

## **MSU Product Center**

*For Agriculture and Natural Resources*

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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### **Soybean Based Cooking Oil - Overview**

#### **Products included in the product line**

- Cooking oil includes oils used for cooking and salads. This includes vegetable oils and vegetable shortening.

#### **General market trends and information**

- Retail sales of cooking oils were estimated to be \$1.02 billion in 2003. It estimated that sales of cooking and salad oils will decline by 10 percent from 2003 to 2008. Several trends are working against cooking oil.
- According to a survey 93 percent of households use cooking and salad oil.
- An aging population is less likely to cook and use less oil than other groups.
- Cooking oil is also not considered a convenient item. Also, in the eyes of many consumers, cooking oil is considered a commodity which limits the ability to appeal to the demand driver of indulgence.
- There may be a possibility of developing new products that appeal to the demand driver of wellness; products that are free of trans fat, and possess attributes that improve health may find a market.
- The industry is mature and well established.

#### **New product trends**

- From 2001 through the first six month of 2003, there were 308 new product introductions in the North American cooking oil market. This is a market with little in the way of new product introductions compared to other food products.
- What little new product introduction exists focuses on wellness, and a combination of indulgence and convenience. Soybean and other types of oils have seen more introductions than corn based oils.

#### **Manufacturing and distribution issues**

- The cooking oil market is dominated by large firms. These include Unilever, Kraft foods, and ConAgra.
- The vast majority of cooking oils are sold through supermarkets.
- Price is an important consideration for many consumers.

#### **Overall assessment of opportunities**

- The greatest potential is in developing products that appeal to the demand driver of wellness. Soybeans are considered a healthy food product. There are limited opportunities in developing products that appeal to the demand drivers of ethnicity, convenience, indulgence and value.

#### **Sources**

Mintel. Edible Fats and Oils.

\_\_\_\_\_. Global New Products Database.

\_\_\_\_\_. The Hale Group.