

MSU Product Center

For Agriculture and Natural Resources

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Soybean Based Cooking Oil – Few opportunities

Market drivers that provide few opportunities

- There are **few** opportunities for cooking oil products that appeal to the demand driver of **ethnicity**, **indulgence**, **convenience**, and **value**.

Specific opportunities

- In one survey 93 percent of households used cooking and salad oils. However, 67 percent of consumers have changed their fat and oil consumption for health reasons.
- The interest in convenience works against oil. According to one survey, 40 percent of respondents stated that no one in the household cooked from scratch in the previous 90 days. The decline in cooking skills also means there will be less consumption of oil.
- All ethnic groups consume more cooking oil than whites. Much Asian cooking relies heavily on cooking oil. This presents an opportunity for soybean based oils. However, given the maturity of the industry, there may be little ability to take advantage of this fact. Selling to Asian markets may have some potential.
- In many respects cooking oil has become a commodity. Many consumers of this product are price sensitive. In order to be the low cost producer, it is important to take advantage of economies of scale, this will be difficult given the size of the firms currently in the industry.
- There is an interest in different flavors of oil.

New product examples

- From 2001 through the first 6 months of 2003 there were 308 new product introductions in the North American oil market. This is small relative to product introductions in many food industries.
- Spectrum Foods, Premier Harvest, Soybean cooking oil and Non-Stick Spray, made with unrefined all-natural soybean oil.
- Sysco, MoonRose, Olive Oil Blend made up of 75 percent soybean oil and 25 percent olive oil, available in food service, available via the internet or through food service.
- Au Printemps Gourmet, Brickstone cooking oil, available in Fiery Chili Pepper, Pesto and Roasted Garlic flavors, available in a stacking bottle and sold in gourmet stores.

Special issues

- Approximately 99 percent of all retail sales are through supermarkets. There may be a few opportunities selling to ethnic and gourmet food stores, this may be particularly true developing products for Asian markets.
- The market is mature and dominated by large firms. This limits the ability to enter the market. This is particularly true of new entrants interested in competing on price.

Key to success

- Consider whether or not it would be possible to combine products attributes such a new flavors and attributes that appeal to wellness. Alternative distribution channels such as ethnic markets and gourmet food stores may provide some opportunities. However, for many consumers cooking oil is a commodity and price will remain very important.

Sources

Mintel. Edible Fats and Oils.

_____. Global New Products Database.