



Convenient cheese formats rule

Cheese processors also will find growth opportunity in snackable options and adventurous flavors.



For decades, the story surrounding the cheese segment has been one of very strong growth, both at retail and foodservice. The category's versatility and abundance of varieties have worked in its favor, even as other dairy categories have weathered ups and downs. But the story appears to be changing a bit, at least at the retail level.

"The cheese category continues to grow as a whole, but at a very slow pace, ultimately making only 3% gains since 2014," global market research firm Mintel says in its October 2019 "Cheese – US" report. "The next five years are expected to see this trend continue, as consumer interest in healthier and natural options offset the struggles in processed cheese segments."



Convenience rules

One potential growth area could be found in convenience-minded offerings. For some time now, consumers in all age groups have been clamoring for food and beverage items, including cheese, that promise to make their lives a little easier. And the up-and-coming Generation Z can be expected to do the same, says Heather Engwall, vice president of marketing for Fitchburg, Wis.-based Emmi Roth.

“More than any other generation, they are not fans of cooking, nor do they claim to have time or resources to cook,” she says. “This has been one reason both foodservice at retail and frozen prepared foods have shown a lot of growth.”

Engwall notes that Emmi Roth stands to benefit from convenience-fueled growth because its full-flavored core cheeses lend themselves well to always-in-style comfort dishes such as macaroni and cheese and breakfast sandwiches. What’s more, the company’s new Roth Flavor Ups blue cheese crumbles for foodservice and retail offer convenient single-serve packaging for meal prep and recipe creation. They are available in 1-ounce single-serve cups, three-packs or nine-packs.

And shredded cheese continues to provide consumers with a convenience-minded shortcut to meal preparation. One of the latest offerings here is a line of organic “thick cut off-the-block” shredded cheeses from Organic Valley, La Farge, Wis. The line is available in five varieties, including mozzarella, 3 cheese Italian, 3 cheese Mexican, mild cheddar and sharp cheddar. Organic Valley said the cheeses, which retail in 6-ounce bags, offer consumers a cheesier flavor, better cheese pull and a gooier melt.

Natural cheese slices, too, remain popular among convenience-seeking consumers. New to the U.S. retail market are all-natural, semi-soft creamy cheese slices from Belletoile, Dieue-sur-Meuse, France. The company says the cheeses are crafted following the cheesemaking techniques of its soft-ripened cheese, but the process skips the aging room and presses the curds, delivering a clean taste and a creamy texture. The cheese slices are sold in 5.29-ounce resealable packages.



Snack time is calling

Going hand-in-hand with the ongoing trend toward convenient cheese formats is a continuing trend in favor of snackable cheese options. Many cheese processors, therefore, have been introducing cheese products designed for grab-and-go snacking.

“Snacks and on-the-go meals are huge right now, and cheese companies have jumped on this trend with innovative pairings, easy-[to]-use packaging,” says Lauren Dykes, manager, B2B & corporate communication for Schuman Cheese, Fairfield, N.J.

Innovation going well beyond “traditional carb-loaded snacks” is really driving the category, explains Samuel Kestenbaum, CEO of ParmCrisps, Fairfield, N.J., which produces oven-baked snacks crafted from 100% aged Parmesan cheese. The snacks are ketogenic-diet-friendly, gluten-free and sugar-free.

“Today’s shoppers desire a clean, unprocessed high-protein and low-carb snack made with premium, simple ingredients,” he says. “It’s important to us that we offer consumers something that satisfies their desires both for comfort and their need for better-for-you snack options.”

ParmCrisps cheese snacks now come in a variety of “traditional snacking” flavors, including two new ones — Four Cheese and Cheddar, Kestenbaum notes.

Snackable cheese is an area of high interest for Chicago-based Dutch Farms Inc., too.

“Our primary focus is on the consumer demand for ready-to-eat protein-focused snacks within the dairy category,” notes Karen Van Prooyen, marketing director for Dutch Farms. “There is tremendous growth in this exploding dairy subcategory.”

Last fall, the company added Protein Packs to the Dutch Farms On-The-Go line of ready-to-eat snacks. The products were created for today’s busy consumers who prioritize convenience and tend to snack throughout the day, Dutch Farms says. Available in two varieties — string cheese with one hard-cooked peeled egg and pepperoni, and a pepper jack cheese stick with one hard-cooked peeled egg and Genoa salami — the Protein Packs offer 18-20 grams of protein and only 1-2 grams of carbohydrates per serving.

Also new on the U.S. retail snacking front are Frico Grab & Go Gouda Snacks from Amersfoort, Netherlands-based FrieslandCampina. The company says the snacks, made with 100% fresh Dutch cow’s milk, meet growing consumer demand for better-for-you on-the-go products for lunch and snacking. They are available in bags containing eight 20-gram portions.



And earlier this year, Borden Cheese, a licensed brand of Dairy Farmers of America (DFA), Kansas City, Kan., added Borden Cheese Crisps 'n Cubes to its snack-minded portfolio. The offerings feature a duo of crunchy 100% oven-baked cheese (crisps) and 100% real cheese (cubes). According to DFA, the products are a low-carbohydrate option for a satisfying and healthy on-the-go snack. The snacks come in three flavor combinations: sharp cheddar crisps and colby jack cubes, jalapeño crisps and mild cheddar cubes, and cheddar crisps and white cheddar cubes.

Make it an adventure

Within the cheese space, the snacking trend also is mingling with another trend: that toward flavor adventure and variety, says Jinny Lam, director, cheese category for Tillamook County Creamery Association, Tillamook, Ore.

“Flavor varieties are tempting the increasingly adventurous American palate, and you see this in the dairy wall and the deli section of the grocery store, as well as at restaurants,” she says.

“You also see this through the rise of the cheese plate as an aesthetic, which says something about the current times. We are craving and showcasing beauty and substance.”

Tillamook leveraged both the “snackification” trend and the flavor adventure trend with the 2019 debut of its premium Tillamook Cheeseboard line, Lam notes. The line comes in four varieties: Sharp Berry Crunch (sharp white cheddar cheese, marionberry spread and rosemary crackers), Spicy Berry Bite (Pepper Jack cheese, marionberry spread and multigrain crackers), Smoky Apple Crisp (smoked medium cheddar cheese, apple spread and olive oil crackers) and Sharp Strawberry Heat (sharp white cheddar cheese, spicy strawberry spread and rosemary crackers).

Some specific cheese types also fit in well with the flavor adventure push. For example, Gruyere is rising in popularity, with market research firm Datassential showing that the variety has grown 16% in foodservice during the past four years, Dykes points out.

“We think this trend will spill into retail, with consumers trying cheeses that they may not be as familiar with,” she says. “We introduced Margot Gruyere into our portfolio last year for foodservice and will be releasing retail cuts this summer.”

Schuman Cheese also focused on flavor excitement in the recent launch of hand-rubbed Cello Fontinas. The 5-ounce wedges are hand-rubbed with vibrant spice blends from around the globe and naturally aged for 60 days. They come in seven varieties, including Tuscan, Harissa, Dijon & Herb, Creamy Dill, Bergamot & Hibiscus, Smoky Pepper and Mayan Cocoa Coffee.



For its part, Tillamook County Creamery Association recently brought flavor adventure to a breakfast classic: cream cheese. Tillamook Farmstyle cream cheese spreads come in Original, Aged Cheddar, Seriously Strawberry and Very Veggie varieties.

“Our recipe is made without gums, fillers or preservatives, giving you a cream cheese spread that tastes more like cheese,” Lam says.

And sometimes a flavor adventure can be created via unique storytelling. Emmi Roth is doing just that through an update of the packaging for its traditional cheeses from Switzerland; the packaging now tells a “deeper story” about the cheeses’ origin, Engwall explains.

“Sometimes in this category, it’s good to get back to basics and educate consumers about our core products,” she adds. “We’re doing a similar focus for Wisconsin-made Roth brand.”

The plant-based threat

Despite all of the trends playing out in cheese’s favor, the category does have some challenges. One of those is the rise of plant-based alternatives.

According to the Mintel report, some younger consumers are turning away from natural cheese and toward dairy-free options. In fact, when Mintel asked a subset of U.S. consumers whether or not they had consumed dairy-free “cheese” during the previous three months, 20% of respondents between the ages of 18 and 44 said yes. (But 64% of respondents in the same age group also said they had consumed natural cheese made from cow’s milk.)

Two of the newest offerings in the dairy-free “cheese” space are cheddar and pepper jack cheese alternatives from Miyoko’s Creamery, Petaluma, Calif. Made using cultured legumes and oats, the cheese alternatives are Miyoko Creamery’s first nut-free vegan cheese options.

The company said the new products taste, melt and function similar to their dairy counterparts. They can be used in grilled cheese sandwiches, quesadillas, macaroni and cheese, and any other recipes that call for traditional cheddar or pepper jack. The products launched in select grocery stores in March, and are available in three formats: 1-ounce slices, shredded packages and 8-ounce cheese blocks.

Mintel suggests that options capitalizing on attributes popular among dairy-free cheeses could resonate well with younger consumers. Brands could look to adjacent industries such as yogurt and ice cream for guidance in navigating this burgeoning area.

However, Dykes says growth in the plant-based movement overall can be attributed largely to consumers who identify as flexitarians. Such consumers are trying to consume fewer animal products, not attempting to eliminate them completely.



“The continued commoditization of cheese has narrowed the taste gap between plant-based and traditional products, allowing for consumers to feel as though they are not making a big trade-off,” she explains. “One of the few ways the dairy industry can combat these headwinds is by increasing its rate of innovation, making dairy products more attractive to consumers. We believe that there will always be a market for high-quality and differentiated cheese products, no matter how large plant-based products become.”

In reality, the plant-based movement’s impact on the genuine cheese segment remains “incredibly minimal,” says Engwall. She notes that many people actually are indulging in real cheese even when consuming plant-based dishes — for example, on top of veggie burgers.

“Cheese producers should keep an eye on plant-based trends, just like any food trend that could impact products, customers or consumer buying habits,” she notes.

The coronavirus impact

Another challenge for the cheese category (and many other food and beverage categories) are impacts related to the coronavirus (COVID-19) pandemic, which has forced many restaurants to shut down or offer only carryout and delivery options. The pandemic has forced both retail and foodservice to reinvent the way products are sold, says Engwall.

“Restaurants and small cheese shops are having to get creative in offering new takeout options or at-home cheese boxes in order to pay their staff and keep their businesses afloat,” she notes. “Grocers are implementing new cleaning measures in their stores and struggling to keep products on-shelf as people stock up on food items.

“Product format needs have changed, with areas like the deli cut-and-wrap counter being avoided,” she adds. “We have yet to see the long-term effects that this will have on the food industry.”

Dykes agrees that the uncertainty is challenging.

“Small businesses are greatly affected by these types of disruptions in the day-to-day [operations], and it definitely does make sense to have a robust crisis communication and backup plan in place,” she says. “Luckily for retail, online sales are part of the business.”

Dykes adds that cheese processors need to listen to their customers and be nimble.

The coronavirus pandemic is also creating an unprecedented situation in which cheese processors are part of supply shock and demand shock — at the same time, Kestenbaum notes.

“Restaurants closing will create a significant decline in foodservice sales, while grocery stores and CPG [consumer packaged goods] companies will see a sustained demand,” he says. “This imbalance will create a logistics challenge for the whole industry.”



Kestenbaum notes that cheese companies' supply chains will need to adapt to shift assets to align with the reality that more consumers are eating at home.

"As long as plant employees come to work and trucks are on the road, we will weather the storm," he says.



Emmi Roth's Roth Flavor Ups blue cheese crumbles for foodservice and retail offer convenient single-serve packaging for meal prep and recipe creation.

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