

MINTEL



Cheese Trends

Understanding Growth Opportunities

Prepared for Webinar: December 5, 2023

Agenda for Today's Presentation

1

Consumer Mindset

2

Cheese Trends Retail Sales

3

Forecast & Outlook

4

Product Innovation



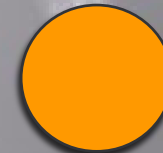
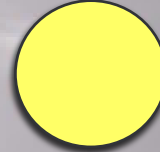
Affordability

Enjoyment

Health & Wellness

Convenience

Sustainability



88%

of consumers in the Midwest
Dairy Region say they

“LOVE DAIRY”

(+1 pts. since March 2023)



Source: March 2023 Midwest Dairy's Proprietary Research 2023: Midwest Dairy Region 1,001 respondents Ages 18+

97%

of households
purchase

CHEESE!



Source: Circana Shopper Panel YTD 9/10/2023

Cheese Consumer: Fast Facts 2023

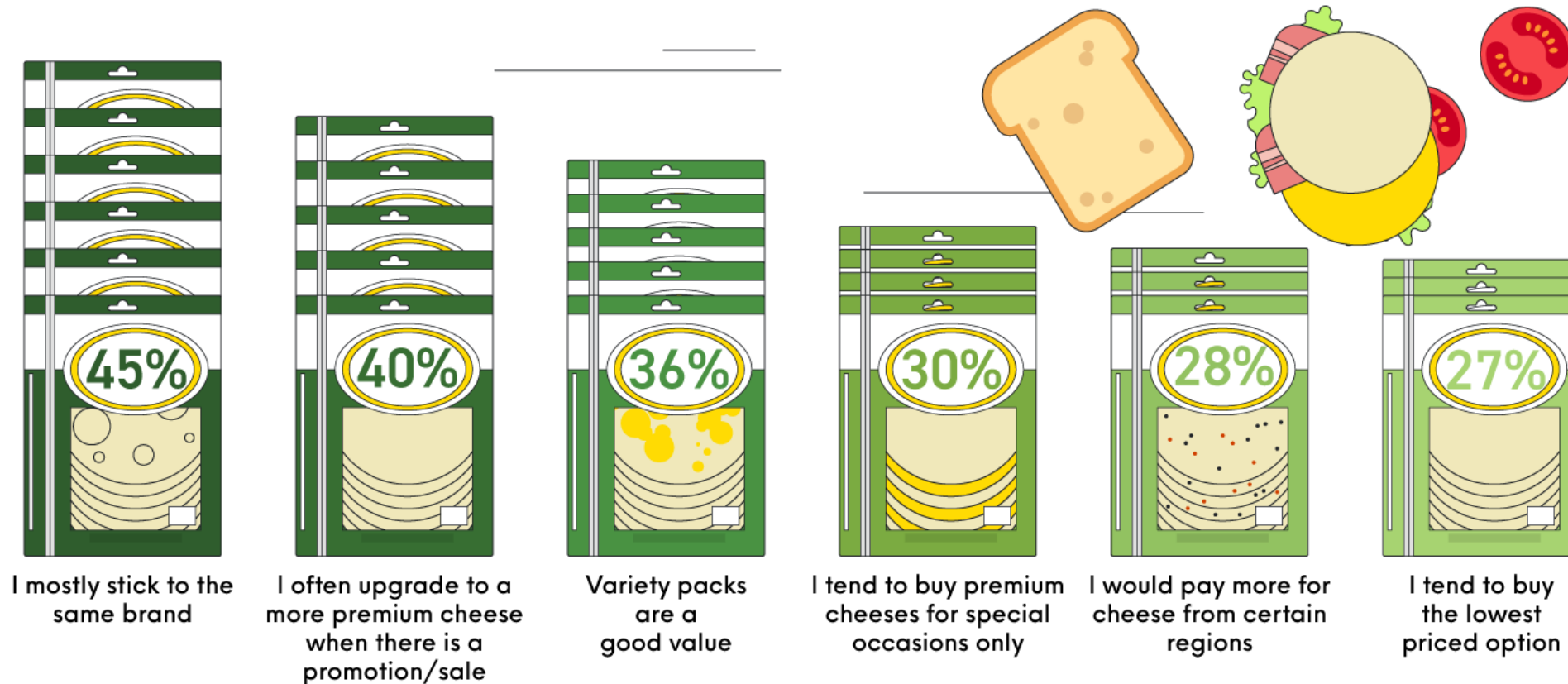


- 69% of consumers are eating the same amount of cheese...most recent volume sales are flat.
- Despite inflation, cheese is non-negotiable for 88% consumers, pushing them more towards trading down to cheaper brands rather than away from the category overall.
- Most consumers (57%) are eating more cheese at home because they are trying to get more protein in their diet.
- 67% of US cheese consumers enjoy trying new flavors.
- Largely due to very popular recipes on social media, more people consumed cottage cheese and cream cheese.
- Consumers look to cheddar for the broadest occasions, the most popular being with crackers (60%). An opportunity exists to expand usage through recipe development.
- 44% are interested in bold flavors.

Consumers find value beyond brand

Brand names clearly carry value, but loyalty suffers when prices rise. A more holistic understanding of value can further strengthen relationships between consumers and brands.

US: cheese attitudes, 2023



Cheese Trends Retail Sales

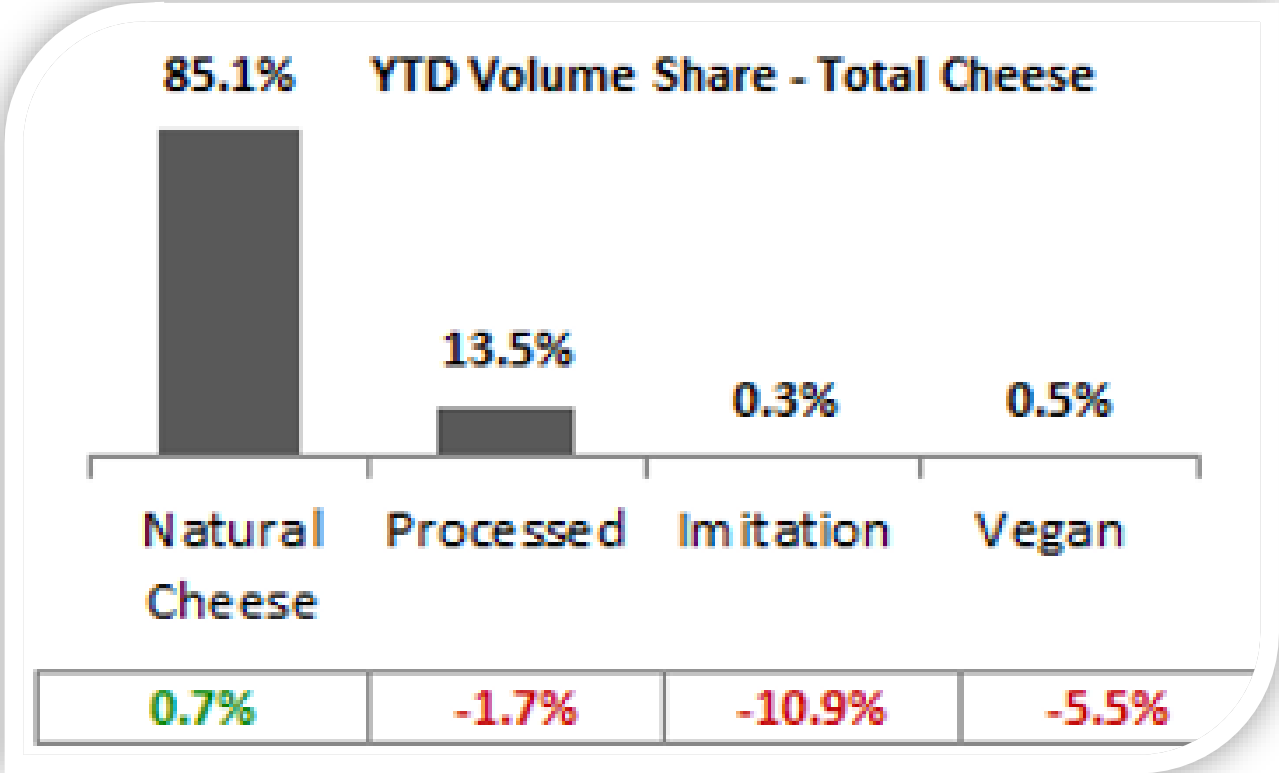


Retail Fast Facts: Cheese & Alternatives

Year to date, overall cheese pound growth was flat. Natural cheese grew nearly 1% while processed cheese contracted nearly 2%...alternatives were especially weak.

Total U.S. – YTD 10/22/2023

Cheese Volume Growth 0.0%



Retail Fast Facts: Cheese

For the most part, regular full-fat cheese drove growth although fat-free also grew.

Total US – YTD 10/22/2023



YTD	Vol % Chg	Volume Share
Regular	0.5%	94.3%
Reduced	-8.3%	5.2%
Low	-17.2%	0.1%
Fat Free	1.5%	0.4%



Retail Fast Facts: Cheese

Across these cheese segments, Chunk, Shredded and String drove growth.

Total US – YTD 10/22/2023

Year-To-Date	Volume Sales (Pounds)	Vol Share	Vol % Chg	Volume Change
<i>Cheese</i>	3,323,549,621	100%	0.0%	-1,631,637
<i>Organic</i>	15,831,813	0.5%	-9.1%	-1,581,339
<i>Kosher</i>	493,811,260	14.9%	0.7%	3,533,879
<i>Chunk</i>	614,841,343	18.5%	1.6%	9,395,420
<i>Cube</i>	18,702,247	0.6%	-4.3%	-843,812
<i>Curd</i>	2,751,318	0.1%	-10.1%	-309,036
<i>Shredded</i>	1,093,368,134	32.9%	0.5%	5,023,334
<i>Sliced</i>	746,356,712	22.5%	-0.9%	-6,889,653
<i>Stick</i>	41,996,995	1.3%	-5.0%	-2,220,064
<i>String</i>	162,667,923	4.9%	2.3%	3,695,157
<i>Round</i>	72,788,089	2.2%	-1.0%	-733,700



Retail Fast Facts: Cheese

Nearly all the natural cheese varieties contributed to growth. Italian and Mexican inspired varieties show promise.

Total US – YTD 10/22/2023

Year-To-Date	Volume Sales (Pounds)	Vol Share	Vol % Chg
<i>Natural Cheese</i>	2,827,116,368	100.0%	0.7%
<i>Cheddar</i>	661,174,924	23.4%	-2.0%
<i>Cream Cheese</i>	348,630,275	12.3%	0.5%
→ <i>Mozzarella</i>	534,682,013	18.9%	2.2%
→ <i>Parmesan</i>	116,189,476	4.1%	3.0%
<i>Colby/Jack</i>	235,092,179	8.3%	1.1%
→ <i>Queso</i>	87,421,599	3.1%	6.0%
<i>Monterey Jack</i>	116,429,888	4.1%	3.3%
<i>Swiss</i>	69,566,128	2.5%	-9.5%

Retail Fast Facts: Cheese

Pepper as well as fruit flavored cheeses continue to show promise.

Total US – YTD 10/22/2023



Flavor Grouping	Volume Sales			Volume Share	
	Current	Change vs YA	% Change vs YA	Current	Change vs YA
REGULAR	3,114,724,742	-9,214,193	-0.3%	89.39	-0.20
PEPPER	125,021,642	3,940,641	3.3%	3.59	0.12
OTHER	94,534,747	169,006	0.2%	2.71	0.01
SMOKED	40,444,287	365,524	0.9%	1.16	0.01
SPICE	23,458,766	-394,087	-1.7%	0.67	-0.01
HERB & VEGETABLE	22,773,339	1,143,170	5.3%	0.65	0.03
FRUIT	21,683,170	2,109,222	10.8%	0.62	0.06
VEGETABLE	12,793,417	-219,390	-1.7%	0.37	-0.01
HERB	5,127,542	-333,503	-6.1%	0.15	-0.01
SWEET	4,722,138	702,804	17.5%	0.14	0.02
WINE	4,232,477	-467,041	-9.9%	0.12	-0.01
MEAT	2,851,139	-729,872	-20.4%	0.08	-0.02
NUT & SWEET	2,836,678	399,847	16.4%	0.08	0.01
MEAT & SMOKED	1,737,420	-12,686	-0.7%	0.05	0.00
SPICE & SWEET	1,661,477	446,829	36.8%	0.05	0.01
NUT	1,194,376	-464,333	-28.0%	0.03	-0.01
NUT & WINE	543,162	-156,671	-22.4%	0.02	0.00
HERB & SPICE	409,135	297,992	268.1%	0.01	0.01
MEAT & NUT & SMOKED	90,666	-181,435	-66.7%	0.00	-0.01

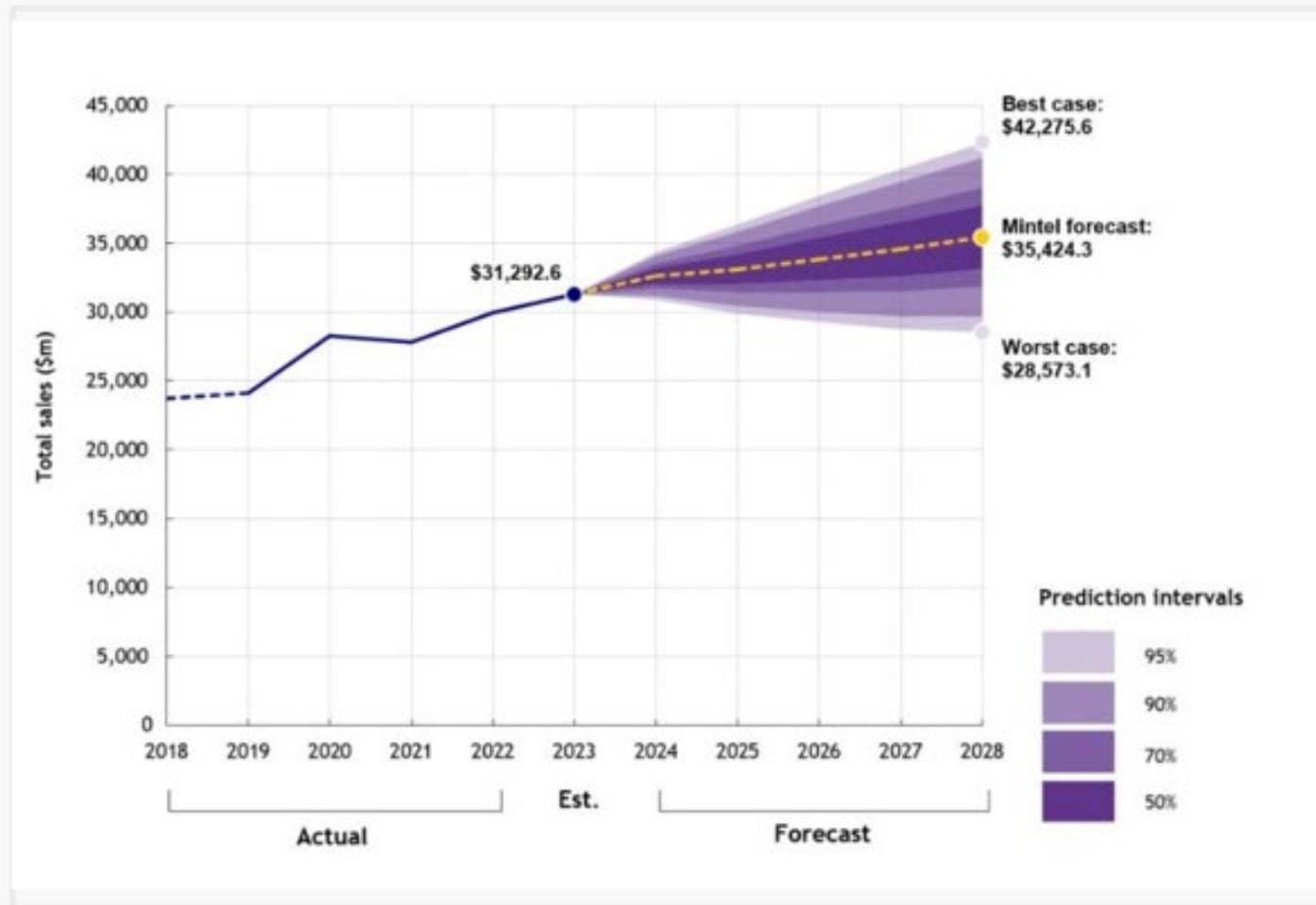
Forecast & Outlook



Cheese sales are forecasted to hold on to virtually all pandemic gains



Cheese Retail Sales Forecast



US: total US sales and fan chart forecast of cheese, at current prices, 2018-28

Source: MIntel based on Circana InfoScan® Reviews; US Census Bureau, Economic Census/Mintel

Cheese Category Outlook



Now
2023

Strong dollar growth will continue as prices remain elevated and consumers continue to expand ways to use cheese for at-home occasions including casual breakfast and snacking.



Next
2024-25

Growth will slow as inflation cools, but consumers will continue to find value in cheese's versatility and convenience and excitement through flavor and format innovation, driven by interest from younger consumers.



Future
2026-28

Moderate growth will continue as snacking occasions and health perceptions can extend occasions for loyal consumers and reconnect with consumers who may have slowed consumption in previous years.

● Significant real-term decline ● Little/no real-term growth ● Real-term growth

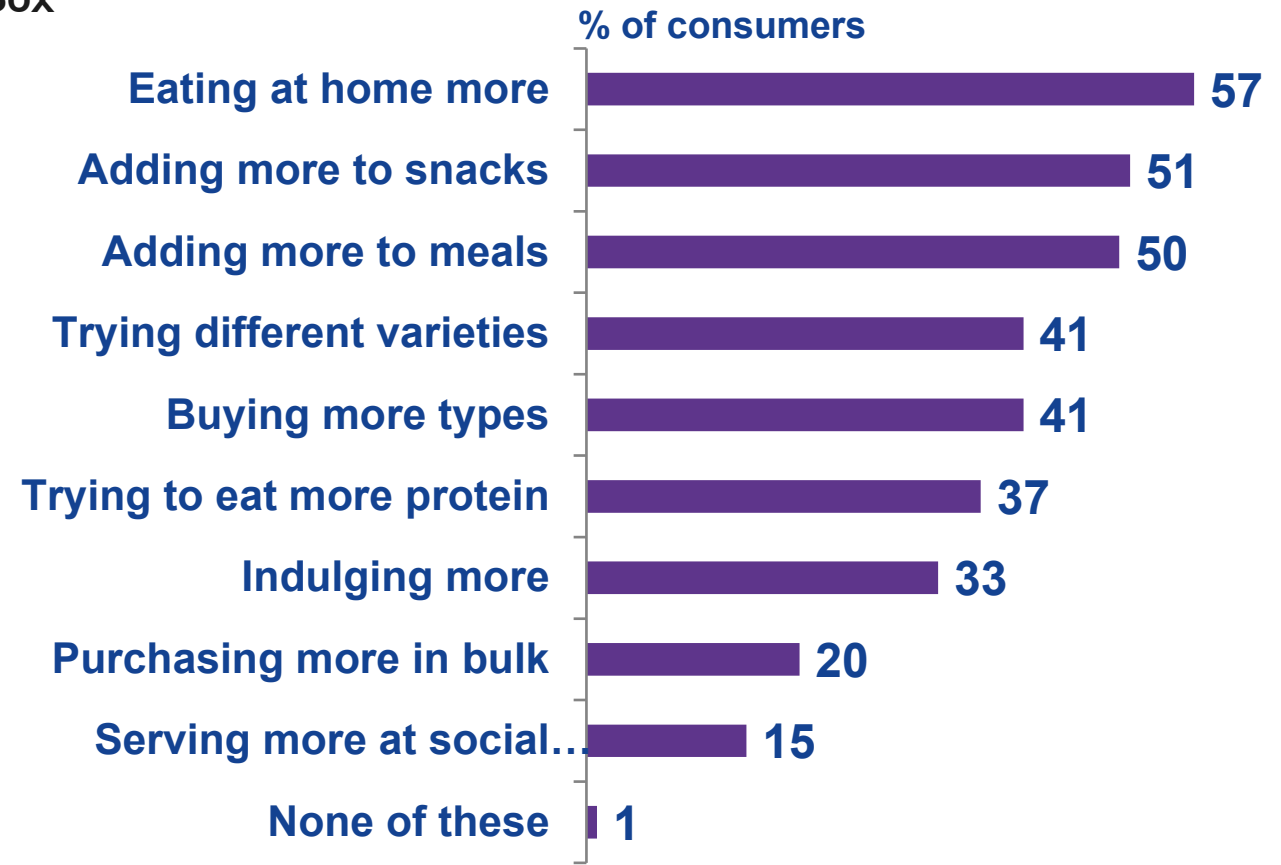
Increase in snacking benefits the cheese market

Among those who have increased their cheese consumption, more than half are doing so because they are adding it to snacks.

Snackle Box, Charcuterie Box, Snack on the Go Box



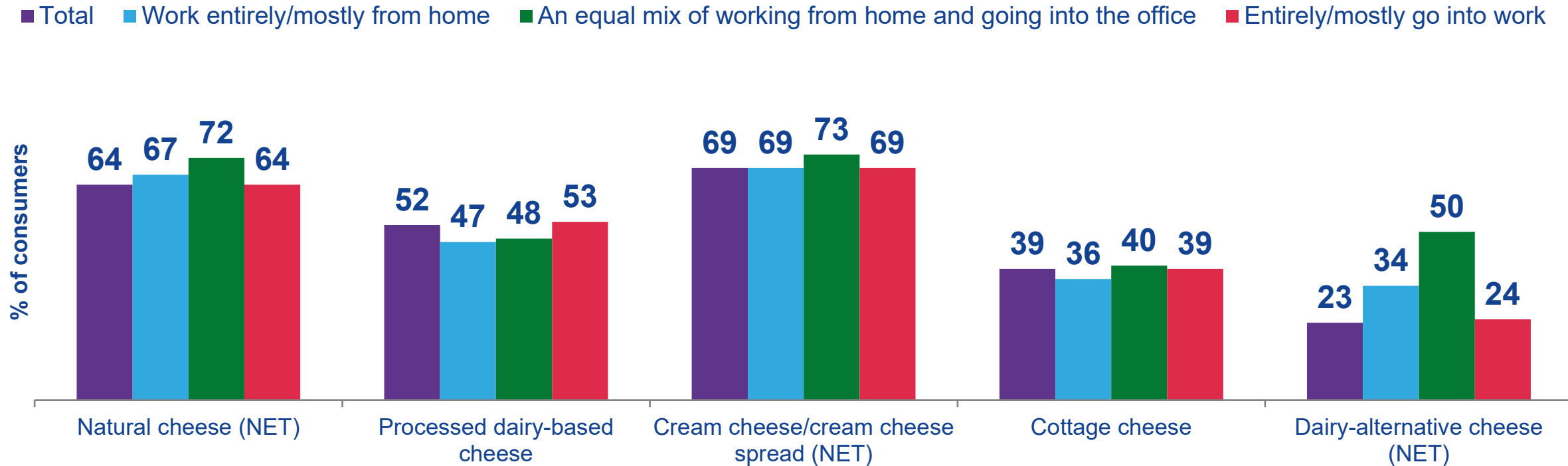
US: reasons for eating more cheese, 2023



Hybrid work spotlights cheese's versatility

The portability of cheese and use across occasion has benefited from hybrid work, as consumers look for grocery options that can work at home, on a commute and in the office.

US: types of cheese consumed, by work from home status, 2023



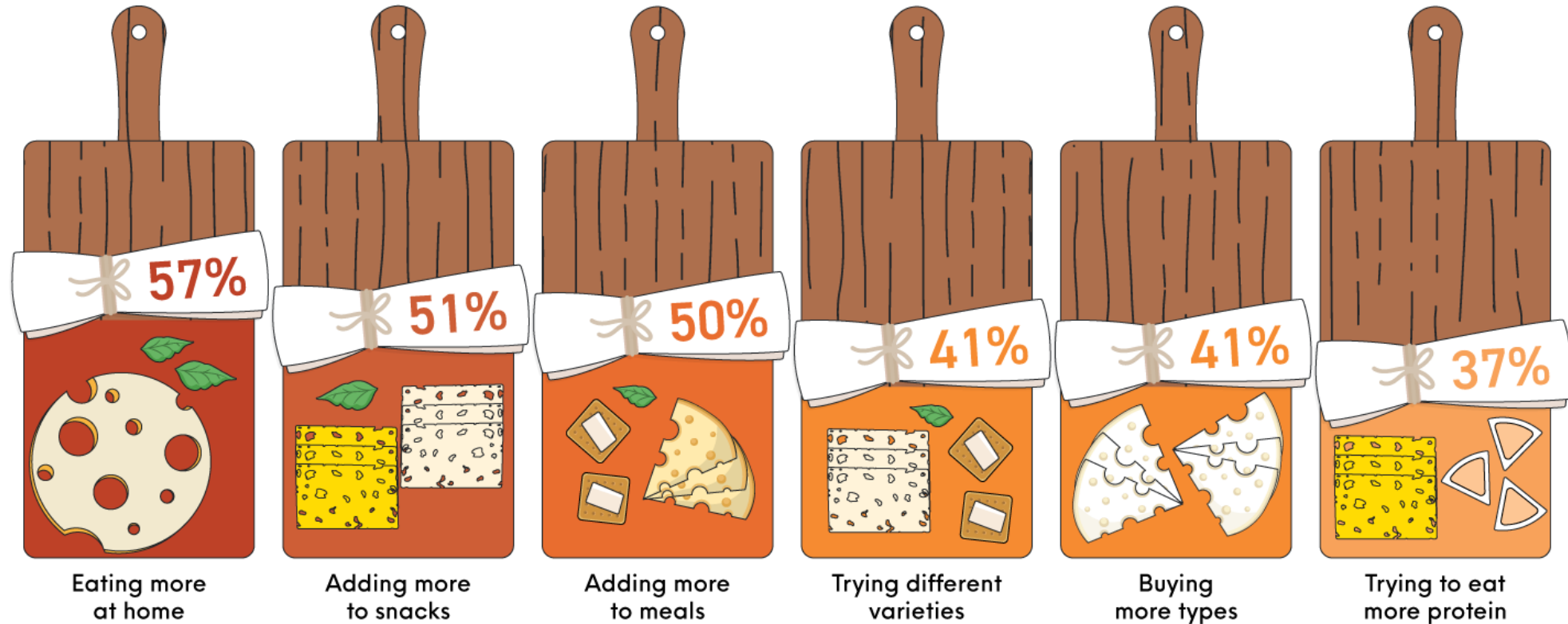
Base: 2,000 internet users aged 18+

Source: [Kantar Profiles/Mintel, June 2023](#)

Casual occasions drive consumption increase

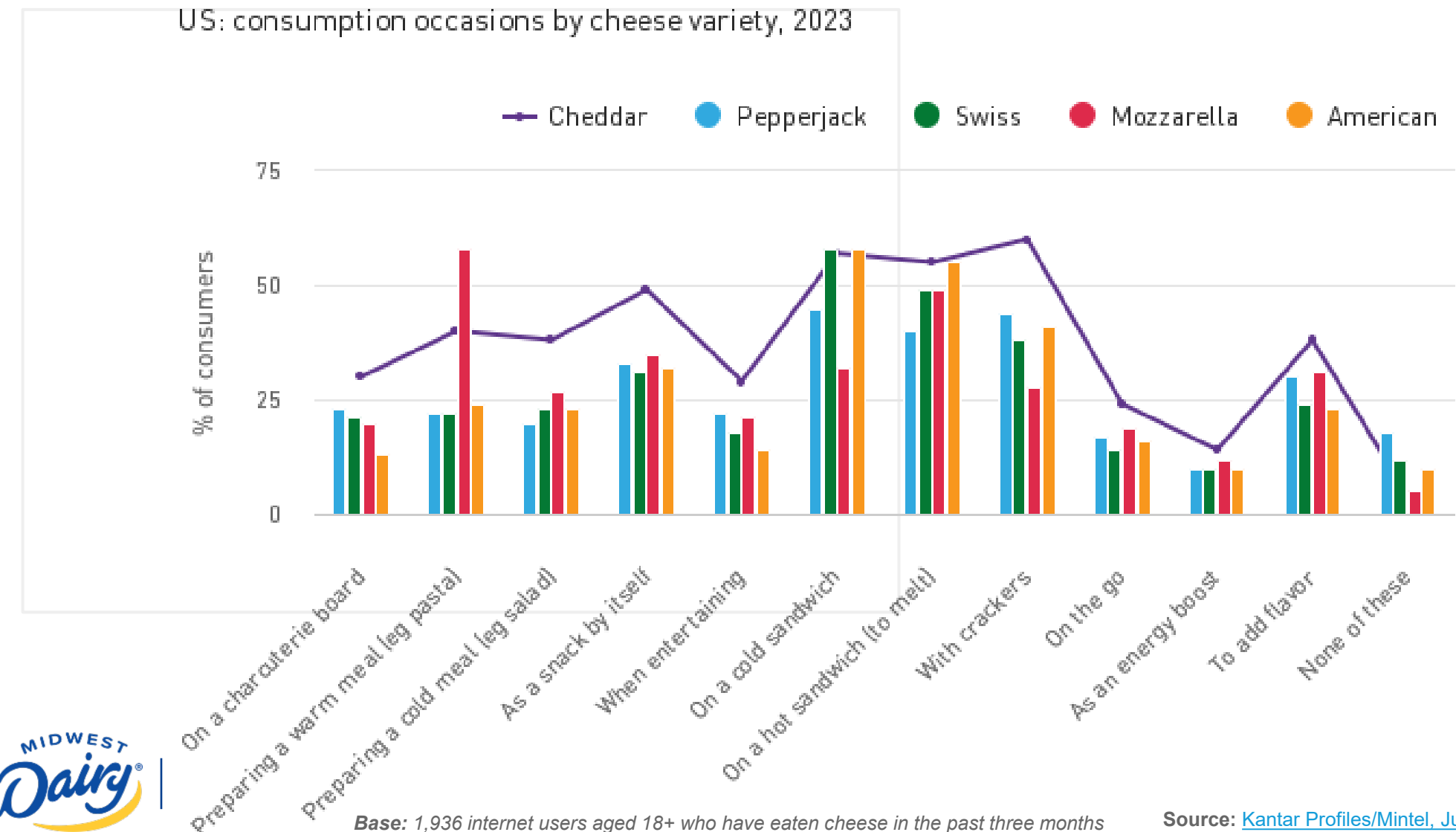
Cheese proves versatile across occasions and need states. Whether consumers are eating snacks or meals, looking to indulge or maintain a healthier diet, cheese can answer the call. Additionally, while food prices rose everywhere, away from home costs kept consumers in their kitchens and cheese again proved itself a grocery staple, with at home use the leading reason for increased consumption.

US: reasons for eating more cheese, 2023



Cheddar is the poster child for versatility

Versatility equals value for consumers, especially as food prices climb. Cheddar is a prime example of a cheese that consumers enjoy independent of daypart, meal/snack type and function (eg, flavor, convenience).

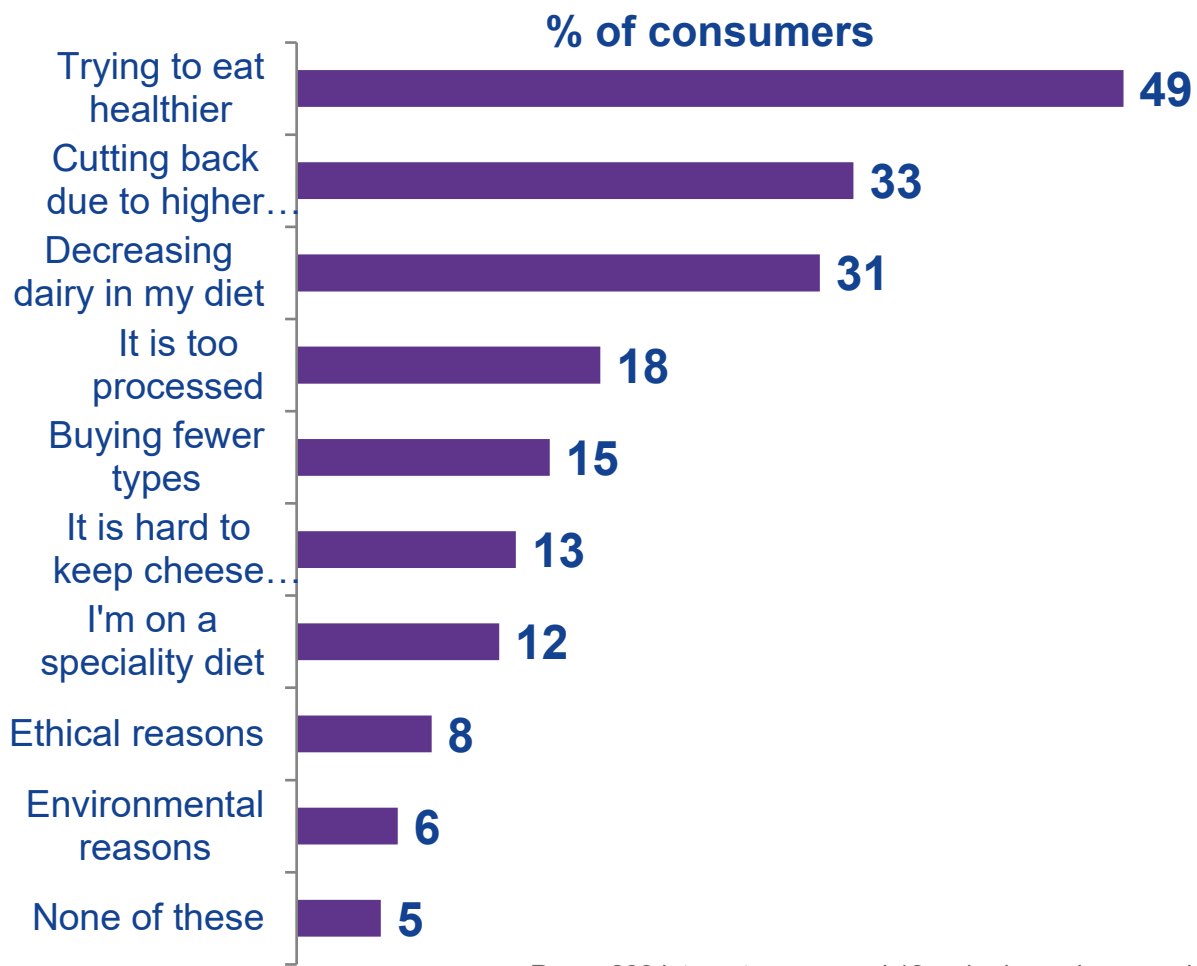


Plot twist: health wins over price

For many CPG foods, price is currently the biggest demotivator, but not cheese. Health concerns overshadow price to a significant degree, but cheese is well-armed against “less healthy” claims. Cheese may need a bit of a glow up to get there, but as long as the power of protein is trending, cheese has a place in consumer diets, and on their shopping lists, too.



US: reasons for eating less cheese, 2023

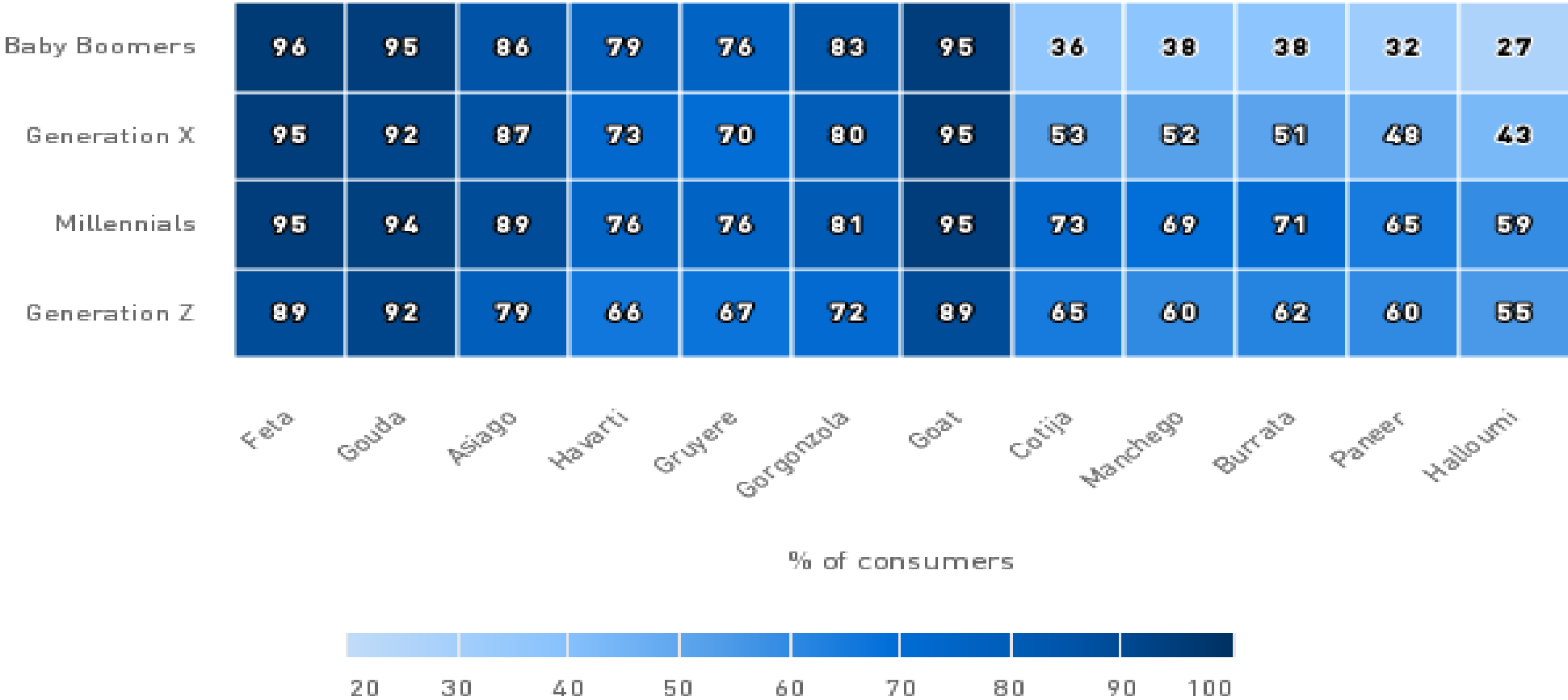


Source: [Kantar Profiles/Mintel, June 2023](#)

Base: 233 internet users aged 18+ who have decreased their cheese consumption

Millennials know their cheese, help them use it

US: experience and interest in cheese varieties, by generation, – NET – any awareness, 2023



Base: 1,936 internet users aged 18+ who have eaten cheese in the past three months

Source: [Kantar Profiles/Mintel, June 2023](#)

Gen Z can drive trial of emerging cheese varieties

US: experience and interest in cheese varieties, by generation, 2023 – "I haven't tried this but I am interested in trying it"



Baby Boomers	6	10	9	12	14	13	14	13	15	17	15	13
Generation X	6	11	12	15	15	18	13	15	17	18	20	18
Millennials	13	15	15	20	19	20	17	21	22	24	23	21
Generation Z	15	23	17	21	24	27	24	24	25	23	29	26

Feta Gouda Asiago Havarti Gruyere Gorgonzola Goat Cotija Manchego Burrata Paneer Halloumi

% of consumers



Base: 1,936 internet users aged 18+ who have eaten cheese in the past three months

Source: [Kantar Profiles/Mintel, June 2023](#), [Mintel Menu Insights](#)

Bold flavor can be a variety in itself

US: cheese attitudes, 2023



Cottage cheese: a social media case study

- Cottage cheese's recent success is an example of how social media can uncover and disseminate product information to completely change perception.
- While always high in protein, it took a TikTok trend for younger generations to truly consider its functional qualities and ability to conveniently fulfil health needs.
- Already trending among the cottage cheese conversation, paneer and other emerging cheese types can capitalize on promoting functionality.

US: leading social media hashtags related to "cottage cheese" 2023



Innovation



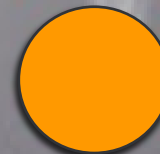
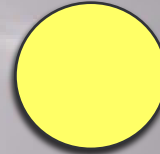
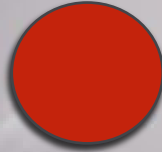
Affordability

Enjoyment

Health & Wellness

Sustainability

Convenience



Unique flavours and serving suggestions can expand cheese usage occasions

Enjoyment

Mojito with blueberry and lime flavour



Coombe Castle Blueberry Mojito Wensleydale Cheese with Blueberries & Lime

As a firm ripened cheese with dried blueberries and lime marmalade. It is part of a range of cocktail-flavoured cheeses (Canada).



Turmeric Twist flavor



Sach Turmeric Twist Paneer

features a novel flavour and is described as a delicious and versatile cheese. It can be grilled, fried or eaten as a snack. Also available in Spicy Habanero (US).

Bacon baked cheese flavor



The Big Moo Bakin' Bacon Baked Cheese

Described as 'sear-iously' irresistible baked cheese with real bacon. The heat-and-eat product can be prepared in a pan, grill or oven. Also available in original, jalapeño and garlic flavours (US).

Bold flavors remind consumers to indulge

Enjoyment

Caramelized Onion Jack



Red Chili Pepper Fromage Pavé



Continued flavor innovation can help consumers feel inspired to look to cheese as a way to treat themselves as well as position cheese as a suitable snack. A bite or two of protein-rich cheese packed with flavor can provide the satiety needed for a snack to feel fulfilling and indulgent enough. The popularity of cheese flavored snacks indicates that consumers already see cheese as a satisfying flavor, but there is a needed push for it to stand alone.

Menus as a first source of exposure

Enjoyment

Emerging cheese types on the menu can be a great indicator of what consumers are being increasingly exposed to and can translate into in-store products that are familiar.

STRACCIATELLA

+52%

as an ingredients on menus from Q1
2020-Q1 2023

OAXACAN

+44%

as an ingredients on menus from Q1
2020-Q1 2023

COMTE

+23%

as an ingredients on menus from Q1
2020-Q1 2023

On pack, tasty low-fat natural cheese priorities messages related to taste and eating experience

Health & Wellness



Creamy melt

Kraft Creamy Melt Mozzarella with a Touch of Philadelphia is described as shredded, low-moisture part-skim mozzarella cheese with cream cheese.

Perceived as tasty by 74% of US consumers reviewing the product.



Made with reduced fat milk

Lucerne Dairy Farms Reduced Fat Medium Cheddar Cheese. Mentions regarding the fat content are discretely featured on pack.

Perceived as tasty by 74% of US consumers reviewing the product.



Cut from the block, for a bolder cheese experience

Roundy's Bold Cut Low-Moisture Part-Skim Mozzarella Shredded Cheese.

Perceived as tasty by 73% of US consumers reviewing the product.

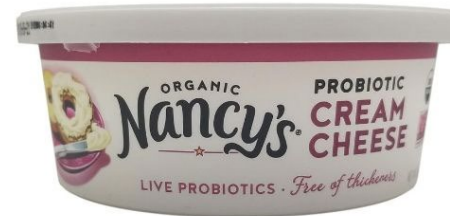
Bel has already seized the opportunity for functional cheese products in the US

Health & Wellness



Raw Cheddar

Raw Farm Raw Cheddar from Grass Grazed Cows is said to be truly raw, is never warmed above 102 °F and is free from gluten, cellulose, natamycin and soy. It provides raw probiotics that can help with digestive health (US).



Cream Cheese

Nancy's Organic Probiotic Cream Cheese is said to be of grade A quality and has been pasteurised with billions of live probiotics. This product is free from thickeners, GMO and gluten (US).



Cheese alternative

Vevan Mozza-Shred is 100% vegan and plant-based, described as soft, mild and perfectly creamy with authentic melt and texture, and crafted by artisan cheesemakers. It is made with probiotics (*Bacillus subtilis*) (US).

Jump on board with trendy snacking

Convenience

Bella Rosa



Artisan Crafted Snack

45% of consumers responded that they likely or definitely would buy this product, outperforming its subcategory. Social media was a key positioning claim.

Good & Gather



Classic Cheese Collection

50% of consumers responded that they likely or definitely would buy this product, outperforming its subcategory.

Boar's Head



Charcuterie Duet

59% of consumers responded that they likely or definitely would buy this product, significantly outperforming its subcategory.

Low-fat cheese can be an affordable choice

Affordability



- According to Mintel Purchase Intelligence, consumers in the US would buy low-fat natural cheese because they perceive such products as not only tasty but primarily as having good value.
- However, beyond value perception, purchase decisions are also based on retail price. In the US, new low-fat natural cheese is, on average, cheaper than 'full-fat' natural cheese, regardless if it is sold under private label or brands. Globally, new low-fat cheese is also cheaper than 'full-fat' cheese on average.
- To help consumers navigate inflation, brands should make cheese permissible – from a retail price point of view – with low-fat products. Instead of positioning low-fat cheese as healthier, they should be confident to position it as affordable. Due to the lower input cost from using partly skimmed milk instead of whole milk, brands can pass savings on to consumers.

Branded shredded, part-skim mozzarella in a value pack



Base: US internet users aged 18+ reviewing new low-fat natural cheese 13,000; new 'full-fat' natural cheese 148,200

Source: Mintel Purchase Intelligence

Shift from traditional, over-used messages to focus on farming practices

Sustainability

- In traditional cheese markets, as brands consider steering away from tradition know-how and provenance, they will focus on sustainable and ethical farming practices implemented for milk collection and cheese making.
- Cheese brands can apply the principles of regenerative farming to implement sustainable, locally grounded water usage practices.
- By implementing initiatives to tangibly reduce their water usage at every production stage, cheese brands will be ready to respond to challenges from consumers about their water footprint.



"We practice regenerative agriculture year-round" (US)

Key Findings & Recommendations

Cheese remains a household staple

Even in the face of high prices, consumers find value in cheese and keep it on their shopping lists.

33% of consumers who are eating less cheese say they are cutting back due to higher prices. Offering options at different price points will likely boost consumption.

Snacking helps extend occasions

Cheese proves to be a convenient option for consumers as they use it to fulfill snacking needs, amongst others.

49% consumers who are eating less cheese say they are cutting back because they are trying to eat healthier. Extending into healthier options such as higher protein or building awareness of naturally lactose-free options will likely encourage consumption.

Versatility = Value

The ability for cheese to work across meals and snacks as well as at-home and on-the-go benefits the category as consumers have board needs for their schedules.

41% of consumers agree recipes on social media inspire them to try new cheeses. Keep abreast of what is trending on social media and promote those varieties.

Questions?



For more information contact...

Maureen Windisch, Senior Manager Consumer Insights & Analytics

Email: mwindisch@midwestdairy.com

Mobile: 651-487-4757

Mike Mancini, Account Manager

Email: mmancini@mintel.com

Mobile: 203-843-4936



Thank You!

