



ITALIAN OLIVE OIL: SEARCH FOR QUALITY, HIGH PRICES AND PRODUCTION GAP

*Estimates for 2024: total sales up 9.5%, exports up 6.8%
2023 trend: Total sales up 24.5%, exports up 18.1%*

Production: Spain dominates the global industry, with one-third of the total, while out of the Italian regions Puglia is the largest (59.3%, with Bari and BAT at 45.7%)

Italian oil presses almost 20x smaller than Spanish ones

Consumers' shopping trolleys more expensive in 2023: Price of extra virgin olive oil up 27.3% (price of 100% Italian olive oil up 17.3%)

Italian DOP and IGP oils: there are lots of them (making up 32.7% of the total oils in Europe) but they are not very penetrative (accounting for only 1% of the value of national production)

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The Mediobanca Research Area has published its first survey of the Italian olive oil industry, covering 50 of the largest Italian limited companies with individual 2022 turnover of above €20m. The survey contains a focus on DOP and IGP olive oils, and on sustainability and governance issues.

The full survey is available for download from www.areastudimediobanca.com.

Italy in the global panorama

In 2023-24, global olive oil production is estimated at 2.4 million tons, down 6.3% on 2022-23, following the massive, 24.5% drop from the record high recorded in 2021-22 (3.4 million tons). **The European Union accounts for 71.7% of global production**: Spain ranks first, responsible for roughly one-third of the volumes produced worldwide, followed by Italy in second place with 12%, while Greece comes fifth (with 8.1%), having dropped two places behind Turkey (8.7%) and Tunisia (8.3%), the latter of which, along with Syria (3.9%), is beginning to challenge EU dominance. Spain is also top of the list when it comes to world exports, ranking first with 781,000 tons (€4.5bn in value terms), followed again by Italy with 338,000 tons (€2bn) and Greece with 241,000 tons (€1.3bn).

Half of Italian olive oil exports are concentrated in three countries: the United States (29.1% of aggregate volumes in 2023), Germany (11.2%), and Spain (10.6%). Imported oil comes primarily from Spain (41.7%), Greece (38.7%), and Tunisia (10.1%). The **trade balance** reflects a structural deficit: in 2022-23 the gap was wider (€315m and €305m respectively) than the average in the years since 1991 (€171m).

The scarce global supply generated an explosion in the production prices of extra virgin olive oil in the years from 2019-20 to 2023-24 in the leading markets: in Spanish markets prices rose by 4x, from €2.04 per kg to €8.12 per kg, in Greek markets by 3.6x (from €2.14 per kg to €7.78 per kg), and in Italian markets by 2.7x (from €3.46 per kg to €9.33 per kg), making the latter the most expensive. **However, prices have slowed in the first five months of 2024**: Italian prices rose by 6%, whereas both Spanish and Greek prices fell (by 7.2% and 8.9% respectively). The rising prices impacted on global olive oil consumption levels which reduced to 2.7 million tons in 2023-24 (down 4.8% vs 2022-23). **Italy, with 415,000 tons, is the world's leading consumer of olive oil, down 13.3%**, followed by the United States with 368,000 tons (up 0.3%) and Spain with



350,000 tons (down 2.7%). As far as regards per capita consumption levels, Spain and Greece lead the way, with 7.5kg per person, followed by Italy, with 7.1kg. **Italy is also the world's largest importer**, importing 510 million tons of olive oil (€2.5bn), 39.2%, or which, is re-exported.

2023 and beyond for the Italian olive oil industry

The leading Italian olive oil manufacturers expect to see **growth** in sales for 2024 of 9.5% in the aggregate, with the increase being more pronounced on the domestic market (up 10.4%) than for exports (up 6.8%), plus **an increase of 53.6% in investments**, as well as a rise in marketing expenses from 0.3% of total sales in 2023 to 0.5% in 2024.

The leading Italian olive oil manufacturers posted growth of 24.5% in turnover in 2023, compared to 2022, only in part driven by exports (which were up 18.1%). **The main sales channels** are: mass retail (which accounts for 34.2% of the total), other industrial operators (32.2%), which are preferred by those companies that produce exclusively olive oil (which make up 54.5% of the segment's revenues), and intermediaries and wholesalers (21.4%). The hotels/restaurants/catering chain accounts for just 4%, while online sales made via the producers' own websites are responsible for 5.9% (in addition to the 0.2% generated by the general platforms and 2.1% by the other channels).

Of the bulk oil acquired by the leading Italian manufacturers for the subsequent transformation stages, 43.8% comes from Italian olive growers, with 35.2% coming from Spanish growers and 14.2% from Greek growers.

According to estimates compiled by the Mediobanca Research Area based on Nielsen IQ data, **the average price of olive oil in the mass retail channel reached €6.25 per litre in 2022-23, up 28.6% on 2021-22**. The most pronounced increases were recorded by the less expensive of the specializations: the price of non-extra virgin olive oil rose by 36.4% (to €5.73 per litre in 2023), that of EU extra virgin olive oil by 32.8% (to €5.67), and that of non-EU extra virgin olive oil by 31% (to €5.49), and as a consequence these segments also recorded the most substantial reductions in quantities sold (down 17.1%, 11%, and 12.7% respectively). **The price increases for the higher-quality oils were more limited**: the price of 100% Italian extra virgin olive oil rose by 17.3% (to €7.61 in 2022-23), and that of DOP and IGP-labelled extra virgin olive oils by 4.8% (to €11.95), these being the **products that target clients less sensitive to price elasticity** (in fact demand reduced by just 1% in the former case and was stable in the second).

Italian olive oil: regional characteristics and denominations

Puglia is the leading Italian olive-oil producing region with 59.3% of the Italian total, 45.7% of which comes from the provinces of Bari and what is known as the BAT area (Barletta, Andria and Trani provinces), which since 2013 have been compensating for the production gaps recorded by the provinces of Lecce, Brindisi and Taranto where crops have suffered from the *xylella fastidiosa* disease. Sicily, with 12.1%, and Calabria (10.6%) rank third, and a long way behind them come Tuscany with 3.3%, Abruzzo with 2.9%, and Lazio and Campania both with 2.5%. **Puglia also ranks first by production per unit**: 147.5 tons per oil press, compared with 43.7 tons in Sicily, and 31.3 tons in Basilicata, with Calabria lagging behind with 25.8 tons (compared to a national average of 43.6 tons). However, the average size of the Spanish presses is much higher, with production levels estimated at between 5x and 6x those of the presses in Puglia. **The yield of the olives** (i.e. litres of oil produced for every 10 kg of olives, expressed in percentage terms) is highest in Liguria (17.2%), ahead of Calabria (15.8%), Sicily (15.6%), and Puglia (15.3%).



The 42 different types of DOP-labelled Italian olive oil, and the 8 IGP-labelled types, account for some 32.7% of the EU oils and fats markets, and 15.3% of the Italian DOG, IGP and STG-labelled food products. **This segment still has a relatively low weight in relative terms**, representing just 5.6% of the quantity of olive oil sold in Italy, and the value of production is **highly concentrated**: the three regions of Puglia (30.7%), Sicily (26%) and Tuscany (21.3%) together account for 78% of the national total in value terms. **Between 2020 and 2024, the price gap between the leading DOP and IGP-labelled oils and extra virgin olive oil decreased from 2.3x to 1.3x.**

Governance and sustainability at a glance

Family-controlled companies account for a share of nearly three-quarters of the aggregate net equity (74.4%), which rises to 77.7% if the co-operatives are also considered. Some 22.3% of the shareholders' equity is in non-Italian hands.

The companies' Boards of Directors and management teams tend to favour a lean structure (in 38% of cases the BoD has only one member, and in 64% of cases executive powers are concentrated in the hands of a single person). The Boards tend to be chaired by persons of higher average age (61 years), especially in those cases where the position of Chair and Managing Director are combined (69 years). The average age of Directors is 56 years. The most represented generation is **Gen X** (41.2%), followed by the **Baby Boomers** (37.2%). Both Millennials and those born before 1945 have the same percentage (10.8% in both cases). Regarding the issue of **female representation** on the Boards of the oil manufacturers, 14.9% of the Board members are women, while this doubles when it comes to women being part of the ownership structure (31.2%).

Delays in sustainability reporting: only 20% of the leading Italian olive oil manufacturers draws up sustainability reporting (4% of them are obliged to as they are benefit corporations). **SDGs 3** "Good health and well-being" and **12** "Responsible consumption and production" are mentioned in all the sustainability reports. The most commonly used quality standards for the largest Italian olive oil manufacturers are those issued by the **Global Food Safety Initiative (GFSI)** to guarantee **food safety**: BRC certification has been obtained in 82.1% cases, and IFS certification by 74.4%, while 86% state the organic provenance of their products.