

SPECIALTY CHEESE

Becomes cream of the crop



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Specialty Cheese category value growth is 7.8%

You could say it's been another 'grate' year for cheese. In pre-packaged grocery, not only is cheese the fifth-largest category, it has been the number one contributor to actual value growth (+\$31.1m)¹. The largest category is natural cheese and, while showing strong value growth at 6.7%, this is primarily being driven off price inflation as volumes are only up 1.8%. Natural, however, has steadily been losing share to the thriving Specialty Cheese category where value growth is 7.8% (and volume growth 8.1%)².

New Zealanders get a taste for foreign cheese

There is a shift towards cheese that's premium, authentic and special. As part of that, we are seeing a move towards cheese of authentic origin such as Dutch Gouda, Danish Havarti, Cypriot Haloumi or French Brie. Hence the 10.3% value growth in higher-priced imported products.

This could be a worrying trend for local producers who currently dominate the market (71% value share) and are trying hard to create premium products styled from overseas cheeses. However, there are two considerations that bode well for New Zealand producers. The first is that the raw material of New Zealand dairy products is outstandingly good, and therefore inherently premium. They also have several inherent advantages in being local, too, from freshness to low 'food miles'.

And second is that we see a shift to premium across the cheese board (as we witness a 0.5% decline in processed cheese). So even if the very top of the market is moving upwards, there is substantial opportunity for premium local brands to attract consumers trading up from their previous cheese choices³.

Cheese supports core values: status and experimentation

Kiwis love to entertain and are offering more premium snacking options to guests. Categories that help to deliver a sophisticated, authentic, Instagram-worthy antipasto platter are growing. Whether it is dips, olives, gherkins, continental meats or, of course, the heart of the platter: speciality cheese. Because of this, retailers around the world are making deli a focal point with central cross-merchandised displays of speciality cheese with crackers, fruit pastes and wines. Manufacturers are also helping people curate their platters: take a look at 'Build your own board by Columbus Craft Meats'⁴.

Speciality Cheese hits the mark when it comes to delivering on taste experimentation, adventure and curiosity. A diverse range of Speciality Cheeses are delivering growth, with five types contributing over \$1 million of growth each: Brie, Haloumi, Camembert, Parmesan and Gouda².

The health pendulum

Back in the 80's and 90's, dietary fat was to be avoided or at least cut back on, which didn't bode well for cheese. Increasingly, these concerns are seen as outmoded, and that cheese, butter and eggs are important parts of healthy, balanced nutrition. Could these more recent assurances be playing a part in consumers' increasing consumption of cheese, particularly more-premium cheese?

The growing trend towards the exclusion or restriction of dairy from diets (22% of New Zealanders say they do³) also presents some challenges to the category. However, dairy-free innovation is filling this void, with the proliferation of new products in this space now worth \$3.8 million, in what was an almost non-existent category in 2015².

Opportunities aplenty

The rapid growth of cheese, and particularly Speciality Cheese, provides opportunities across the store, whether as:

- An ingredient (cheese sauce, cheese cake, dips or dressings)
- An accompaniment (pizza toppings, burgers or meal kits)
- A flavour (potato snack foods, crackers or cheese twists)
- A snack pack inclusion (breakfast snack, lunch snack or sweet treats)
- A complementary product (partnered with crackers, cured ham or wine)
- The main attraction (including as a gourmet snack such as sticks, balls, flavoured cheese).

Are you thinking holistically about how you can leverage related, high-growth categories?

Source: IRI MarketEdge, Grocery MAT To 04/08/19

	Value Sales	Value % Growth vs. YA	Volume (tonnes) % Growth vs. YA
Natural Cheese	\$259,009,216	6.7%	1.8%
Speciality Cheese	\$181,513,344	7.8%	8.1%
Processed Cheese	\$32,003,300	-0.5%	-0.4%

¹ IRI MarketEdge, Grocery MAT to 11/08/19

² IRI MarketEdge, Grocery MAT to 04/08/19

³ Grocery SOTI 2018 Survey

⁴ columbuscraftmeats.com/build-your-board/ | FMCG