Table Olive Market in Australia and Overseas

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Agenda

- Market in global context
  - Major production areas
  - Types of products (main varieties produced by each country
  - Industry structure
  - Market opportunities for Australia
- Domestic market breakdown
  - B2B (foodservice, industrial)
  - B2C (retail)

Opportunities for Australian producers to be competitive

Future trends

Presenter background

Mimmo Lubrano

- My family and I own and run Australian food business Sandhurst Fine Foods

- We are a family company providing a range of great tasting, well presented, value for money packaged foods that satisfy changing customer needs- we supply local and imported products, and also manufacture at our factory in Miranda, south of Sydney.

- We have recently celebrated 30 years of Sandhurst- our first product in 1988 was marinated olives- meaning we have seen 30 years of changes in the olive industry.

- I regularly visit olive packers, growing farms and fields internationally

- I have visited over 100 olive factories from Argentina, Australia, Germany, Greece, Italy, Spain, to Turkey- from the smallest factories to the largest ones (packing up to 30 containers per day).
- Knowledge of the olive technology centre in Seville- OFM/Bando/Sadrym/Pages

Table Olives- Production

Major Production Areas

Top 5 producers of Table Olives by Country[1]

*(1000 tonnes)

Country	2013/14	2014/15	2015/16	2016/17	2017/18 (prov.)
Spain	572.2	555.6	601	596.1	562.1
Egypt	400	450.5	335.5	550	500
Turkey	430	390	397	430	460
Algeria	208	233.5	221	293	280
Greece	130	249	194	180	235

[1] International Olive Council- June 2018

Table Olives- Export

Major Exporters of Table Olives

Top 5 exporters of Table Olives by Country[1]

*(1000 tonnes)

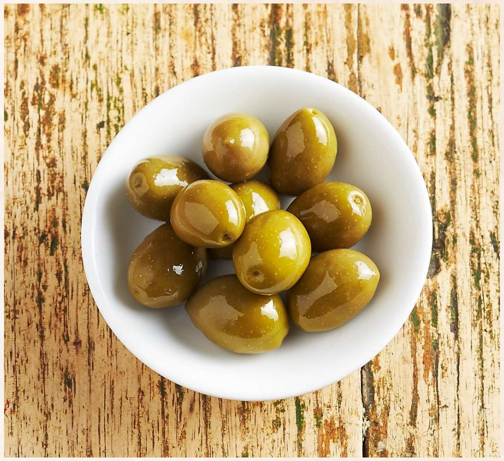
Country	2015/16	2016/17	2017/18 (prov.)
Spain	177.3	177.2	177.4
Egypt	56.5	107.5	120
Morocco	88	86	90
Turkey	72	60	90
Greece	72.9	78	84.6

[1] International Olive Council- June 2018

Table Olives

Main Varieties grown by top 5 producers

Country	Varieties [1]
Spain	Manzanilla, Gordal, Hojiblanca, Cacereña
Egypt	Aggezi Shami, Toffahi, Hamed
Turkey	Çelebi, Domat, Gemlik, Memeli
Algeria	n/a
Greece	Konservolia, Kalamon, Chalkidiki



[1] http://www.internationaloliveoil.org/estaticos/view/136-country-profiles

International Trade of Table Olives

CROP YEAR 2017/18[1]

Table Olive Imports (t)

No	Importing country	September16	September17	October 16	October 17	November 16	November 17	December 16	December 17	January 17	January 18	February 17	February 18	March 17	March 18	April 17	April 18	May17	May18	June17	June18
1	Australia	1705.0	1501.0	1192.0	1295.0	1943.0	1406.0	1479.0	1336.8	1196.0	1023.0	1144.0	1410.0	1426.9	1421.0	1452.0	1467.0	2088.0	1797.0	1257.0	1561.0
2	Brazil	10420.7	7949.2	7994.2	9492.3	10718.4	11115.3	11311.1	11055.2	9330.4	7023.3	8466.5	8780.0	10043.1	7571.7	7091.6	8902.8	9218.2	8140.0	10592.5	10569.0
3	Canada	2237.0	2077.0	2225.0	2843.0	3039.0	2539.0	2864.0	2663.6	1790.0	2343.0	1943.0	2297.0	2170.0	2444.0	2505.0	3044.0	2269.0	2714.0	2539.0	3146.0
4	USA	13398.0	10237.0	11758.0	11055.0	12898.0	12596.0	10549.0	12469.9	10139.0	9811.0	9256.0	8976.0	12894.0	11297.0	11852.0	11454.0	12461.0	12953.0	12028.0	12834.0
5	Extra-EU/27	6570.8	6243.2	6858.6	7304.8	7302.6	8255.4	8074.8	10381.4	8325.0	9647.1	7249.3	9355.6	9501.1	12533.7	9844.1	11552.4	9657.6	12289.9	9800.7	nd
	Intra-EU/27	24999.2	27039.9	29334.5	32329.3	30830.4	29794.9	27758.6	27305.2	20986.6	24624.0	24319.3	24741.0	28196.3	27031.1	24723.0	28051.3	29038.1	30987.5	30217.1	nd
	Total	**59330.7**	**55047.3**	**59362.3**	**64319.4**	**66731.4**	**65706.6**	**62036.5**	**65212.0**	**51767.0**	**54471.4**	**52378.1**	**55559.6**	**64231.4**	**62298.5**	**57467.7**	**64471.5**	**64731.9**	**68881.4**	**66434.3**	

Table from International Olive Council, Market Newsletter, No. 129 July-August 2018

September 2017 to June 2018 showed a decline in importing of table olives in the majority of global markets, with the exception of Canada, which showed a growth of 11%

1. crop year from 1st September to 31st August, according to International Agreement on Olive Oil and Table Olives

International Trade of Table Olives

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2	Brazil	10420.7	7949.2	7994.2	9492.3	10718.4	11115.3	11311.1	11055.2	9330.4	7023.3	8466.5	8780.0	10043.1	7571.7	7091.6	8902.8	9218.2	8140.0	10592.5	10569.0
3	Canada	2237.0	2077.0	2225.0	2843.0	3039.0	2539.0	2864.0	2663.6	1790.0	2343.0	1943.0	2297.0	2170.0	2444.0	2505.0	3044.0	2269.0	2714.0	2539.0	3146.0
4	USA	13398.0	10237.0	11758.0	11055.0	12898.0	12596.0	10549.0	12469.9	10139.0	9811.0	9256.0	8976.0	12894.0	11297.0	11852.0	11454.0	12461.0	12953.0	12028.0	12834.0
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Table Olive Market in Australia

Australian Importing trends

Growth rates based on weight [1]

Trend of olive imports overall:

- 5 year Cumulative Average Growth Rate (CAGR) is -2%
- 2 year CAGR is +4%

- Note: Imports in FY15 dropped and have started to pick up again

Market Share Greece vs Spain:

- Greece has gone from 47% market share in 2012 to 58% in 2017
- Spain has gone from 33% to 23%
- Note: Greece and Spain consistently have ~80% of the market

Countries increasing in demand: % of total imports 2012 vs 2017

- Italy 3% to 6% (7% in 2015 however)
- Turkey 4% to 6%
- Morocco 1% to 3%
- Egypt 0% to 1%
- Peru 0% to 1%

[1] Figures from ABS, citing from CY 2012 to August 2017

Table Olive Market in Australia

Australian Importing trends

Thoughts on importing trends:

- Spain losing market share to cheaper alternatives from Egypt, Peru
- Italian imports increasing due to popularity of gourmet & provenance olives, like Sicilian green olives

[1] Figures from ABS, citing from CY 2012 to August 2017

Table Olive Market in Australia

Foodservice & Industrial

Table Olive Market in Australia

Retail

100% AUSTRALIAN

Retail Olive sales by type of Olive

Australia Grocery Weighted [1]							
MAT To 09/09/18							
	Rank product in First measure	Dollars ($000s)	Kilos (000s)	Units (000s)	Dollars ($000s) Growth % YA	Kilos (000s) Growth % YA	Units (000s) Growth % YA
Total Olives Kalamata	1	23581.6	2420.0	5498.1	0.3	-2.2	2.3
Total Olives Stuffed	2	10295.1	1353.3	3126.3	-13.2	-21.6	-14.5
Total Olives Green	3	4843.4	758.7	1813.8	56.4	91.7	59.0
Total Olives Other	4	4519.6	278.1	1599.0	8.3	-5.9	44.2
Total Olives Black	5	4210.5	570.0	1606.4	53.1	77.1	65.8
Total Olives Sliced	6	2715.5	213.0	871.3	-27.6	-52.1	-38.3
Total Olives		50165.8	5593.0	14515.0	2.1	-1.2	6.3

- Best-selling olive in Australian retail market is Kalamata
- Both green & black olives have experienced significant growth due to a retailer introducing private label products in these segments
- “Other” olives have experienced growth due to growing trend of mixed olives, though kilo growth has declined due to package sizes

[1] iRI data

SANDHURST

Table Olive Market in Australia

Retail

Top 20 Olive products

Australia Grocery Weighted [1]							
MAT To 09/09/18							
	Rank product in First measure	Dollars ($000s)	Kilos (000s)	Units (000s)	Dollars ($000s) Growth % YA	Kilos (000s) Growth % YA	Units (000s) Growth % YA
Always Fresh Olive Kalamata Pttd 670g	1	3932.4	431.5	644.0	-5.3	-6.8	-6.8
Sandhurst Pkl Olive Kalamata Pttd 500g	2	3211.7	422.9	845.8	7.6	10.0	10.0
Always Fresh Olive Black Slc 235g	3	2343.7	179.7	764.9	8.1	7.1	7.1
Always Fresh Olive Kalamata Pitted 220g	4	2134.0	117.8	535.4	-1.3	2.1	2.1
Three Threes Olive Stuffed 500g	5	1900.8	249.8	499.7	2.5	-1.1	-1.1
Always Fresh Olive Black Pttd 220g	6	1861.1	134.1	609.6	29.4	23.6	23.6
Woolworths Select Olive Klmt Pttd 345g	7	1764.1	204.1	591.5	15.3	15.2	15.2
Always Fresh Olive Stuffed Anchov 235g	8	1746.4	129.1	549.4	14.7	22.4	22.4
Coles Olive Klmt Ptd In Brn 350g	9	1736.1	204.9	585.4	-6.6	-6.6	-6.6
Always Fresh Olive Sicilian Pitted 230g	10	1692.2	130.2	566.2	47.8	41.9	41.9
Always Fresh Olive Kalamata Slcd 220g	11	1559.9	84.6	384.6	7.5	12.2	12.2
Farmland Olive Green Stfd 435g	12	1437.4	321.4	738.9	4.3	4.3	4.3
Always Fresh Olive Stuffed 700g	13	1362.9	224.5	320.8	-8.4	-13.4	-13.4
Sandhurst Pkl Olive Green Pitted 350g	14	1257.7	157.1	448.9	-4.1	-14.8	-14.8
Sandhurst Pkl Olive Kalamata Pttd 300g	15	1253.3	107.3	357.7	-21.3	-26.5	-26.5
Always Fresh Olive Stuffed Spanish 450g	16	1161.3	158.4	351.9	-7.1	-7.5	-7.5
Always Fresh Olive Kalamata Pttd 2kg	17	1157.6	176.9	88.4	-7.5	-7.1	-7.1
Woolworths Olive Black Sliced 430g	18	1127.7	238.8	555.2	2206.9	2215.0	2215.0
Woolworths Olive Green Stfd 450g	19	1105.8	255.7	568.3	2526.7	2516.7	2516.7
Hoyts Olive Kalamata Pttd 1.7kg	20	1027.1	148.7	87.5	-13.1	-17.3	-17.3

[1] iRI data

Table Olive Market in Australia

Retail

Target Market

- Female, 25+ AB, main grocery buyers
- Working professional
- Busy lifestyles, time-poor
- Well educated, cultured
- Frequent restaurant diners

[1] iRI data

Table Olive Market in Australia

Retail

Trends in Table Olives

- Follow the foodservice trends of mixed olives
- Health, convenience, provenance

[1] iRI data

Why Australian Olives?

Opportunities for Australian Growers Exporting

- Australian produce is seen as trusted in the international market
- Provenance story
- More control over how olives are processed- the re-emergence of slow-curing

Why Australian Olives?

Opportunities for Australian Growers Domestically

- Provenance story- consumers are increasingly looking for local produce
- The re-emergence of slow-curing taps into the trend of a more handmade, artisan approach
- Unique flavours

Table Olives

Requirements of olive producers:

- Consistent product
- Pitting facilities
- Knowledge of a good olive product

Requirements of olive product:

- Colour
- Size
- Taste
- Smell
- Defect level
- Number of pits/kg
- Texture
- Packaging

[1] iRI data

Table Olive Market in Australia

Challenges

On the subject of certifications, regulations and so-called Standards….the overseas industry self-regulates and nobody has been killed from an olive in over 100 years (that's a great bed-time story if you want to hear it!)

By creating an industry of consultants, standards and so called accreditations – all you are doing is forcing the cost of the local product higher and crippling an already infant industry.

Already we are struggling to get the right money for Aust made olives in both WW and Coles – most of you won't supply at less than $5 per kg.

More regulation will mean that increased costs must be passed on and large co-ops around the world will push back or just pass more costs onto us as consumers.

If we as a country start making 'rules' around an imported product we might as well start imposing huge tariffs as well (Like USA) and see the 'tit for tat' reaction that this invokes.