Coconut oil	28.67%	86
Avocado oil	8.33%	25
Safflower oil	4.67%	14
Peanut oil	9.00%	27
Sesame oil	29.33%	88
flaxseed oil	6.67%	20
None	0.00%	0
Total Respondents: 300		

EVOO has extremely high penetration at 75%. Followed by canola (51%), Rice Bran (40%), Sesame and Coconut both around 29%. On average the shoppers have bought 2.8 different types of oil in the last 4 weeks.

Motivation for Purchase

It is interesting to look at the various oils and why people buy them.

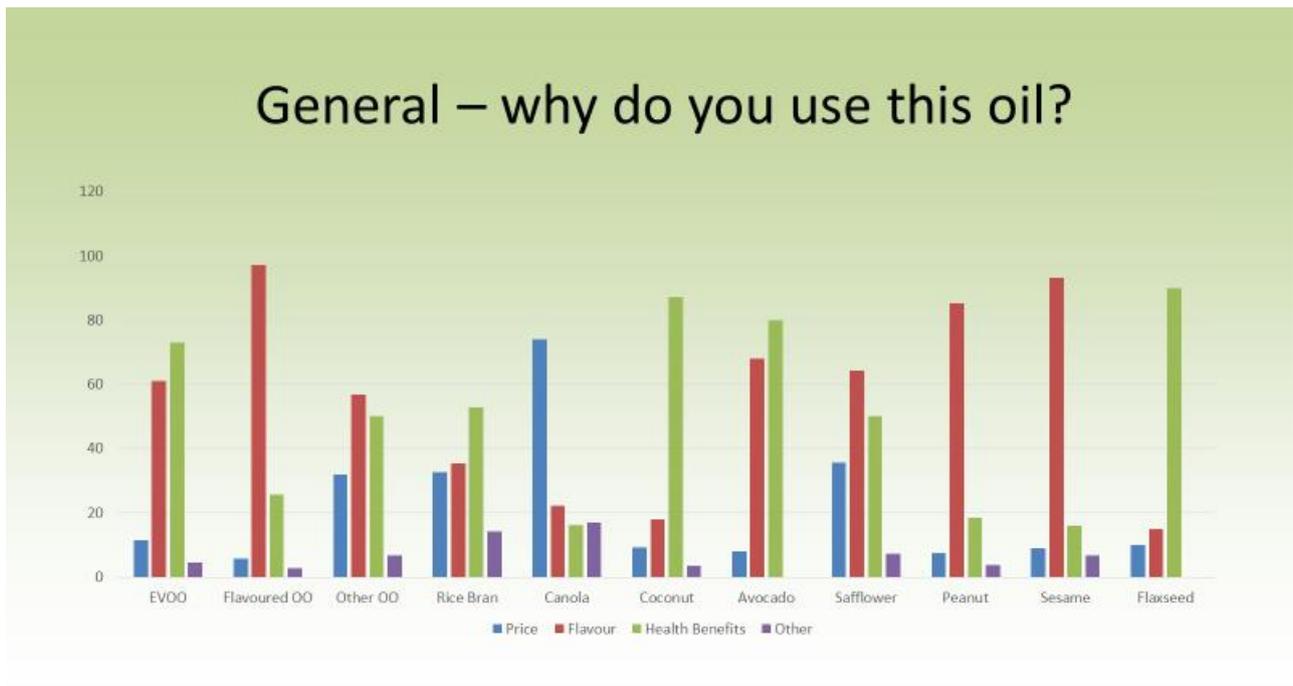
	PRICE	FLAVOUR	HEALTH BENEFITS	OTHER	TOTAL RESPONDENTS
Extra virgin olive oil	11.50% 26	61.06% 138	73.01% 165	4.42% 10	226
Flavoured olive oil	5.71% 2	97.14% 34	25.71% 9	2.86% 1	35
Other olive oil	31.82% 14	56.82% 25	50.00% 22	6.82% 3	44
Rice bran oil	32.77% 39	35.29% 42	52.94% 63	14.29% 17	119
Canola oil	74.03% 114	22.08% 34	16.23% 25	16.88% 26	154
Coconut oil	9.30% 8	27.91% 24	87.21% 75	3.49% 3	86
Avocado oil	8.00% 2	68.00% 17	80.00% 20	0.00% 0	25
Safflower oil	35.71% 5	64.29% 9	50.00% 7	7.14% 1	14
Peanut oil	7.41% 2	85.19% 23	18.52% 5	3.70% 1	27
Sesame oil	9.09% 8	93.18% 82	15.91% 14	6.82% 6	88
flaxseed oil	10.00% 2	15.00% 3	90.00% 18	0.00% 0	20

Main motivations are as follows:

1. EVOO Health and Flavour
2. Canola Price and Flavour (mainly price)
3. Rice Bran Health, Flavour and price
4. Sesame Flavour
5. Coconut Health and Flavour
6. Other Olive Oil Flavour, Health and Price

- 7. Flavoured Olive Oil Flavour
- 8. Peanut Flavour
- 9. Avocado Health and Flavour
- 10. Flaxseed Health

Most people don't know that canola oil is very poor quality and actually bad for you. They have been well misled by the canola industry and, as it is so convenient and cheap and has a high burn point, it sells by the bucketload. On the health attribute, EVOO competes most directly with Rice Bran, Coconut, Avocado and Flaxseed. There is actually very little scientific evidence that those oils are healthy at all or healthier than EVOO.



What People Use the Various Oils for?

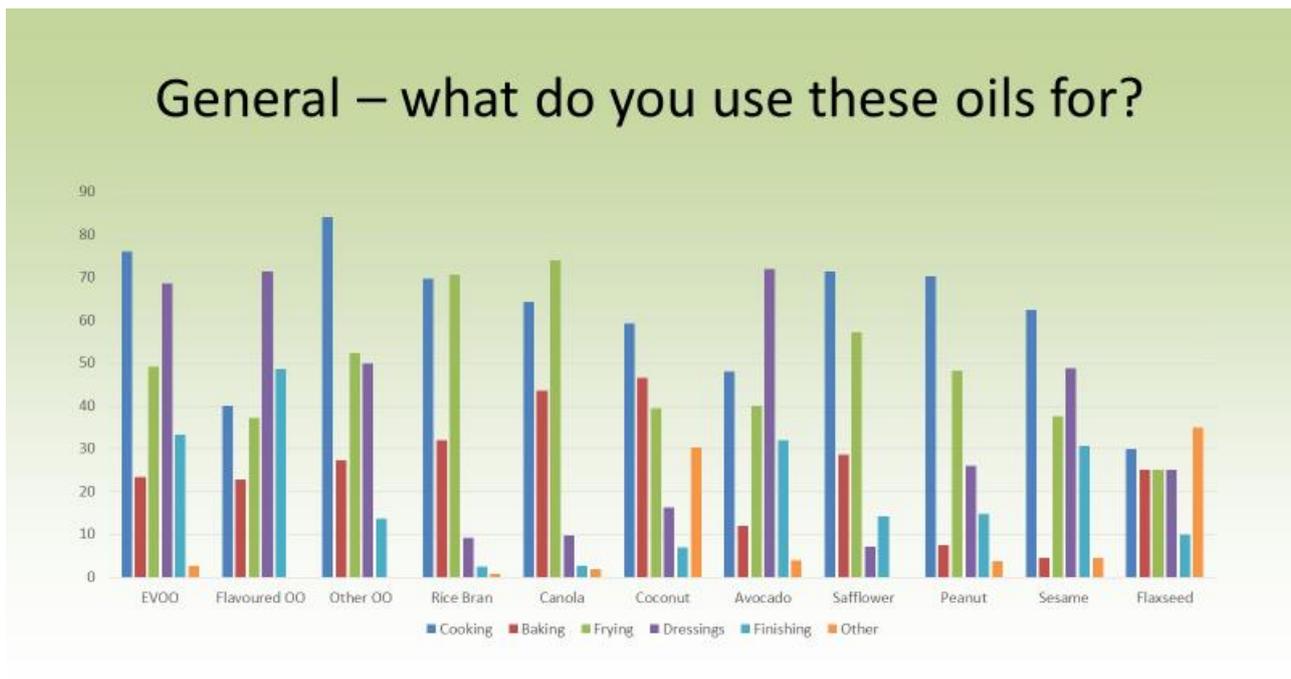
	COOKING	BAKING	FRYING	DRESSINGS	FINISHINGS	OTHER	TOTAL RESPONDENTS
Extra virgin olive oil	76.11% 172	23.45% 53	49.12% 111	68.58% 155	33.19% 75	2.65% 6	226
Flavoured olive oil	40.00% 14	22.86% 8	37.14% 13	71.43% 25	48.57% 17	0.00% 0	35
Other olive oil	84.09% 37	27.27% 12	52.27% 23	50.00% 22	13.64% 6	0.00% 0	44
Rice bran oil	69.75% 83	31.93% 38	70.59% 84	9.24% 11	2.52% 3	0.84% 1	119
Canola oil	64.29% 99	43.51% 67	74.03% 114	9.74% 15	2.60% 4	1.95% 3	154
Coconut oil	59.30% 51	46.51% 40	39.53% 34	16.28% 14	6.98% 6	30.23% 26	86
Avocado oil	48.00% 12	12.00% 3	40.00% 10	72.00% 18	32.00% 8	4.00% 1	25

Safflower oil	71.43% 10	28.57% 4	57.14% 8	7.14% 1	14.29% 2	0.00% 0	14
Peanut oil	70.37% 19	7.41% 2	48.15% 13	25.93% 7	14.81% 4	3.70% 1	27
Sesame oil	62.50% 55	4.55% 4	37.50% 33	48.86% 43	30.68% 27	4.55% 4	88
flaxseed oil	30.00% 6	25.00% 5	25.00% 5	25.00% 5	10.00% 2	35.00% 7	20
None	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0

1. EVOO, Broad usage, mainly cooking, dressings and frying
2. Canola, Frying, cooking and baking
3. Rice Bran, Frying, cooking and baking
4. Sesame, Cooking, dressings and frying
5. Coconut, Cooking, baking and frying
6. Other Olive Oil, Cooking, frying and dressings
7. Flavoured Olive Oil, Dressings, finishing and cooking
8. Peanut, Cooking and frying
9. Avocado, Dressings, cooking and frying
10. Flaxseed, Other and cooking

We can look at these numbers another way, seeing how many people (out of 300), used the different oils different ways:

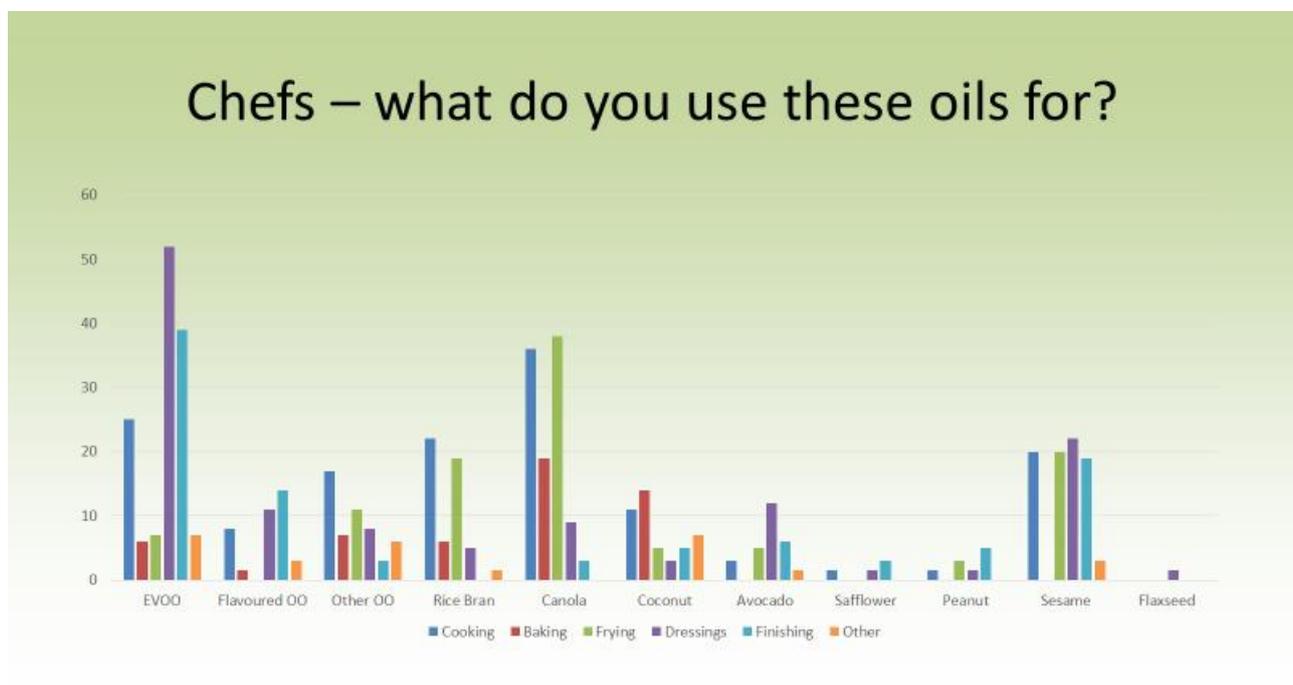
1. Cooking is dominated by EVOO (172) followed by Canola (99) and Rice Bran (83)
2. Baking is shared by Canola (67) and EVOO (53). Most likely this use is dominated by butter which wasn't measured.
3. Frying is shared by canola (114) and EVOO (111)
4. Dressing is dominated by EVOO (155)
5. Finishing is dominated by EVOO (75)
6. Other is dominated by coconut (26)



The health benefits of EVOO were acknowledged by 80% of respondents. We can't assume a text book knowledge, but they are aware.

- Approximately half the respondents have bought NZEVOO and 90% of them buy it from the supermarket.
- Approximately 50% have bought it from other sources e.g. Farmers Markets, Specialty stores, online etc.
- Approximately 45% of shoppers claim to always or usually purchase NZEVOO. We know that this is a long way from the reality of the situation, but it is their belief / aspiration.
- Awareness of the Olive Mark symbol was low at 15% which is probably more reflective of their actual purchase behaviours.

Looking Specifically at Chefs.



1. Professional chefs mainly fry with canola
2. They mainly dress and finish with EVOO
3. Sesame is a special all-purpose oil
4. They cook with canola, EVOO and rice bran

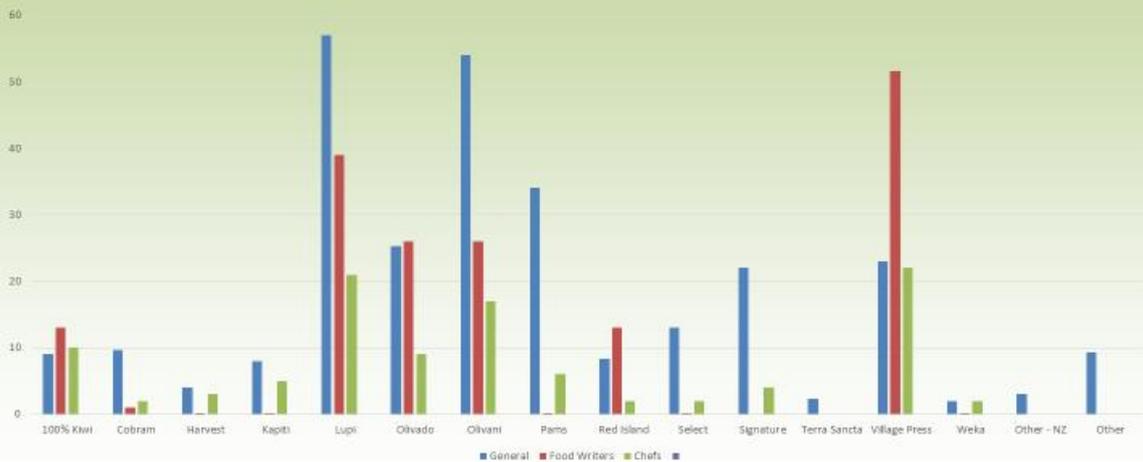
Food writers are somewhat similar but with a much stronger orientation to EVOO overall.

Food Writers – what do you use these oils for?



Looking at brands and who buys them.

Brands Used



As you would expect, the cheaper, supermarket brands are the most commonly purchased. The public and chefs lean strongly to the cheaper brands while food writers prefer Village Press.

Summarising the results of the overall research. What is it telling us? What's the "So What"?

1. EVOO is the dominant oil in the market, widely used and appreciated for its many benefits.
2. Its main competitors are canola, rice bran and coconut.
3. Health and flavour are the two primary benefits of EVOO.
4. With respect to usage it is widely used in most cooking applications and is the preferred oil for dressing and finishing.
5. Claimed "ever purchase" NZEVOO sits around 45%.
6. NZEVOO would appear to have actual market penetration around 15% indicating that there is massive potential for growth.
7. The general public are only 50% aware that NZEVOO is superior to other EVOO whereas chefs and food writers are much more aware.

Thinking about future growth strategies for NZEVOO it is apparent that there is a lot of potential for growth. To drive that growth there are several jobs to be done:

1. Educate the public of the benefits of EVOO over other oils. This would include correcting some of the misunderstandings around frying temperatures and the health benefits of EVOO over canola and some other popular oils. This might be something that Olives NZ works with its Australian equivalent on?
2. Educate the public on the benefits of using NZEVOO over other imported EVOO ie freshness, flavour, product integrity, health benefits, overall quality, the New Zealand story, etc.
3. Educate and encourage the public to experiment with NZEVOO brands from different regions and thus enjoy the "terroir" of those brands and regions. Yes, there are some brands available from the supermarket but there are around 100 great NZ brands worth trying.
4. Development of an industry pricing strategy that helps the public make brand choices at various price points.

Developing and Executing Your Growth Strategy

Given all of the above, how should you tackle the market opportunities, and using what methods? The following are my recommendations on how you tackle the market opportunities.

1. **NZEVOO needs a trusted spokesperson.** My recommendation is that you appoint a trusted chef / foodie to speak on behalf of NZEVOO and that this person be contracted for a minimum of two years. At the moment most consumers are not sufficiently differentiating between NZEVOO and other EVOO. Nor do they fully appreciate the benefits of EVOO over other oils. These are quite challenging messages to get across and a trusted spokesperson will make the whole job considerably easier. Someone passionate about cooking like Al Brown, also needs to be a good communicator who you can use across multiple media.
2. **NZEVOO needs to tell a strong story of the benefits of NZEVOO.** NZ wines are respected worldwide for their quality, consistency and brand values. NZEVOO has a similar opportunity and it needs to consistently apply itself to telling the NZEVOO story i.e.
 - a. The "locally grown and made" story, the terrain, the history, the people, the land, the uniqueness of each region etc.
 - b. The freshness, flavour and health benefits story
 - c. The premium price story ie why it is worth it to pay more and "Buy NZEVOO" if you can
3. **NZEVOO needs to drive a tasting culture.** When the public view products as commodities the best way to create differentiation is to get them trying the products alongside each other and educate them about the subtle differences. You need to create some mystery and a brand experience that gets people engaged. This will require your members to be prepared to collaborate as well as compete. Working together in tasting events enabling consumers to try different brands from different parts of the country and regions.

4. **NZEVOO needs a portfolio pricing strategy.** NZ wines cover a range of price points from quite cheap and competitive with other wines through to very expensive. Even in supermarkets and traditional liquor outlets you can pay as little as \$10-15 through to \$100 or more. Having a wide band of pricing helps support the desirability of your products and helps the category seem more affordable. The beer market is a good example of this. Some years ago, most beer was cheap and boring. Then the premium brands started to gain some ground. And today the market is much more exciting with a small but rapidly growing craft beer market. My sources tell me that approximately 50% of all beer consumed today is premium or craft.
5. **NZEVOO needs food writers, restaurants and the hospitality industry to get behind NZ olive oil brands.** At the moment, most chefs are making oils decisions based on price and convenience. We need them to care as much about the oils they use as they care about other produce. They wouldn't dream of serving up a second rate cut of beef or lamb. Why do they think it's acceptable to use second rate oils? An ongoing education programme and providing them with the right resources should be implemented.

I recommend that you tackle the above in stages. Possibly as follows:

1. Find a spokesperson and talk with them about taking on the challenge to become the face of NZ Extra Virgin Olive Oils. Whilst you will need to pay them something, sell them the benefits of building their own brand with you, visiting the most beautiful parts of New Zealand, being part of something special.
2. Team up with a young, hungry digital agency. Someone who will work with you to tell the NZEVOO story and build their brand alongside yours. Their job will mainly be to use social media and other digital media to tell the NZEVOO story using the spokesperson wherever possible.
3. Create an event or piggy-back on other events. You need a stage from which you can promote all your members brands and tell the NZEVOO story alongside the regional stories and brand stories. Imagine an event where people come to try 100 different EVOOs and appreciate them the way they might appreciate wines or beers or cheeses.
4. Encourage all your members to put the NZEVOO story on an equal footing alongside their own story. Unless they learn to cooperate and grow together it is going to take a very long time for them to achieve the market penetration goals they deserve to achieve.
5. Work with Restaurant Association and Hospitality Association to target chefs.
6. Identify the main food writers and approach them directly. There are two jobs to be done there. One is to get food writers onboard with you and the other is utilise them to influence the public and other media.
7. Court the popular media. Seven Sharp, The Hub, Radio NZ etc are always looking for great stories about NZ and NZ brands. A good PR person (or food writer) should be able to help you get NZEVOO in front of those people.

Budgets

It is difficult for me to say what all of the above will cost because I don't know what you do or don't already have underway. Being an industry of roughly \$5m I recommend you budget 1% of that as a marketing levy. That would give you a budget of \$50k per year. I recommend you allow:

- \$10-15k of that for your digital campaign
- \$10k for your spokesperson
- \$20-25k for the remainder

That should be enough to get the ball rolling and then you can assess after 12 months and refocus on whatever is emerging as the most productive next step.

In Conclusion

Thank you for inviting me to comment on your research project and to suggest how you might take your industry forward. I hope you find my comments helpful. I would of course be happy to help you achieve the above if you need help.

Best regards



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