

THE ULTIMATE GUIDE TO

BUYING BULK OLIVE OIL FOR MANUFACTURING

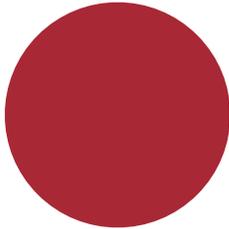


A Step-by-Step Guide
to Choosing Olive Oil
and Saving Money



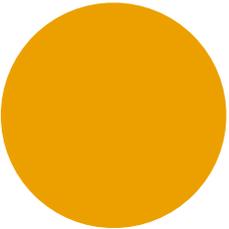
IS THIS BOOK RIGHT FOR ME?

Not sure if this ebook is right for you? This book will be helpful if...



YOU'RE ALREADY USING OLIVE OIL IN BULK AND WANT TO SAVE MONEY (ORDERING BY THE PALLET)

This guide can help you analyze your buying decisions in more depth. It will systematically lead you through each of the factors that affect pricing and assist you in making informed decisions. After you read this ebook, you will be able to increase your buying efficiency and save money.



YOU'RE PLANNING TO USE OLIVE OIL IN BULK IN THE FUTURE, AND WANT TO LEARN MORE

If you're working on a future product that will use olive oil as an ingredient, this e-book will help you weigh some of the detailed decisions about the oil that you will need to make. After reading this guide, you will have an overview of all of your options available.

If you're buying olive oil in small quantities for your business manufacturing, this guide is not geared towards you. For 10 case orders or less, we suggest purchasing from our [Online Wholesale Store](#), or visiting your local big box store.

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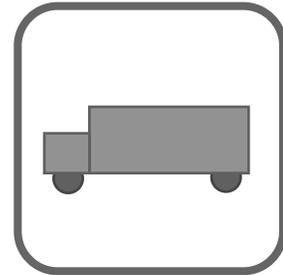
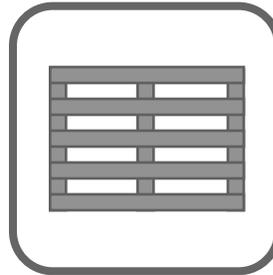
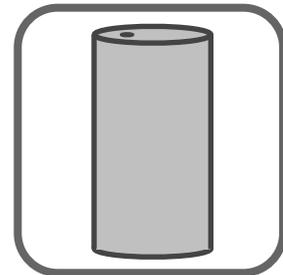
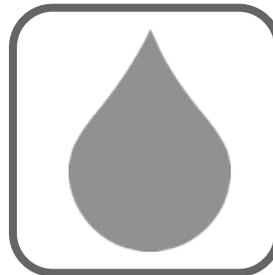


CENTRA FOODS: A BULK OLIVE OIL SUPPLIER TO MANUFACTURERS

GUIDING BUSINESSES ON

- Olive Oil Grades
- Bulk Packaging
- Delivery Schedules
- “Direct Delivery” Programs

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Introduction

Buying oil for your business can be very different than buying it for your kitchen. There are lots of components that go into making a decision about manufacturing ingredients— R&D needs a particular spec met, your warehouse has limited space, and the packaging you choose has to work smoothly into your production line. At the same time, you're trying to reduce your costs and increase your company's bottom line.

This is where this how-to guide can help. It will systematically walk you through the decisions you'll have to make before buying your bulk olive oil, and help you look at all the options. The goal is to help you increase your business' efficiency and save money, while still working within the limitations set forth by your Operations, Quality Control, and Research and Development teams.

This e-book will serve as your official guide as you're sourcing bulk olive oil for your business. Let's jump in!

CHAPTER 1

5 THINGS TO DECIDE



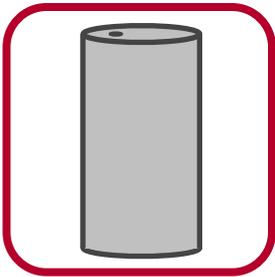
5 THINGS TO DECIDE

1. Grades



Choosing the right grade (or blend of grades) of olive oil will be the first step and may include your Product Development or R&D teams. A big part of this step will be doing test production runs with oil samples to make your final decision. If you've already selected a grade of olive oil or a blend, give yourself a pat on the back. Keep an open mind when reviewing each of the options though-- you may find that you can choose a different grade that will reduce cost but still meet all of your quality and taste needs.

2. Packaging



You'll need to decide what kind of bulk packaging will work best in your facility. This decision is often overlooked, and can be one of the biggest money-saving pieces to the puzzle. The general rule is, the less packaging involved, the cheaper your product will be. Don't forget to work with your Operations and Production teams to hear what will work best for them.

3. Delivery & Storage



Every facility is different. You'll need to decide how much space you'll have to store your olive oil. Sometimes you can save money by ordering 6-20 pallets at a time, getting price breaks on both the oil and the shipping. Evaluating your storage space will help you determine if you can create a smarter ordering pattern.

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4. Direct Delivery Programs



The cost of shipping is an important component as you're determining a delivered price. If you regularly go through 8+ drums (2+ totes) a month, you may qualify for a "direct delivery" program, where your oil is shipped by the truckload direct from the manufacturing location overseas to you. Don't have room? Some programs utilize a local storage warehouse that you can pull inventory from. These are custom programs, but are very easy and smart to set up.

5. Finding the Right Supplier



The perfect partnership is different for every business. Some prefer to work with a supplier who is custom and flexible to their needs; others need someone who can deliver locally, and others still prefer a supplier who can offer them all of their different ingredients. Deciding what you really want from your supplier will help you to feel at ease when you find the right match. Above all, it's important to work with a partner who will be dependable, professional and helpful.

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CHAPTER 2

GRADES



GRADES

Extra Virgin Olive Oil

Extra Virgin is the highest grade of olive oil, available in both traditional and organic varieties. First, the olives are harvested and washed with cold water. They are ground into paste and spun in a centrifuge to extract this initial, high-quality oil. Typically, this process occurs within 24 hours of picking the olives from the trees. By definition, EVOO is known as the “first, cold-press”, though it’s actually spun instead of pressed in modern systems. It is technically an olive fruit juice, because it is simply the liquid extracted from the fruit of the olive.

Virgin Olive Oil

Virgin Olive Oil is the second pressing of the olives, and the “second sister” to Extra Virgin Olive Oil. Once the olive paste has been spun to extract the Extra Virgin Olive Oil, warm or hot water is added to the paste and the oil is spun again. This process gets most of the remaining oil out of the olives. Virgin Olive Oil may also be the first press of olives that are pressed outside of the 24-hour window after the harvest, which gives this oil it's slightly higher acidity level.

Lampante Virgin Olive Oil is a lesser grade of Virgin Olive Oil not fit for human consumption. Often, this oil is made from over-ripe or bad olives, and is used for lamp oil or uses other than food. It is not a common grade available in the U.S..

Refined Olive Oil

Refined Olive Oil is Virgin Olive Oil that has been processed and refined to create a mild, light tasting, and more stable oil. The refining process also removes many of the health benefits that Extra Virgin Olive Oil offers.

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Olive Oil (Pure Olive Oil)

Defined by the USDA, the grade “Olive Oil” is commonly referred to as “Pure Olive Oil” in the U.S. bulk and retail markets. By definition, this grade is comprised of Refined Olive Oil combined with Extra Virgin or Virgin Olive Oil; common blend ratios are 85% Refined and 15% EVOO or Virgin, though they can range from 70/30 to 99/1. These ratios are determined by the supplier/manufacturer and can account for some of the price differences in Pure Olive Oil across the market. This oil has a milder taste and color than Extra Virgin or Virgin Olive Oil.

Olive Pomace Oil

Olive Pomace Oil is oil that is extracted from the *pomace* of the olive. “Pomace” is pulp made from the olive pit and already-squeezed olive fruit. When an olive is picked, it is ground into a paste which is squeezed or spun to get the initial oil out. The dry pulp left over is called the olive pomace.

A solvent (typically hexane) is added to the pomace to extract any remaining oil. The solvent is removed, and the remaining Olive Pomace Oil is refined. This is a similar process used to manufacture seed oils like Soybean and Canola.

Blends: Soybean / Canola Oil and Olive Oil

Olive Oil can be mixed with Canola or Soybean to create a blended oil that is low cost and has a milder taste. These blends can be made in any ratio, with any grade of olive oil. The most common ratios are 75/25, 85/15, and 95/5. Asking yourself why you’ve chosen a blend will help you decide which ratio will work best. Is your priority to save money? Keep Extra Virgin Olive Oil on your ingredient list? Create milder taste profile? Also, you’ll need to review your product requirements to see if the blend needs to be non-GMO, expeller-pressed or organic, each of which are available options.

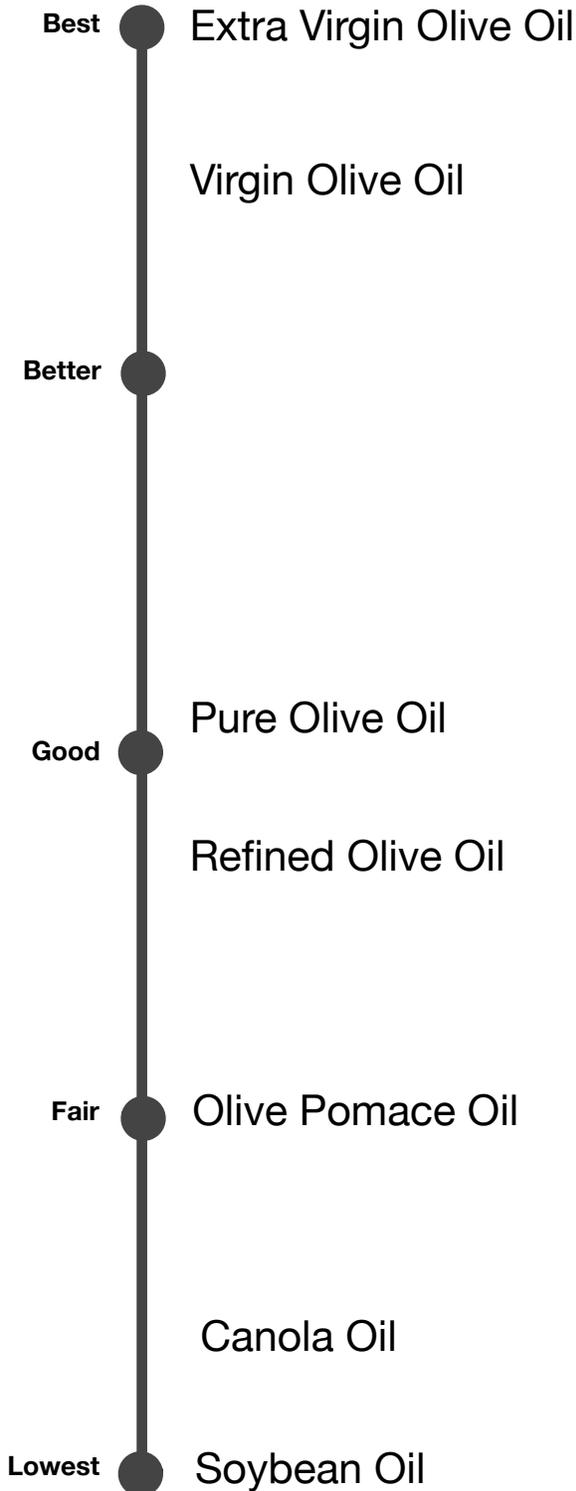
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OIL QUALITY SCALE



Prices normally correlate with this quality scale. For example, there is a substantial difference between the price of Extra Virgin Olive Oil and Olive Pomace Oil, while the price of Extra Virgin and Virgin are much closer.

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CHAPTER 2

PACKAGING



PACKAGING



35 Lb. Containers

4.6 Gallon Boxes of Olive Oil. This is the smallest size recommended for manufacturing, and is useful for production lines that use manual pouring. Minimum order of 60 containers (one pallet).



55 Gallon Drums

These steel drums weight about 500 lbs each, and work well in a warehouse setting with a pallet jack or forklift. The oil is easy to get out of the drums, by pumping it out of a hole at the top using a drum pump.



Totes

Available in 264, 275 or 330 Gallon sizes, in either the Bag in Box or Standard format (plastic with an aluminum frame). Typically, oil can be both pumped out of the top, or poured out of a spigot located at the bottom of the tote.



FlexiTanks

These are large container deliveries that carry about 46,000 Lbs of oil in a flexible bladder. The oil is pumped from these bulk containers into holding tanks set up at your facility. These tanks can tie into your production lines, and help you save the most money on packaging costs. They require 4-6 week set up time. Initial set-up costs are typically recovered by savings within 6-18 months. We recommend this for annual oil volumes of 200,000 lbs or more per grade.



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PROS & CONS

Packaging	Specs	Best For
35 Lb. Containers	4.6 Gallon Jug in Box. Easy to stack and store, and can be used without a fork lift. Full pallet = 60 units.	Hands on or single batch production. Limited or home storage space. Commercial kitchen production. Companies with unlimited trash disposal.
Drums	55 Gallon Steel or Bag in Box drum. Requires fork lift or pallet jack. Dispenses oil through a hole at the top, using a drum pump (purchased separately).	Warehouse setting with pallet jack or fork lift. Good for small production spaces, and/or low volume oil use.
Totes	264, 275 or 330 Gallon Totes. Bag-in-Box or Standard (plastic with aluminum frame). Dispenses using spigot at the bottom or drum pump from the top.	Warehouse setting with fork lift. Regular/continuous oil usage. Companies looking to reduce waste or recycle. Larger sizes increase efficiency & save \$\$.
FlexiTanks / Storage Tanks	45,000 Lb. Truckload that delivers direct from the Mediterranean. Pumps into storage tanks on site (pump purchased separately). Requires 6-7 week delivery time. Removes all freight and packaging costs.	Steady usage and production. Companies with storage tanks, or room to set up storage tanks. Price sensitive companies, that can commit to forward contracts or follow the daily global market.

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BIGGER IS BETTER

Want to save money? Choosing a bigger packaging size will reduce your costs by helping to eliminate unnecessary packaging. To save the most, choose the largest size that still works smoothly into your current production line.

HOW TO DECIDE

The most important thing to look at when considering packaging is how easy and efficient it will be to use. Work with your Operations and Production teams to answer the questions below.

ANSWER THESE QUESTIONS

- Does your production team have to manually pick up the olive oil and pour it?
- Could pumping out of drums or totes be easier than manual pouring?
- Do you have a forklift or pallet jack?
- When using totes or drums, how do you move them around in your production space?
- How do you plan to get the oil out of the tote/drum? Manual or automatic pump?
- Would a storage tank that can tie directly into your production line be most efficient?

Using Drums?

Consider the totes instead. They're cheaper, take up the same amount of space, and the oil dispenses just as easily. The 330 Gallon totes can help you save even more by lowering shipping costs.

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CHAPTER 3

DELIVERY & STORAGE



BUY IN FULL (Full vs. Partial Pallets)

Always buy your olive oil in full pallets, if possible. When your oil is being shipped with a freight carrier, it is strapped onto a pallet. Whether that is stacked with ten cases or sixty, one drum or four, the pallet still takes up the same amount of space on the truck floor. Therefore, the cost to ship a whole pallet vs. a half/partial is very similar. Save the most money by putting as much on a pallet as possible. Also, most suppliers have a one pallet minimum or higher.



THE COST OF SHIPPING

Transportation costs can range anywhere from \$75 (across town) to \$600 (across the country) per pallet. Think about where your oil will be shipping from (also known as the FOB point) when you're determining a delivered cost.

Some suppliers will take care of all of the shipping arrangements for you. Because they do so many deliveries, freight carriers will often charge them a lower cost than an individual can find. You can coordinate an order pick up from most suppliers' warehouses as well.

FACTORS THAT INCREASE SHIPPING COST

Any special delivery arrangements may cost extra. Here are the most common.

- **Lift Gate** (lowers the pallet from the back of the truck, if no fork lift/loading dock available)
- **Delivery Appointment**
- **Specific Delivery Hours**
- **Residential or Rural Location**

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STORAGE

Where are you going to put your olive oil? Figuring out how much storage space you have available can be a key factor in reducing your costs. Buying oil in larger order quantities will reduce both the cost of the oil and the freight. However, you first need to determine if you have somewhere to put these big orders once they deliver.

HERE’S WHY

When you buy 6+ pallets, you are often pushed into a lower price bracket for oil and your shipment becomes what’s known as a “volume shipment” in the freight world. Freight carriers charge less per pallet for orders of 4-6 pallets or more, and costs continue to decrease as you move towards a full truckload.

HOW TO DECIDE

Work with your Operations and Production teams to answer the questions below and see how much storage space you have available.

ANSWER THESE QUESTIONS

- Do you have space limitations?
- What is the maximum number of pallets your facility can hold at one time? Could you do 20?
- Do you have space to install an oil storage tank inside or outside?
- What do you do with the packaging when you’re done?
- Consider the space available in your facility for disposal of packaging.
- Are you building a new facility or moving in the next 5 years?

Consider what would be ideal in that next location.

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CHAPTER 4

DIRECT DELIVERY PROGRAMS

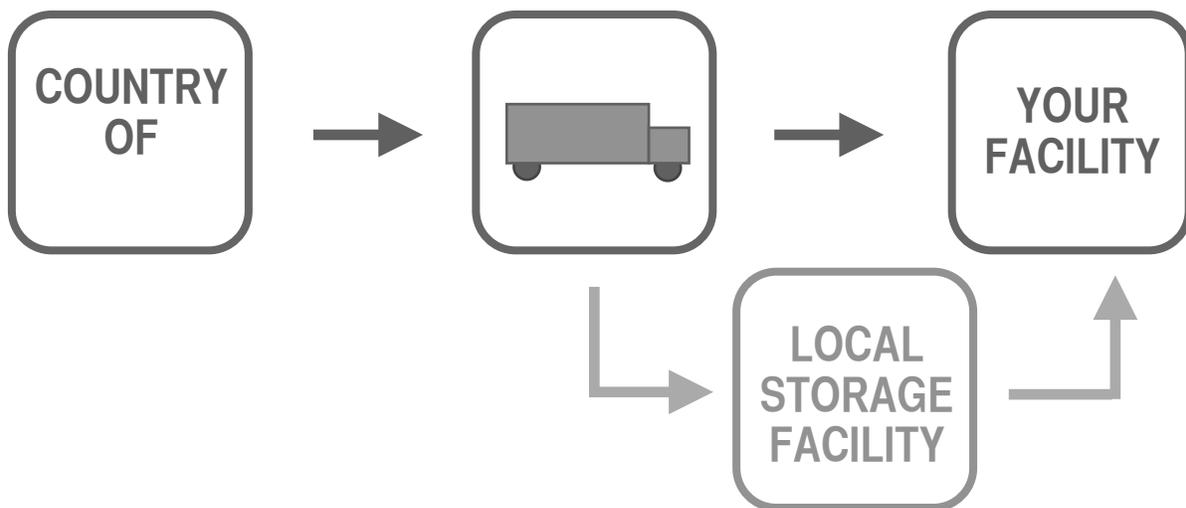


WHAT IS A DIRECT DELIVERY PROGRAM?

A direct delivery is when a truckload of olive oil is delivered to your location direct from the manufacturing site. There are no attached delivery costs, and the oil is often cheaper because you avoid any of the supplier's warehousing or overhead costs. Packaging is in flexitanks, drums or totes, and delivered in 20+ pallet shipments. The shipping timeline takes about 6-7 weeks.

A delivery program is when regular direct deliveries are pre-planned with your supplier. For example, a direct delivery program could entail receiving one truckload of olive oil every other week; after the first delivery (because there's 6-7 week set up time for a program), your oil would be scheduled to arrive every 2 weeks as planned. This system saves a lot more money than having a truckload deliver from the supplier's U.S. facility in the same frequency. Of course, back-up inventory would be available domestically for emergency shipments. This system works best for companies that have regular, steady usage.

These direct delivery programs have two options: a) it delivers to your location in full truckloads or b) a local fulfillment warehouse can be set up to help companies with limited storage.



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DELIVERY TO MY FACILITY

Can you store 20+ pallets? If so, it's best to have a direct delivery program set up to deliver to your location. Delivery will be easy and fast, and your oil will be easily accessible. Keep in mind that pallets can be stacked up to 3 high to conserve space.

LOCAL DELIVERY PROGRAM

Do you have limited storage space? If so, setting up a local delivery program will be the smartest way to save money. Your truckload of oil will deliver to a local storage facility in your town, and you can pull from that inventory by the pallet as you need it. Your supplier will handle all of the coordination with this facility, costs, etc-- you will simply place your POs as usual and your oil will deliver. You will have lower shipping costs than if it were shipping from your supplier's facility, and you'll only pay for inventory as it delivers.

The cost of setting up a local delivery program is normally \$0.04-0.05 /Lb more than a direct delivery to your facility. Even with the cost of cross-town delivery factored in, this program is still substantially cheaper than having 1-2 pallets shipped direct from your supplier's warehouse (especially if their ship point is halfway across the country!).

DOES YOUR USAGE WARRANT DIRECT DELIVERIES?

These programs make sense for many companies, even those using surprisingly low volumes. If you can use 20 pallets within 8-9 months, this program will be worthwhile. This means that you must be using at least 8 drums or 2 totes per month. That usage can be a mix of grades, though it's easier with just one. Keep in mind that olive oil has a shelf life of 24 months from the date of manufacture.

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LET'S COMPARE!

Let's consider each system for cost and ease of use, based on the average manufacturer. The numbers below are estimated examples.

STANDARD DELIVERY (Supplier's Facility → My Facility)

Example Oil Costs	\$2.00 /Lb. x 419 Lbs = \$838.00 /Drum
Example Delivery Costs	\$350 /Pallet
Landed Cost	\$2.20 /Lb = \$921.80 / Drum

TRUCKLOAD DIRECT DELIVERY (Mediterranean → My Facility)

Example Oil Costs	\$1.80 /Lb. x 419 Lbs = \$754.20 /Drum
Example Delivery Costs	\$0.00 /Pallet
Landed Cost	\$1.80 /Lb = \$754.20 /Drum

LOCAL DELIVERY PROGRAM (Local Warehouse → My Facility)

Example Oil Costs	\$1.85 /Lb. x 419 Lbs = \$775.15 /Drum
Example Delivery Costs	\$75.00 /Pallet
Landed Cost	\$1.89 /Lb = \$791.91 /Drum

***This example customer uses 4 drums per week, or 16 drums per month of olive oil. Over the course of the year, this amounts to about 87,000 pounds of oil.*

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CHAPTER 5

FINDING THE RIGHT SUPPLIER



TYPES OF SUPPLIERS



● National Suppliers

National suppliers work with manufacturing customers across the country. They are set up for large scale, high volume distribution. They can offer long term contracts on your oils, and can help you strategize to find the best long term program. They partner with freight companies to deliver your oil, and will often work with surrounding businesses in the area.

● Local Suppliers

Local suppliers work on a much smaller scale. They work with local companies, and often have their own delivery trucks. Minimum orders are smaller (e.g., 1 drum or a few cases), and inventory may rotate in and out.

● Ingredient Distributors

Ingredient distributors are local suppliers that deal with a range of ingredients. Often, they will focus on a particular industry. They can work on a local or national level. They usually purchase each of their items in bulk from a National Supplier, and sometimes have a slightly higher cost. However, they can consolidate your deliveries saving you money on transportation. Some also help your business run smoother by assisting in maintaining inventory levels, placing orders and watching over all of your ingredients with you.

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What To Expect

Choosing an olive oil supplier can be a big move for your business. You depend on them as a partner to provide the ingredients that you need for your production to run smoothly.

You may expect more from your supplier, and rightly so. You should insist on working with a team that understands your business, that will listen closely and strategize with you. It's smart to choose someone who knows the industry even better than you do, and can offer unbiased advice about what's going to work best.

Like any business partnership, you should work with a supplier who is professional, prompt and has a great customer service team available to take care of you.



CONCLUSION & ADDITIONAL RESOURCES



MAKE SURE YOU'RE **BUYING** **SMART**



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