

The Grocer

Focus On: Oils by Paul Davies (paul.artist@gmail.com)

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The Story

Ouch. Cooking oil prices are on a slippery slope. Over the past year the total market has seen value sales slide 2.8% as volumes have climbed 2.5%. Clearly the market has been impacted by the deflation affecting the rest of grocery. So why is the market becoming so commoditised? What's driving down prices and what can be done to add value back into the market?

Key themes:

Pricing: This feature will pay particularly close attention to the factors that have led to significant falls in average prices across most of the major cooking oil sectors. These will range from the impact of the discounters, which continue to outperform the wider market, to commodity cost fluctuations arising from variations in yields in raw material growing regions.

Rapeseed oil: This feature will explore in detail the continued strong growth in rapeseed oil. How are factors like branding, price and promotions, the trend for healthy eating and so affecting the growth of this sector?

Speciality oil: Sales of speciality oils are in strong growth. This feature will explore which types of oil are driving this growth and how factors such as NPD, price and promotions, marketing and so on are being used to maintain this.

Olive oil: This has been one of the worst hit sectors. This feature will explore the factors that have driven a decline in value sales of extra virgin olive oil and light olive oil and ask how the supply situation has changed in the past year. Can producers afford the price falls we're seeing? And what's driving growth in standard olive oil? Are shoppers trading down?

Sunflower oil: This feature will explore the factors that have led to this sector's value decline on volumes that have risen over the past year. Is sunflower attracting shoppers from other sectors? What are players doing to maintain volume growth?

Vegetable oil: This feature will explore in detail the factors behind vegetable oil's continued decline (the most significant in the market), paying particular attention to supply issues, price and promotions and the dynamic between vegetable oil brands and own label.

Own label v brands: In general, brands are outgrowing own label in the oils market. This feature will explore why this is and which players are proving most successful in the current climate.

Innovation: This will be key to this feature. We will be investigating how new product development has shaped the category over the past year and what is in store for shoppers in 2014. We will be profiling four of the most interesting launches in a separate innovation panel.

Promotions: This feature will explore how the promotional strategies of retailers and brands have changed over the past year. Attention will be paid to the promotional strategies of retailers and how this has affected average prices over the past year.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest brands have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?