

# PAKISTAN OLIVES MARKET STUDY



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**This document has not been formally edited by ITC.**

# **Pakistan**

# **Olives Market Study**

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## Scope of the study

This comprehensive, national-level Olives Consumer and Market Study, designed as part of the Growth for Rural Advancement and Sustainable Progress (GRASP) initiative and funded by the European Union, is an essential resource for the olive sector in Pakistan. It was carried out by the International Trade Centre (ITC) in consultation with the International Centre for Advanced Mediterranean Agronomic Studies, Italy branch (CIHEAM Bari), and Khaity Technology, providing valuable insights to support the development and growth of the olive industry in the country.

This study emphasizes the increasing domestic demand for olives and olive products, offering valuable insights for retailers and wholesalers navigating the evolving market landscape. By highlighting consumer preferences, the study enables industry representatives to adjust their supply chains and product offerings to better align with market trends.

In conjunction with the market study, the Balochistan provincial Olive Sector Development Strategy, developed as part of the GRASP project and supported by Pak Olives and CIHEAM Bari, offers a strategic framework to enhance olive cultivation and production in the province. With Balochistan accounting for 85% of Pakistan's total olive production, it plays a vital role in the country's olive industry.

The Olive Sector Development Strategy utilizes the insights from the market study to shape short- and medium-term market development initiatives aimed at fostering sustainable sector growth. The alignment of these two documents ensures that tactical decisions are informed by a comprehensive understanding of market dynamics and Pakistani consumer demands, ultimately supporting broader economic growth and development.

The synergy between the market study and the sector strategy is evident, with each informing and reinforcing the other. The market study's insights on consumer demand guide the focus of the Balochistan sector strategy, which seeks to strengthen the value chain, promote value addition and facilitate market access. Together, the combined efforts of the market study and sector strategy provide a solid foundation for achieving these objectives and ensuring the long-term sustainability of the olive industry in Pakistan.

### Box 1: Overview of the GRASP project

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The GRASP project aims to uplift the olive value chain in Pakistan through strategic interventions and enhancing the agricultural productivity of small and medium-sized enterprises.

Through initiatives such as Farmer Field Schools and the establishment of demonstration plots, GRASP provides direct support to small and medium-sized enterprises in applying climate-smart agriculture technologies and good agricultural practices. These efforts enhance the sustainability and productivity of olive cultivation. Training programmes on advanced processing techniques, such as dehydration and curing technologies, are integral to improving postharvest management and product quality, ensuring that Pakistani olives meet high market standards.

In addition, GRASP's focus on trade and market links has facilitated the participation of olive growers in international exhibitions and trade fairs, significantly increasing their market visibility and opportunities. These efforts not only open new markets for Pakistani olive products but also provide invaluable networking opportunities for local producers.

Financial support through matching grants has enabled significant investments in infrastructure and equipment, crucial for scaling up production and improving processing facilities. For instance, the formulation of the Provincial Olive Sector Development Strategy under GRASP provides a strategic framework for sustainable development in the sector, addressing key challenges and leveraging market opportunities.



# Executive summary

The global olive market is experiencing robust growth, fuelled by increased awareness of the health benefits associated with olive consumption, the rising popularity of olive-based pharmaceutical products, and the influence of the Mediterranean diet. In this context, Pakistan's olive industry is at a pivotal point, with potential for significant growth given the global market dynamics and evolving domestic consumer preferences. Moreover, the conducive climatic and geographical conditions of regions in Pakistan present a viable opportunity for olive cultivation, offering a sustainable alternative for farming in waste and marginal lands in arid and semi-arid zones, as well as replacing high-delta crops.

Despite these evident advantages, the sector faces obstacles that undermine its competitiveness. Addressing these necessitates the implementation of a comprehensive strategy aimed at enhancing affordability, raising consumer awareness of the benefits of locally produced olive products, and creating a supportive environment for industry growth through conducive policies, investments, and incentives. Additionally, understanding the sector's strengths, weaknesses, and market opportunities is crucial for companies aiming to enhance their adaptability and meet evolving market demands.

The olives consumer and market study for Pakistan, carried out between July and August 2023, surveyed a representative sample of 546 Pakistani consumers and 60 retailers to map the current landscape of the olive sector. It aimed to delineate consumption patterns among Pakistani consumers, evaluate present trends and identify future growth opportunities. It also sought to identify market-related challenges and opportunities within the olive products value chain in Pakistan.

The findings from the survey reveal a notable trend: there is high consumer demand for olive products in Pakistan, primarily driven by their recognized health benefits. Despite this strong demand, local production of olive products is minimal, with a heavy reliance on imports to satisfy consumer needs. This dependency is illustrated by a steady increase in olive imports, which have grown at an annual growth rate of 12% over the last decade.

Furthermore, a substantial 74% of consumers expressed a preference for imported olive products over local ones, highlighting the challenges local producers face, such as inefficient processing, lack of quality certifications and the perception that imported goods offer superior flavour and variety. In 2022, Pakistan imported approximately 3,959 tons of olive oil worth \$12.6 million and 1,435 tons of olives worth \$2.9 million. Local production stood at 110 tons of olive oil and 42 tons of olives in 2022. By 2023, there had been a modest increase in domestic production to 121 tons of olive oil and 65 tons of table olives, respectively (CIHEAM Bari).

The market study also reveals significant insights into consumer behaviour. There is a considerable willingness among consumers to pay premium prices for high-quality olive oil. This indicates substantial potential for growth in the local olive products market. However, to tap into this potential, the industry must address the challenges of improving processing efficiency, standardization and quality certifications for local products.

A key aspect is also to promote local consumption by raising awareness about the health benefits of olive oil through targeted marketing campaigns. These targeted efforts are crucial to drive economic growth and set a solid foundation for the substantial growth of Pakistan's olive sector. Raising awareness of the health benefits of olive oil can increase consumer demand, which in turn encourages local farmers to adopt sustainable agricultural practices to meet this demand.

Additionally, this olive consumer and market study serves as a valuable resource for retailers and distributors, enabling them to gain deeper insights into the preferences and demand patterns of Pakistani consumers. By understanding consumer behaviour and preferences, industry stakeholders can make informed decisions regarding product offerings, marketing strategies and inventory management, ultimately enhancing their competitiveness in the market.



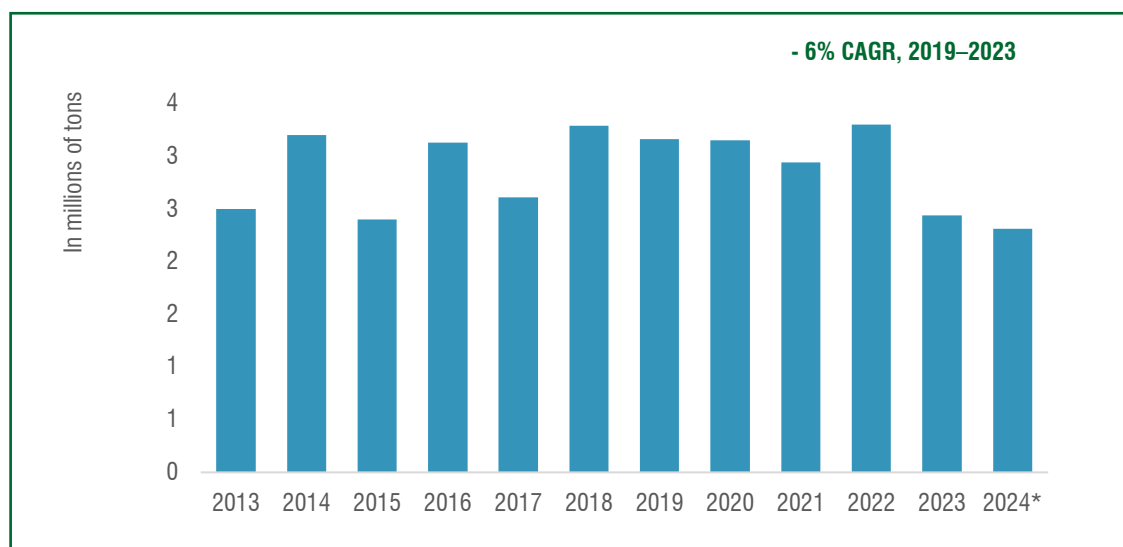
# Emerging demand for nutritious food

## Global production of olive oil

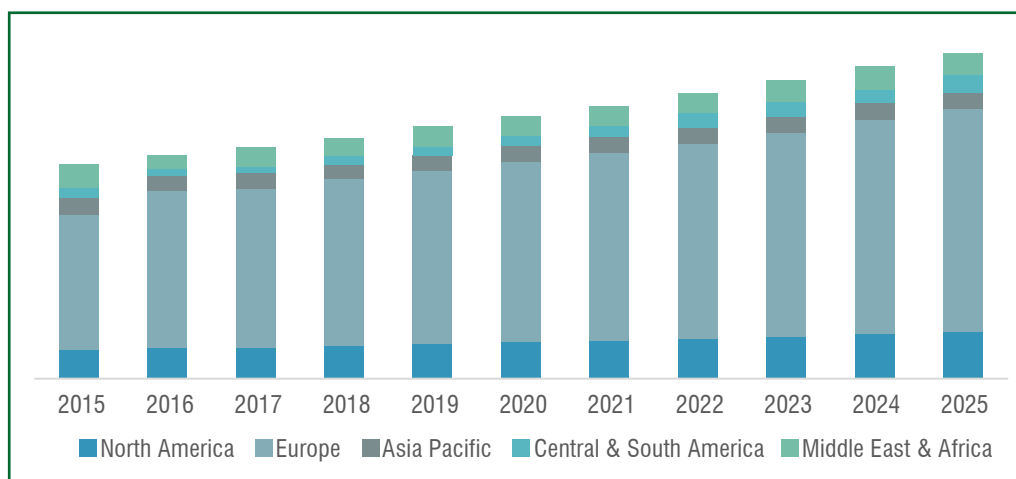
In 2023, the global production of olive oil was around 2.4 million tons, representing a modest contraction with a 6% compound annual growth rate (CAGR) decline over the previous five years. This downturn can be attributed to the disruptive impact of the COVID-19 pandemic, as well as climatic adversities such as extreme heatwaves and droughts, pushing the industry into a state of crisis. The majority of olive cultivation and oil production

is concentrated in the Mediterranean region, where the European Union accounts for 80% of global output. Beyond the European Union, Tunisia, Türkiye, Syria and Morocco are significant producers. Despite facing these challenges, market revenue and export trends are a testament to the resilience and dynamic adaptability of the global olive oil market.

**Figure 1:** Production volume of olive oil, worldwide, 2013–2024 (millions of tons)



**Source:** United States Department of Agriculture Foreign Agricultural Service

**Figure 2: Global olive oil revenue, by region, 2015–2025 (projected) (\$ billions)**

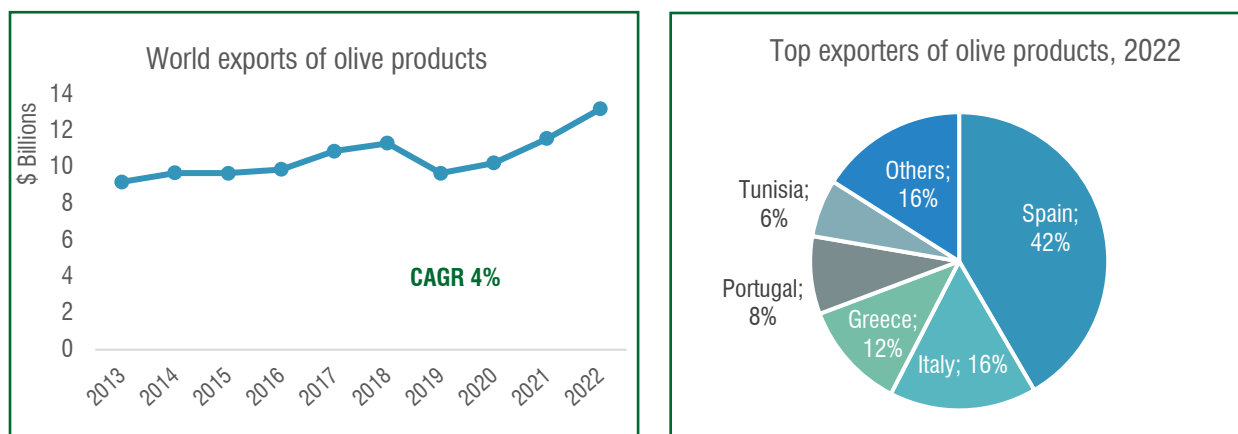
**Source:** Hexa Research, Olive Oil Market Size, Share, Forecast, 2019–2025 | Industry Report (hexaresearch.com)

## Global export review of olive products

The global export of olive products is currently experiencing robust growth, fuelled by several key factors. The health benefits of olive oil and its increased use in the pharmaceutical and beauty industries are at the forefront of this surge.

The export market reached a value of \$13.2 billion in 2022, showcasing 4% growth (CAGR) over the last decade (ITC Trade Map, 2022). This growth reflects the strong

and consistent expansion of the olive market, propelled by evolving consumer preferences and widespread recognition of olive oil's health and nutritional benefits. Extra virgin and virgin olive oil constitute 60% of the market's focus, with table olives making up another 18%. Furthermore, global exports of olive oil have grown by 5% in the last decade, while table olives have seen a 3% increase, indicating expanding global demand.

**Figure 3: Global trends in olive products exports**

**Sources:** ITC calculations based on United Nations Comtrade and ITC statistics.

Amid this global market expansion, initiatives like the Pakistan Olive Promotion on Commercial Scale project<sup>1</sup> are being launched to tap into this growing demand. The project aims primarily to increase local production of edible oil by cultivating olives to utilize wastelands in

order to improve livelihoods and promote a cleaner environment. This strategic initiative aims to boost local olive production capabilities to meet the growing demand in the country.

1.— The Pakistan Olive Promotion Project, initiated in 2014 and financed by the Government of Pakistan, aims to significantly boost domestic olive production and processing to reduce the country's reliance on imported edible oil. It also includes comprehensive training programmes for farmers to enhance the entire olive value chain within Pakistan.

# Untapped potential in the domestic segment

## Domestic production overview

### OLIVE OIL PRODUCTION

Olive trees –well-adapted to warm, dry climates– require little water and grow well on rugged terrain and land unsuitable for other forms of agriculture. Pakistan holds immense potential for olive cultivation, promising substantial economic, social and environmental benefits through the development of olive farming.

Pakistan's domestic olive oil sector has displayed significant growth at a time when global production is declining. Albeit starting from a modest baseline, Figure 4 depicts the nation's consistent expansion in the olive oil sector, marked by rising production volumes and an expanding cultivation area. In 2016, the country's output was a mere 19 kg of oil from just four hectares of plants at the juvenile stage. By 2023, production had surged to 121,000 kg against the expected 187,000 kg, with olive groves spanning nearly 3,800 hectares of olive trees at production stage, making up 24% of the total area dedicated to olive cultivation. This notable progress indicates a trend that –if it is sustained and the yield is increased through recommended actions being undertaken– could reduce the country's reliance on imported olive oil.



Photo: (cc0) @Pixabay, salad-5904093\_1920.jpg

### TABLE OLIVES

Similarly, Pakistan's domestic sector for table olives is mirroring the growth seen in olive oil production, demonstrating significant development. There has been a substantial increase since 2016, when only 8 kg of

table olives were harvested from a mere 0.16 hectares of plants at the juvenile stage. By 2023, harvest figures had climbed to 65,000 kg against the expected 67,433 kg, with the cultivation area expanding to 137 hectares of olive trees at the production stage, representing 0.87% of the total area under cultivation.

Figure 4: Olive oil quantity and harvesting area, 2016–2023

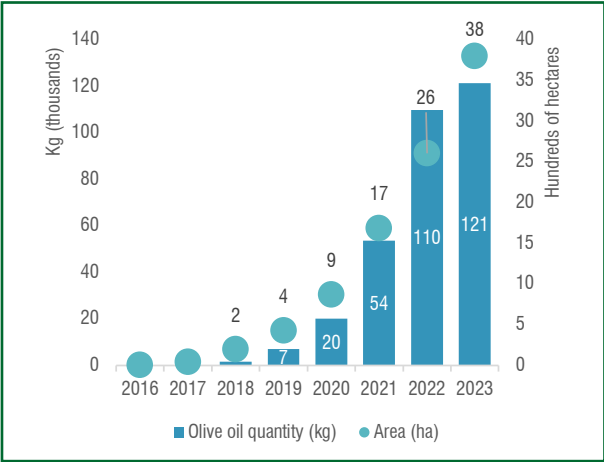
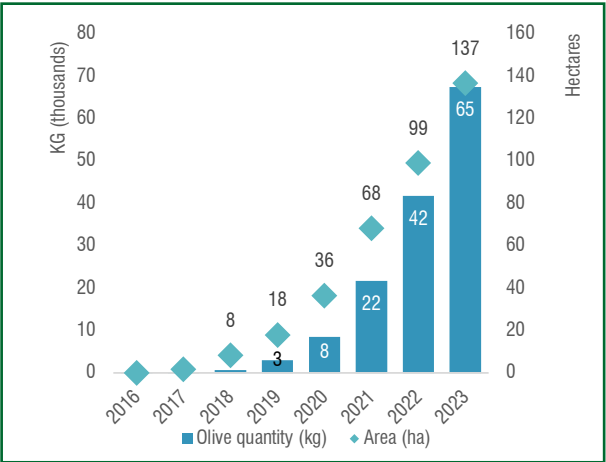


Figure 5: Table olives quantity and harvesting area, 2016–2023



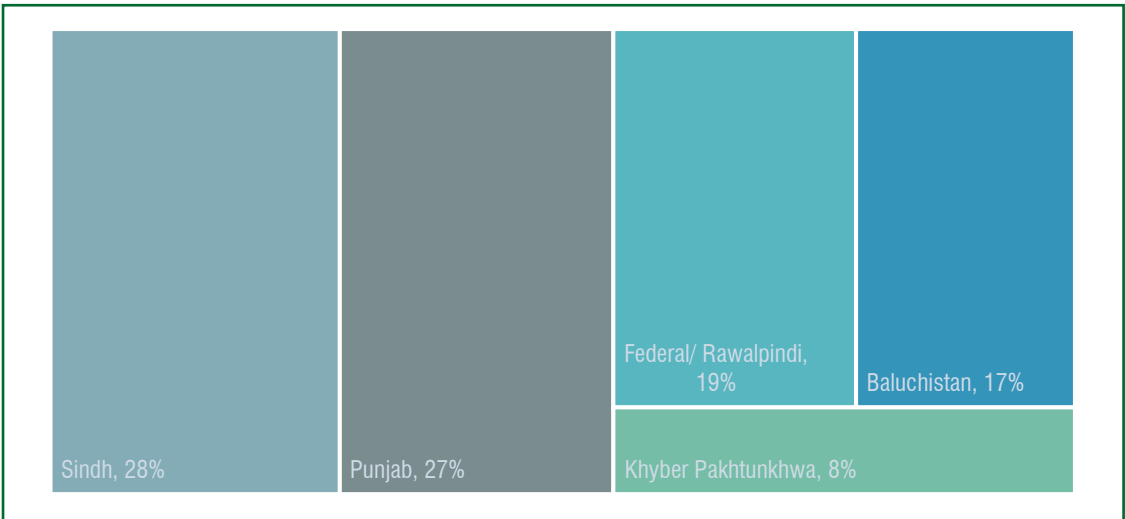
Source: CIHEAM Bari.

## Market survey analysis

To better understand the market dynamics and consumer preferences that will underpin these efforts, ITC carried out a consumer market survey in partnership with CIHEAM Bari in Pakistan, which collected data for the survey from 546 Pakistani consumers and 60 retailers between July and August 2023.

A representative sample of companies was randomly selected from across the country. The sample was spread across provinces, gender and age. Figure 6 highlights the surveyed provinces with the corresponding share of consumers interviewed in each province of Pakistan.

Figure 6: Share of consumers surveyed in four provinces of Pakistan



Source: ITC, based on consumer survey data collected in Pakistan.

In the surveyed consumer group, those under the age of 29 constitute the largest demographic, comprising 40% of the respondents. This is closely followed by individuals

aged 30–39, accounting for 38% of surveyed consumers. This indicates a strong inclination towards younger consumers, reflecting the country’s current youth

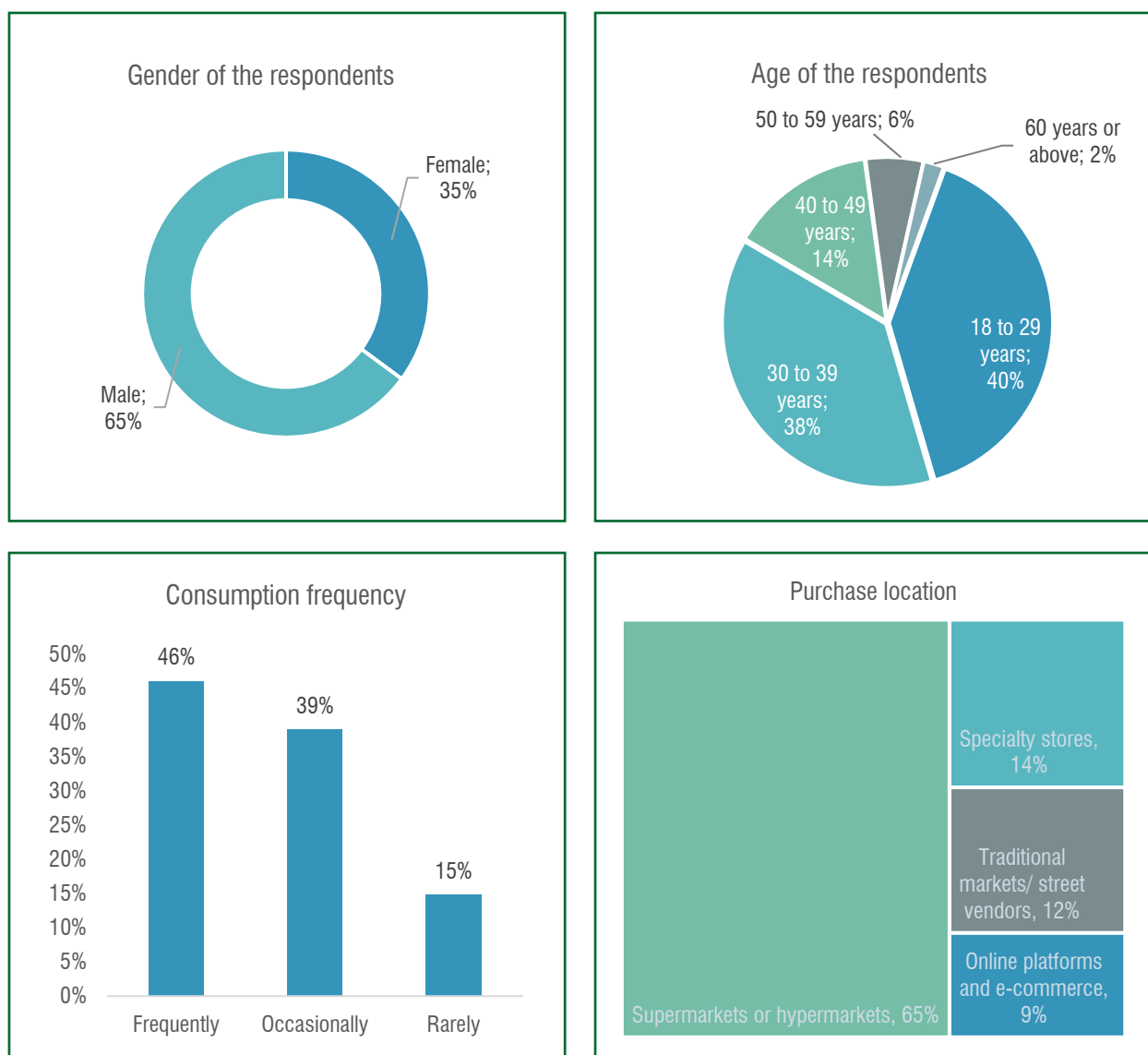
demographics: 64% of the population is under the age of 30.<sup>2</sup> The gender distribution within the survey sample revealed that women consumers are in the minority at 35%, reflecting broader societal trends in market participation and access.

The survey data suggest that spending patterns on olive products are closely linked to consumption frequency. Among the respondents, 46% frequently consume olive products, often spending between PKR 1,000 and PKR 5,000 monthly, highlighting these items as dietary staples due to their significant consumption volume. In contrast, the 39% who consume occasionally and the

15% who consume rarely tend to spend modestly, with 77% allocating up to PKR 1,000, reflecting sporadic use. These spending habits emphasize the distinction between regular consumers who integrate olive products into their daily diets and those who purchase them as occasional supplements.

With regard to the purchase locations for olive products, the data indicate that two in three consumers, representing 65% of the sample, prefer buying from supermarkets or hypermarkets. Specialty stores are frequented by 14%, while traditional markets and street vendors are chosen by 12% of consumers.

**Figure 7: Characteristics of the consumers who participated in the survey**



**Source:** ITC, based on consumer survey data collected in Pakistan.

2.— Ahmad, S. (2018, July 24). Unleashing the potential of a young Pakistan. *HDIALOGUE*. <https://hdr.undp.org/content/unleashing-potential-young-pakistan>



## Domestic market size

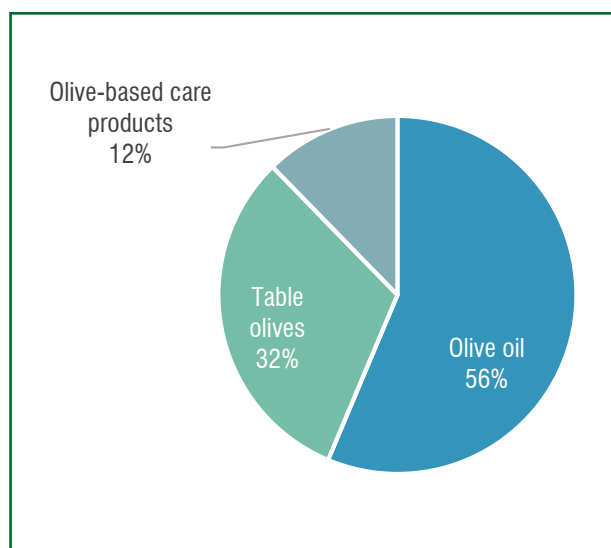
The olive sector in Pakistan is growing, reflecting a national move towards healthier living. Concurrently, the consumer survey highlights that olive oil is the most frequently consumed olive product, representing 50% of the market, followed closely by table olives at 39%. Olive-based care products capture an 11% share. Furthermore, the survey underscores a pronounced consumer preference for imported olive products over their locally produced counterparts; 74% of consumers purchased imported goods, in stark contrast to the mere 26% who favour locally produced options. This significant disparity is largely because the local offer is very limited compared with imports, which present a wider variety of options and are often perceived as higher quality.

The majority of imports originate from Spain (73%), with Italy (14%) and Türkiye (7%) following. Despite increased demand, olive oil imports constitute only 0.3% of the country's total edible oil imports. This modest figure can

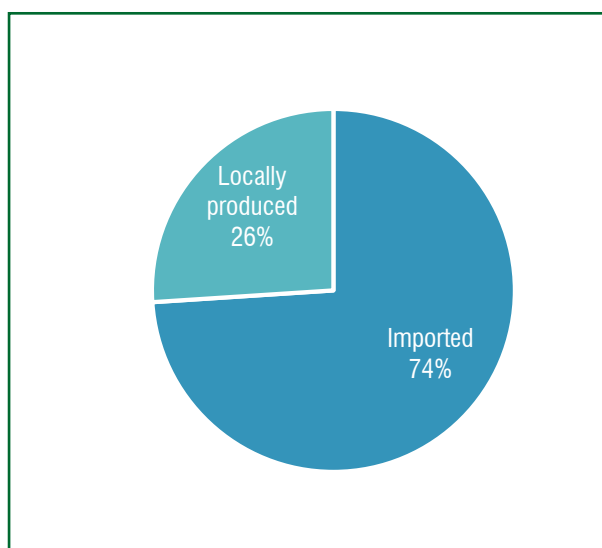
be partly attributed to the incorrect perception that olive oil is not suitable for high-heat cooking methods. Moreover, the elevated cost of olive oil, compared with other cooking oils, restricts its potential as a widespread substitute within the local cuisine.

The survey further sheds light on market dynamics, pinpointing the high price of olive products, including olive oil, as the primary barrier to increased consumption. This pricing issue directly impacts the purchasing decisions of 39% of consumers and is a significant economic concern for another 43%. Notably, the survey indicates that 50% of the purchases of imported olive products are for olive oil, revealing a strong demand that presents domestic producers with significant opportunities to address growing consumer need. However, mitigating the barrier of high cost is essential to foster broader consumption of olive products in Pakistan.

**Figure 8:** Type of olive products consumed regularly (%)



**Figure 9:** Comparison of imported vs. local olives and olive products purchased (%)



**Source:** ITC, based on consumer survey data collected in Pakistan.

## Growth of domestic demand per category or product

The olive oil market in Pakistan is witnessing a significant uptrend, with virgin olive oil emerging as a highly demanded value-added product. This trend is underscored by an 11% growth in demand over the past decade. Additionally, table olives have seen a remarkable increase

in popularity, with imports growing at an 18% CAGR, from \$692,000 to \$2.9 million during the same period.

Over the course of 2022, the consumption patterns of olive oil among Pakistani consumers revealed notable



trends: while half of the surveyed individuals reported no change in their olive oil consumption, 31% indicated an increase. This points to a gradual shift towards more frequent consumption, driven primarily by the recognized health benefits of olive oil, which 28% of consumers rated as their top purchasing criterion, above both taste and price (see Figure 6).

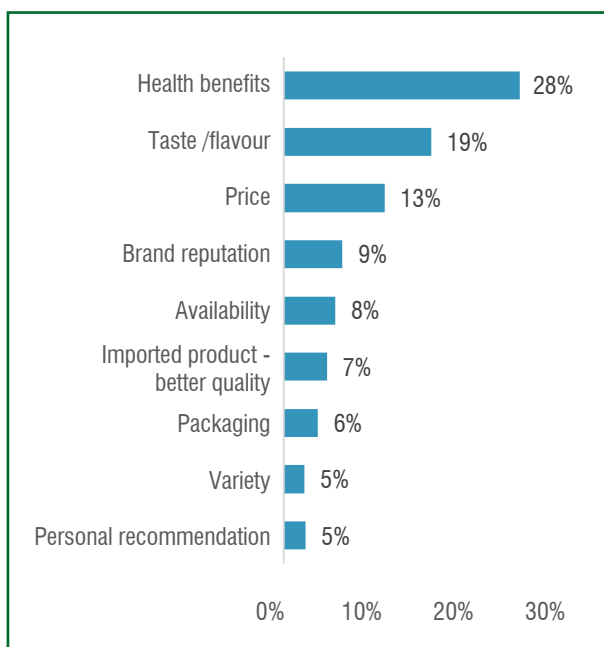
Further analysis from the retailer's survey points to a positive trajectory in olive product consumption, with 66% of respondents witnessing moderate-to-high annual growth rates. This data suggests robust and expanding demand across various olive product categories, reflecting a market ripe for development and diversification. Moreover, the survey findings provide valuable insights into both the increasing demand for olive products and specific preferences within the restaurant industry, presenting clear opportunities for suppliers to capitalize on.

Retailer insights offer a broader perspective on market dynamics. It is noteworthy that while 37% of restaurants frequently express interest in expanding their olive product offerings, suggesting a growing appetite for variety among consumers, an even larger segment,

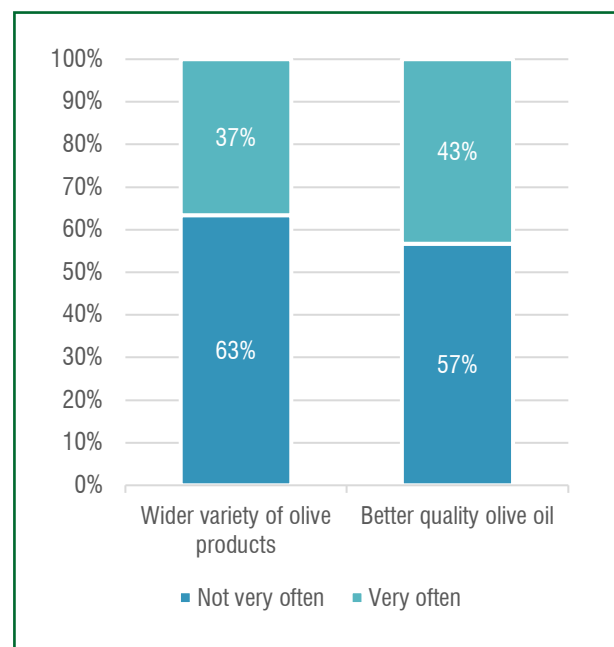
comprising 43% of respondents, demonstrate a keen interest in sourcing higher-quality olive oil. This indicates a niche market segment with discerning preferences for premium products. For local suppliers, it presents an opportunity to capitalize on this demand by providing high-quality olive oil options tailored to meet the needs of consumers (see Figure 11).

However, despite the promising market dynamics revealed by retailer insights, the sector faces substantial hurdles that impede its growth potential. Significant challenges include the absence of quality testing facilities, a lack of coherent pricing strategies that often make local products more expensive than imported counterparts, and minimal participation from commercial players in the private sector, particularly in areas of value addition. Additionally, the use of appropriate harvesting tools and equipment remains limited, alongside inadequate oil extraction infrastructure and improper packaging for locally produced olive oil.<sup>3</sup> The absence of effective branding and marketing strategies further compounds these issues, underscoring a critical need for comprehensive interventions to address these barriers and harness the full potential of Pakistan's olive market.

**Figure 10: Factors influencing the purchase of olive products (%)**



**Figure 11: Level of interest in olive products among restaurants (%)**



**Source:** ITC, based on consumer survey data collected in Pakistan.

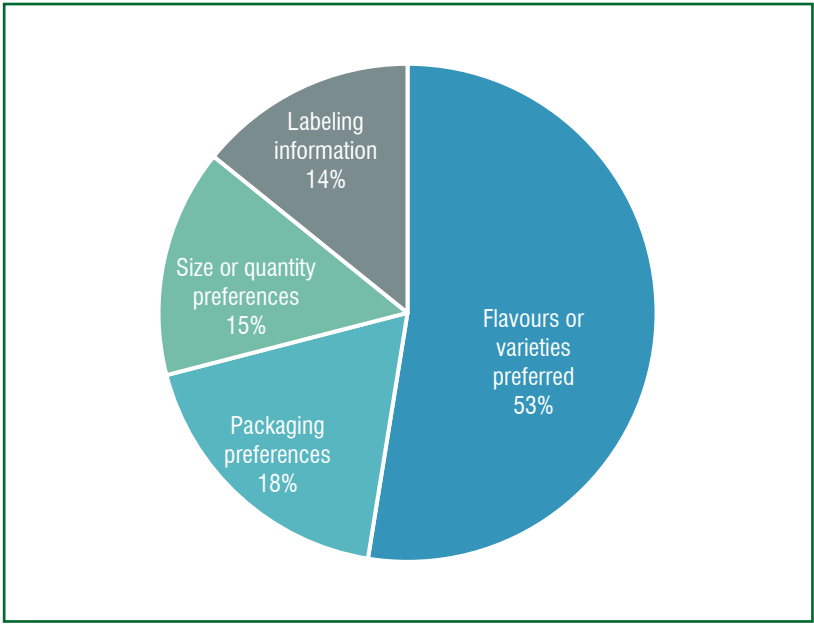
3.— Pakistan Business Council. (2022). *Potential of olives and olive oil in Pakistan*. <https://www.pbc.org.pk/wp-content/uploads/Potential-of-Olives-and-Olive-Oil-in-Pakistan-PBC-Study.pdf>

# The capacity of the domestic value chain to satisfy demand

Analysis of the domestic olive product market survey reveals that increasing the competitiveness of local offerings could be significantly influenced by diversifying flavours and varieties. This aspect stands out as the primary factor for 53% of consumers who show a preference for imported products, suggesting a gap in the domestic market's ability to satisfy consumer desires for variety. Additionally, enhancing packaging quality and providing more detailed labelling information could align with the preferences of 32% of consumers, pointing to areas for immediate improvement (see Figure 12).

In addition to these factors, some respondents included comments with their responses, citing that quality is a major parameter that would make them choose imported products over local ones. This is in line with the majority of the answers about flavour and variety. A small number also added that they were unaware that local products existed and that they would be interested to try them, which is encouraging and confirms that there is interest in the local market, provided the quality and flavours are improved.

Figure 12: Consumer preferences for olive products (%)



Source: ITC, based on consumer survey data collected in Pakistan.

## Consumer preferences

Analysis of the market survey reveals nuanced consumer preferences and behaviours. While approximately 56% of consumers indicate satisfaction with the current variety of olive products available in the market, a considerable share of respondents (44%) expresses a desire for more variety, highlighting an opportunity for market expansion and diversification.

Price sensitivity is a dominant factor in the decision-making process for purchasing olive products, with 73% of consumers considering it very important. This is contrasted by 21% who remain neutral and a mere 6% who deem price as not very important. Furthermore, if olive products were unavailable, 42% of consumers indicate a likelihood to switch to alternatives, reflecting a moderate-to-high openness to substituting olive products with other options.

Brand reputation holds substantial sway over consumer preferences, with 71% rating it as very important, especially for imported products, as no local brands are notably recognized. This is compounded by the fact that the high price serves as both a direct deterrent, affecting 39% of consumers, and a significant economic factor impacting 43% of purchasing decisions. The overlap in these statistics underscores the pivotal impact of pricing on consumer behaviour towards olive products. Moreover, promotional discounts and offers are seen to significantly influence purchasing decisions for 37% of consumers, indicating that well-crafted marketing strategies addressing price sensitivity could enhance consumer attraction to olive products.

Additionally, 68% of consumers consider certification labels on organic olive products to be very important, with a preference for products that combine organic and halal certifications, highlighting the value placed on certified organic products. However, the recognition of organic products in Pakistan faces challenges due to the absence of local legislation, rendering 'organic' certification primarily applicable to imported products. The inappropriate use of the term 'organic' for several locally sold oils, due to ignorance and lack of information, further complicates this issue.

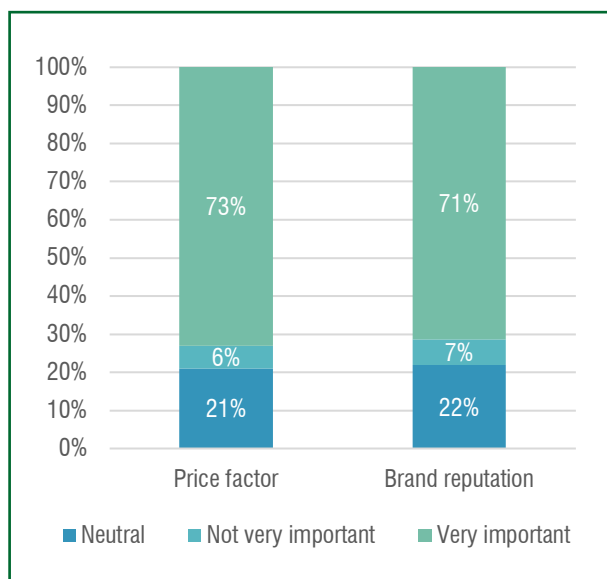
In the context of olive oil packaging, consumer preferences distinctly favour glass as the most preferred material, followed closely by tin. This preference underscores the importance of packaging choices in the olive oil market, highlighting a clear consumer inclination towards specific

types of packaging. The preference for glass over tin suggests that consumers may associate glass with higher quality, better preservation of the oil's flavour and properties, or more environmentally friendly options. Understanding these preferences is crucial for producers and marketers in tailoring their packaging strategies to meet consumer expectations and enhance the overall appeal of their olive oil products.

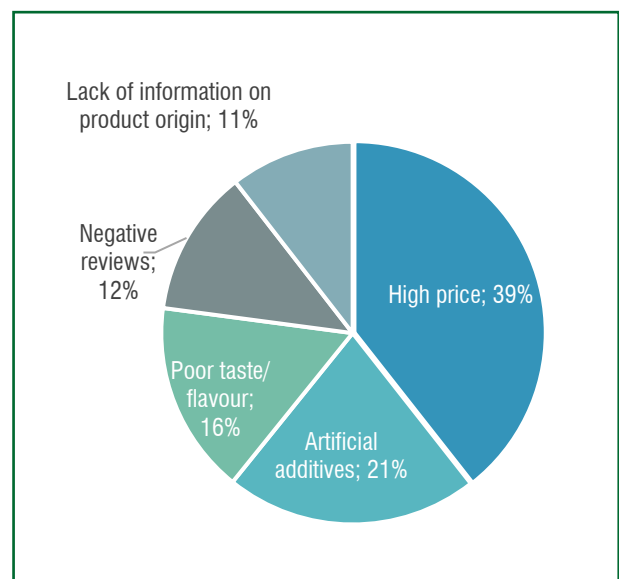
Consumer habits in restaurants also provide valuable insights, with 53% of individuals occasionally enjoying olive products, 21% doing so frequently and 26% rarely or never consuming them in such settings. This distribution not only indicates a certain level of regular consumption but also points to a significant opportunity to increase the availability and frequency of olive product offerings in restaurants. The underutilization and occasional consumption patterns are partly due to a lack of awareness regarding the benefits of olive products and their potential applications in local cuisine. Addressing this gap in knowledge could lead to broader acceptance and integration of olive products in restaurant menus, ultimately enhancing consumer exposure to these products.

The smell and taste of virgin olive oil are the only characteristics that consumers perceive. Producer efforts to enhance the sensory quality of virgin olive oil along with educational campaigns could enable consumers to cultivate the taste, thus diversifying their culinary profiles, tailored by the olive varieties and the technologies used in production and processing.

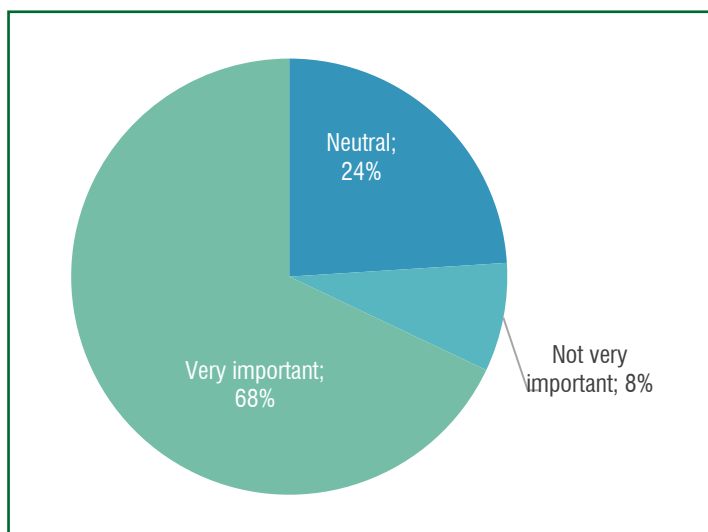
**Figure 13: Significance of price and brand reputation when purchasing olive products (%)**



**Figure 14: Key deterrents to purchasing olive products (%)**



**Source:** ITC, based on consumer survey data collected in Pakistan.

**Figure 15:** Consumer perception of certification labels on organic olive products (%)

**Source:** ITC, based on consumer survey data collected in Pakistan.

## The role of imports in current consumption

The retail sector for olive products in Pakistan is largely influenced by imported goods, with most outlets prominently featuring imported olive products (93%, versus 7% not keeping any imported products). Supply chain insights reveal that nearly three out of four (73%) olive products in retail are internationally sourced, either through direct imports or international suppliers, showcasing a significant lean towards global sourcing to satisfy market demand. Conversely, local suppliers account for merely 27% of retail distribution, highlighting the dominance of international brands in the country.

Further analysis reveals that among imported products, olive oil is the primary driver of sales, accounting for a 68% share, while table olives constitute 30% and olive-based spreads account for a 2% share. This sales pattern mirrors consumer patterns.

Retailers note that customers prefer imported olive products because they offer a wider selection and unique qualities like special flavours or packaging, which domestic items often lack. With 73% of retailers relying on international suppliers, as noted above, this significant market dominance underscores the influence of importers in shaping consumer preferences towards imported rather than domestic olive products.

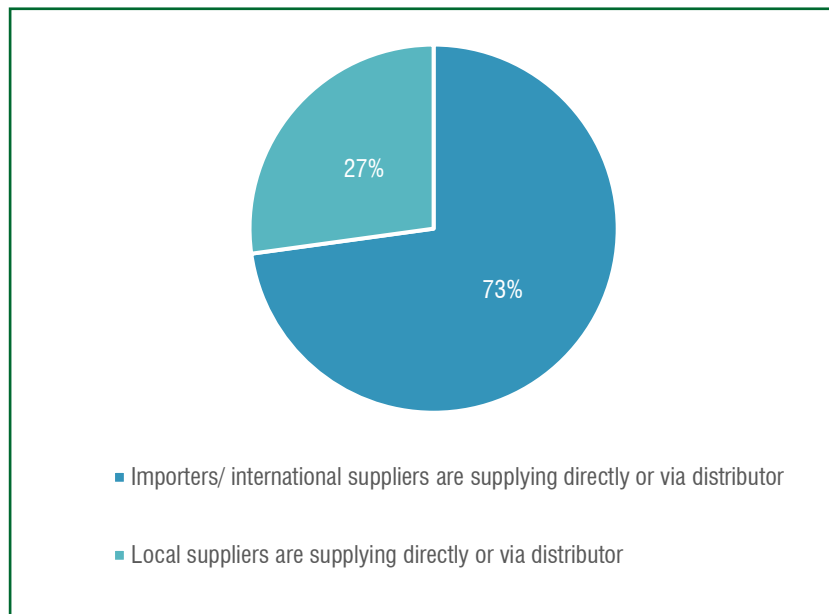
A deeper look into market dynamics reveals that 82% of retailers acknowledge the dominance of specific brands within the olive sector. Notably, imported brands such as



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Mundial (Spain), Borges (Spain), Sasso (Italy) and Italia (Italy) have carved out strong positions, commanding market shares of 26%, 23%, 17% and 12% respectively. This collective dominance by imported brands captures a significant portion of the market.

The current retail and supply chain configuration, with its emphasis on imported olive oil and the predominance of international brands, presents a complex scenario for local producers. To compete effectively, there is a need to strategize for greater market penetration.

**Figure 16:** Sources of olive product supply for retail outlets (%)

**Source:** ITC, based on consumer survey data collected in Pakistan.

## Opportunities for local markets to replace imports

The majority of olive product retailers source their inventory regularly, presenting a considerable challenge to local producers striving to establish dependable supply chains and customer loyalty to compete with these imports. According to the survey, 50% of retailers purchase imported olive products from their distributors weekly, while 38% place orders monthly, reflecting a strong dependency on imported goods. In contrast, a marginal 4% make purchases only occasionally throughout the year. This pattern suggests that most retailers maintain a steady stream of imported olive goods, leaving limited room for local products. Even though 68% of retailers report high satisfaction with their current imported supplies, there remains a significant 18% of retailers who are very dissatisfied, signalling an opening for local suppliers to potentially gain market share by targeting these discontented retailers.

A more detailed analysis reveals the various obstacles retailers encounter when importing olive products. While a significant number reported no difficulties, those who did face issues identified several key challenges. Supply shortages or difficulties in stock availability were highlighted as a primary concern by 18% of retailers, posing a threat to their capacity to satisfy consumer demand. Following closely, 14% of retailers struggle with pricing volatility, which undermines their pricing strategies and profit margins. Delivery disruptions or logistical hurdles

also present a problem for 11% of retailers, potentially leading to inventory shortages and lost sales. Lastly, a smaller portion (6%) of retailers pointed out the issue of having limited product variety, suggesting a need for a wider selection that current suppliers may not be offering. Collectively, these challenges underscore the need for improvement and represent areas where local producers could enhance their service.

Despite the hurdles, 39% of importers would not contemplate changing their suppliers and 27% find such considerations inapplicable due to a lack of significant challenges. Yet a combined 34% of the market is open to new suppliers, actively or passively, highlighting an opportunity for local suppliers to present themselves as viable alternatives by tackling the specific challenges importers face.

Among surveyed retail firms importing olive products, a notable 46% express a high likelihood of recommending their current suppliers, indicating significant satisfaction and a strong commitment to these partnerships. This dedication poses a challenge for local markets aiming to supplant imports, given that nearly half of these importers are not only satisfied but actively promote their existing suppliers. Yet the presence of 29% of retailers who are hesitant to endorse their suppliers, along with the 25% who remain neutral, reveals an opportunity for

local suppliers to penetrate the market by delivering superior products or services.

The data indicate a clear preference among retailers for key business strategies. A substantial 80% rate competitive pricing as a critical factor when sourcing imported olive products, implying that local suppliers must offer attractive pricing to make significant inroads into the market.

Concurrently, retailers –who are acutely aware of market dynamics– consider certifications vital, with 79% indicating their importance when selecting imported olive

products. These certifications are a cornerstone of their strategy, potentially used to justify premium pricing and assure consumers of product quality and origin.

This disconnect points to a significant opportunity for local suppliers: by acquiring certifications, they can not only meet retailer expectations but also take on the role of educators to elevate consumer appreciation for the high-quality standards of local olive products. In doing so, they may bridge the gap between the factors influencing retailer stocking decisions and the current consumer understanding of product quality.

Figure 17: Top challenges faced by distributor in olive product supply (%)

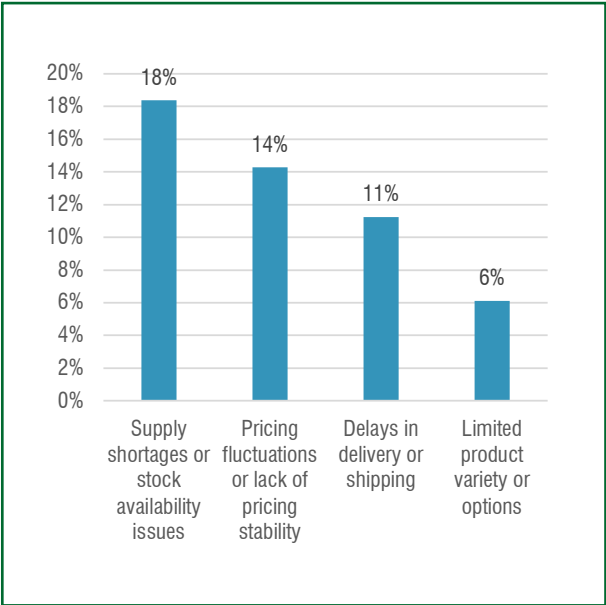


Figure 18: Willingness to change suppliers among olive product distributor (%)

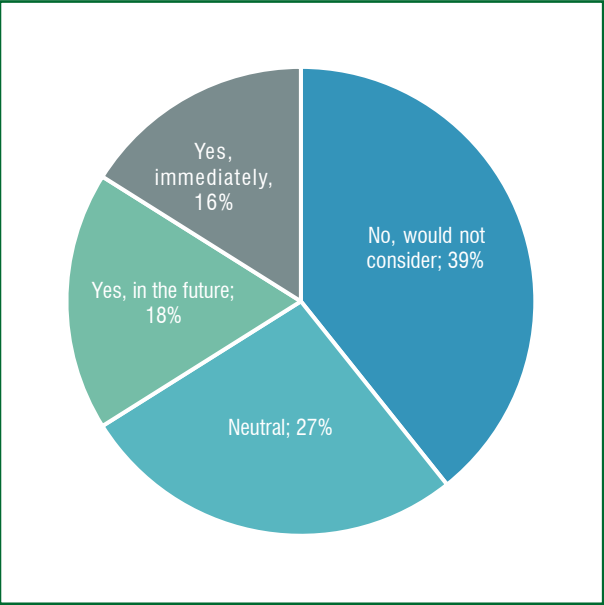
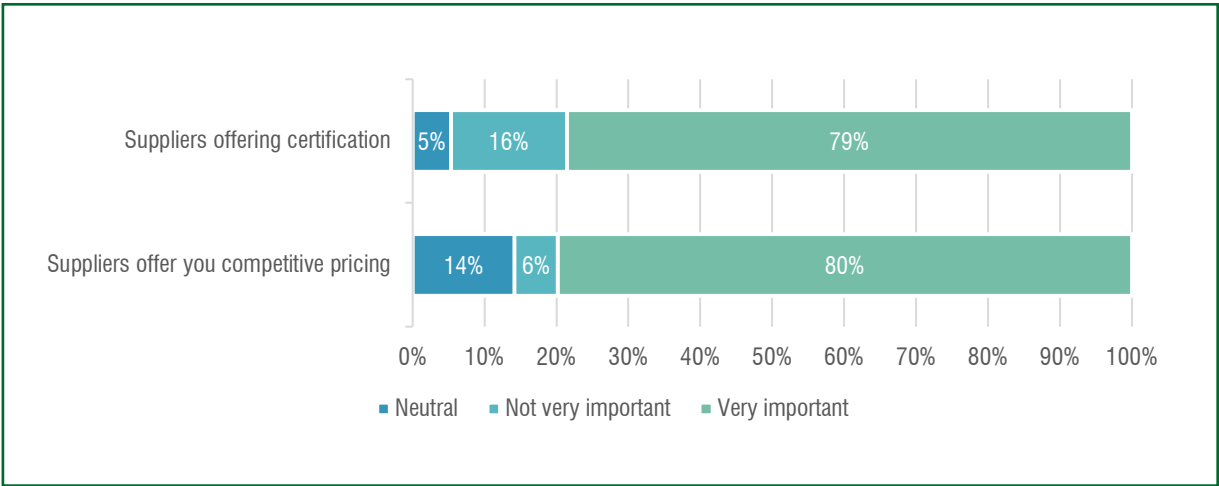


Figure 19: Importance of competitive pricing and certification for retailers of imported olive products (%)



Source: ITC, based on consumer survey data collected in Pakistan.



## Box 2: Market insights for national and provincial sector development objectives

The findings of the olive consumer and market survey align closely with the objectives outlined in the provincial Olive Sector Development Strategy, particularly in terms of quality improvement, product diversification and market competitiveness. As the survey highlights, consumer trends increasingly favour high-quality olive products such as extra virgin olive oil and specialty table olives. These preferences reinforce the need for Pakistan's olive sector to prioritize quality assurance and certifications, which are central to enhancing product appeal in both domestic and international markets.

The market encourages the need for innovation and sustainability; namely, organic, minimally processed and traceable products. By focusing on sustainable practices and unique product offerings, such as organic or flavoured olive oils, Pakistan's olive sector can tap into emerging niches. The market insights strengthen the case for targeted interventions that elevate Pakistan's olive sector on a global scale.



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# Emerging trends and opportunities

The global increase in olive consumption presents a unique opportunity for Pakistan, prompting the government to showcase a proof of concept for olive cultivation. This initiative has demonstrated the viability of growing olives on marginalized lands that are otherwise unsuitable for other crops, as well as replacing highly water-intensive crops, thereby not only leveraging underutilized land but also contributing to agricultural diversification. Despite domestic consumption being volumetrically limited, it is on an upward trajectory, reflecting a growing appreciation and demand for olive products within the country.

In light of the burgeoning global demand for olive oil, there is also a significant opportunity for Pakistan to tap into international markets through exports. However, the current production capacity of local olive oil falls short of substantially reducing the nation's reliance on imported edible oils. This gap between local production and the potential to meet both domestic and international demand underscores the need to mobilize private sector investment, particularly in bringing foreign olive oil brands into the Pakistani market.

Such strategic partnerships and investments could not only enhance the variety and quality of olive products available domestically but also bolster Pakistan's position as a player in the global olive oil market. Moreover, the expansion of olive cultivation and the introduction of foreign brands could have a profoundly positive impact on the environment and local farmers. Olive trees have a remarkable capacity for carbon dioxide absorption, making them a valuable asset in efforts to combat climate change and earning carbon credits. For farmers, the cultivation of olives represents a sustainable and potentially lucrative use of land that might otherwise remain barren, contributing to rural development and environmental sustainability.

This holistic approach, combining government initiatives with private sector dynamism and international collaboration, could significantly amplify the benefits



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of olive cultivation in Pakistan, making it a win-win scenario for the economy, the environment and the agricultural community.

As consumer demand for quality continues to rise, Pakistan's olive production sector is poised for significant growth in both cultivation and output within the next 5–7 years, as shown in the data. There had been a substantial increase in both production and consumption of olives by 2023, and this trajectory suggests that the expanding domestic market could be increasingly served by local production. However, with national demand expected to rise alongside quality and production, imports of olive oil can complement domestic supply rather than displace it, and ensure a balanced market dynamic that supports consumer needs for premium olive products.

### Box 3: Identifying the European Union as a key market for olive exports from Pakistan

The European Union presents a significant opportunity for Pakistan's olive sector, particularly as demand for high-quality olive oil and table olives continues to grow. If Pakistan can meet the European Union's stringent quality standards and certification requirements, it could successfully position itself as a key supplier. The national and provincial sector development plans align with this opportunity by emphasizing product quality, regulatory compliance and innovative product offerings

to meet domestic demand in Pakistan, but also to penetrate established European markets such as Italy, Germany and France, where consumers prioritize certified, sustainable and high-quality olive products. Strengthening domestic production capabilities while meeting international standards would not only reduce import dependency but also enable Pakistan to capitalize on emerging niches in both traditional and premium olive oil markets.

### Box 4: Investment opportunities and value addition

Pakistan's olive sector is on the brink of significant growth, driven by strategic investments aimed at enhancing production capacity and improving the overall value chain. The Balochistan Olive Sector Development Strategy emphasizes the establishment of certified nurseries as a vital step in promoting resilient olive varieties suited to local climates. Investing in modern production technologies and advanced filtration systems for olive oil extraction will not only improve product quality but also promote sustainability through the effective use of by-products. Establishing well-organized storage facilities will enable farmers to better manage their supply during the postharvest season, ultimately maximizing profitability.

By tapping into the olive sector's potential, these targeted investments will create jobs and stimulate economic development

while addressing the increasing domestic demand for olive oil and table olives. The creation of producer cooperatives will foster collaboration among local farmers and processors, facilitating resource sharing and enhancing market access. As the sector continues to evolve, there is a compelling opportunity to develop value-added products, which can further enhance profitability and empower local communities, particularly women and youth.

Findings from the olive consumer and market study highlight the growing interest in and demand for olives and olive products, reinforcing the attractiveness of investing in this sector. By aligning investment strategies with consumer preferences, stakeholders can seize market opportunities and drive sustainable growth for Pakistan's olive industry.

# Conclusion

The analysis of the olive products market reveals several key insights. Domestic consumption trends indicate a significant reliance on imports, with local production meeting only a fraction of demand. While consumers express a willingness to consider local products, they tend to favour imported options due to the certification of the quality, wider variety and flavours they offer. Additionally, few local brands exist in the market. Imported products –especially from Spain and Italy– hold a substantial market share. Consumer preferences are influenced by economic, social, personal and cultural factors, with a notable interest in organic products. Enhancing the sensory qualities of virgin olive oil has the potential to refine consumer palates and enrich culinary experiences, shaped by the diversity of olive varieties and production technologies.

Anticipating consumer demand for high-quality olive products, Pakistan is on track for a marked increase in local production over the next 5–7 years, aiming to cater to growing domestic needs while maintaining a steady level of imports to support market balance. However, challenges persist, including supply shortages and price fluctuations faced by retailers. Looking ahead, understanding buyer requirements and market dynamics will be crucial to navigate this evolving market landscape.



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# APPENDIX I – Methodology

The data required for detailed analysis was obtained through primary –i.e. via conducting an extensive survey– and secondary sources.

**Research design and sampling plan:** Two questionnaires and an interview guide were developed and tested for accuracy, with adjustments made based on feedback to enhance clarity and relevance. All three instruments were translated into the local language for easy distribution. The sampling strategy targeted four cities: Karachi, Lahore, Islamabad, Rawalpindi, and Quetta, with specific methodologies and sample sizes determined for each respondent type. In the consumer survey, 603 questionnaires were collected, identifying 546 olive product users across five cities. For the retailer survey, 61 responses were gathered from six cities, while challenges in reaching importers and distributors resulted in only six participants agreeing to participate. Overall, the research

design ensures comprehensive data collection and analysis to meet project objectives.

**Data-collection procedure:** For the consumer survey, data collectors visited randomly selected stores and approached every tenth customer, with follow-ups conducted to maximize response rates. For the retailer survey, data collectors visited selected stores and convinced them to participate, with some opting for self-administered questionnaires. Importer and distributor interviews were conducted by the consultant and a seasoned interviewer, with respondents selected based on judgment to achieve survey targets. The consumer questionnaire comprised 96 questions, covering demographics, purchasing habits, brand preferences and more; while the retailer questionnaire included 56 questions focusing on supplier issues. Instruments were converted into electronic format and thoroughly checked before deployment to ensure smooth functionality.

**Table 1: Sampling plan**

| Respondent type             | Sample size | Sampling technique                          | Inclusion                                                                                                                          | Mechanism                        |
|-----------------------------|-------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Individual consumer         | 546         | Systematic                                  | Urban olive buyer of 18 years of age or above                                                                                      | Self and enumerator administered |
| Retailer                    | 60          | Proportionally stratified and simple random | Owner / senior officer of retail trade, local and international                                                                    | Self and enumerator administered |
| Importer and/or distributor | 6           | Judgmental                                  | Owner / senior officer with experience in trading olive products; firm should have at least five years of olive trading experience | Interview conducted              |

Trained teams conducted the survey in each city, following refusal avoidance protocols and using standardized questionnaires. Letters were provided to participants to explain the study's purpose and ensure confidentiality. Stores were persuaded to participate in the retailer survey, with some using self-administered questionnaires. Importer / distributor interviews were conducted by a consultant and interviewer, with recordings and transcriptions. Data collection took place between 17 July and 22 August 2023.

**Public consultation:** Public involvement is essential for market analysis studies, improving understanding of priorities. Consultation occurred on 2–3 August 2023, at

Serena Hotel, Quetta, engaging stakeholders such as farmers, olive experts, producers, officials from provincial agriculture research institutes, universities and the Ministry of Planning, Development and Special Initiatives.

**Limitations:** Gathering questionnaire data from stakeholders, whether in remote or urban areas, poses challenges due to respondents' reluctance and time constraints. Consequently, the retailer survey shifted from stratified random sampling to convenient sampling. For importer / distributor data, a snowball sampling approach was used. Despite limited secondary data and reliability issues, rigorous efforts were made to overcome these constraints.



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