



Delivered by  
**Scotland Food & Drink  
Partnership**

# Cheese Deep Dive Report: GB Retail

# The multiples are the main route to market for the cheese category, with the category building on growth at +4% YoY

1.

## Category Performance

In the last year, the cheese category took £2.8bn value sales in GB, and value sales grew by 4%. Block cheese is the most popular subcategory, but speciality and grated cheese showed stronger levels of growth in the last 52 weeks. We're seeing brands bring out NPD within snacking cheese sector and growth in this subcategory too

2.

## Route to Market

The major multiples hold over 90% of cheese value sales, with Impulse only having a 10% share. Cheese manufacturers should, therefore, target, the multiples to gain additional sales

3.

## Brands vs Private Label

56% of GB value sales are private label, this is slightly lower in Scotland at 51% share of category, showing Scottish shoppers having a stronger preference towards branded products. The split does differ by subcategory, as an example, we are seeing that snacking cheese and cheese spreads are predominantly branded whereas speciality and grated have a skew towards private label

4.

## Consumer Attitudes and Behaviour

Taste and price are the top influencing factors when shoppers are purchasing cheese. Cheese can focus on health credentials such as being high in protein and calcium and low in sugar as credible ways to engage with the health conscious consumer. More and more shoppers are also turning to cheese as a snacking option and we're seeing more NPD within this area to entice shoppers to engage with category during this occasion

As consumers become more focused on the environment cheese brands are looking at their packaging and reducing the amount of plastic used. An example, is Pilgrim's Choice which reduced 40% of plastic on their cheese block by changing the shape of the cheese

# The cheese category is worth £2.8bn in GB Retail with majority of sales in the multiples

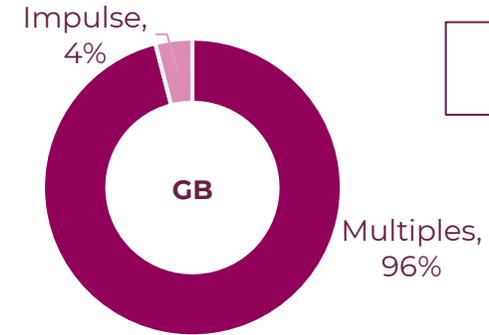
Just over half are private label value sales, although branded sales are higher in Scotland vs GB

## Total Cheese performance (Value Sales)

**Total GB**  
**£2.8bn**  
+4.4%\*



## Major Multiples vs Impulse Channels (in £%)



Channel share is the same in Scotland

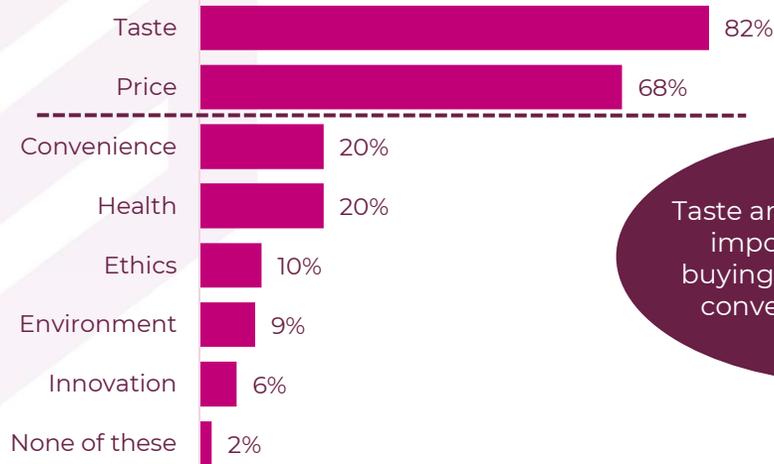
## Brands vs Private Label (in £%)



# Taste and price remain most influential factor when buying cheese

However, consumers are increasingly looking for cheese options with health benefits

Factors influencing choice when buying cheese, July 2020



Taste and price are the most important factor when buying cheese, followed by convenience and health

**73%** of cheese consumers say that eating cheese is a good way to get protein into your diet

Since Covid-19, gut health has gained importance to shoppers. Dairy manufacturers tap in to the new market and offer high protein and gut friendly cheese (e.g. Kefir cheese)



**23%** of people who eat and buy cheese having tried plant-based cheese (34% of 16-44 year olds)

Changing lifestyle choices lead to rising demand for dairy-free/ plant-based cheese options



### Health messages around cheddar cheese

**Positive health perceptions**

- Low in sugar
- High in protein
- High in calcium
- Sustaining, slow release energy
- Potentially good for gut
- Delivers specific vitamins

**Negative health perceptions**

- High in saturated fat
- High in calories
- High in salt
- Tendency to eat big portions
- Bad for lactose intolerance

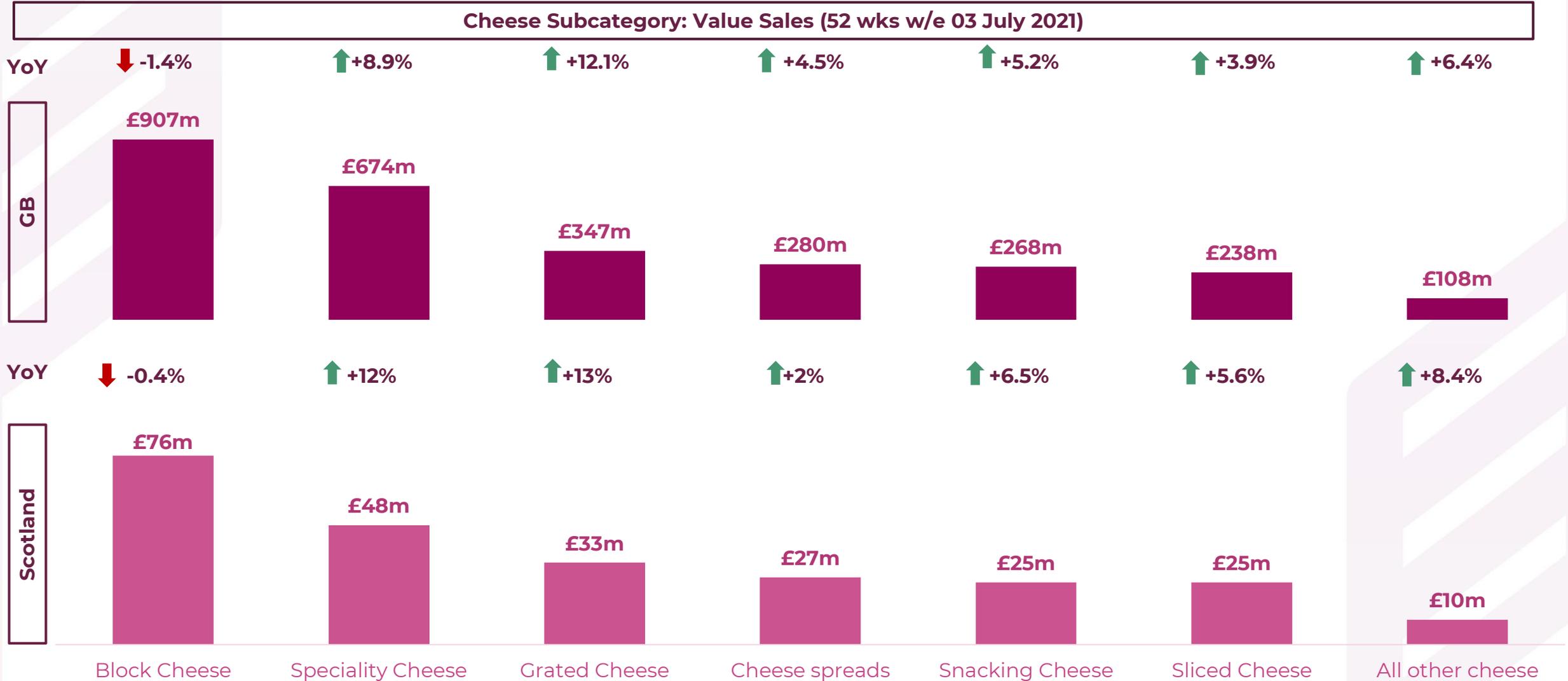
**Lightbulb icon** Clearer communication of potential health benefits of cheese could help raise health awareness and attract health-conscious consumers

4 Source: Mintel 2020, The Grocer Cheese Report

\*Mintel report "Factors influencing choice, July 2020"; Base: 1,840 internet users aged 16+ who have bought cheese

# Block cheese holds the majority of the value, speciality cheese is also proving popular

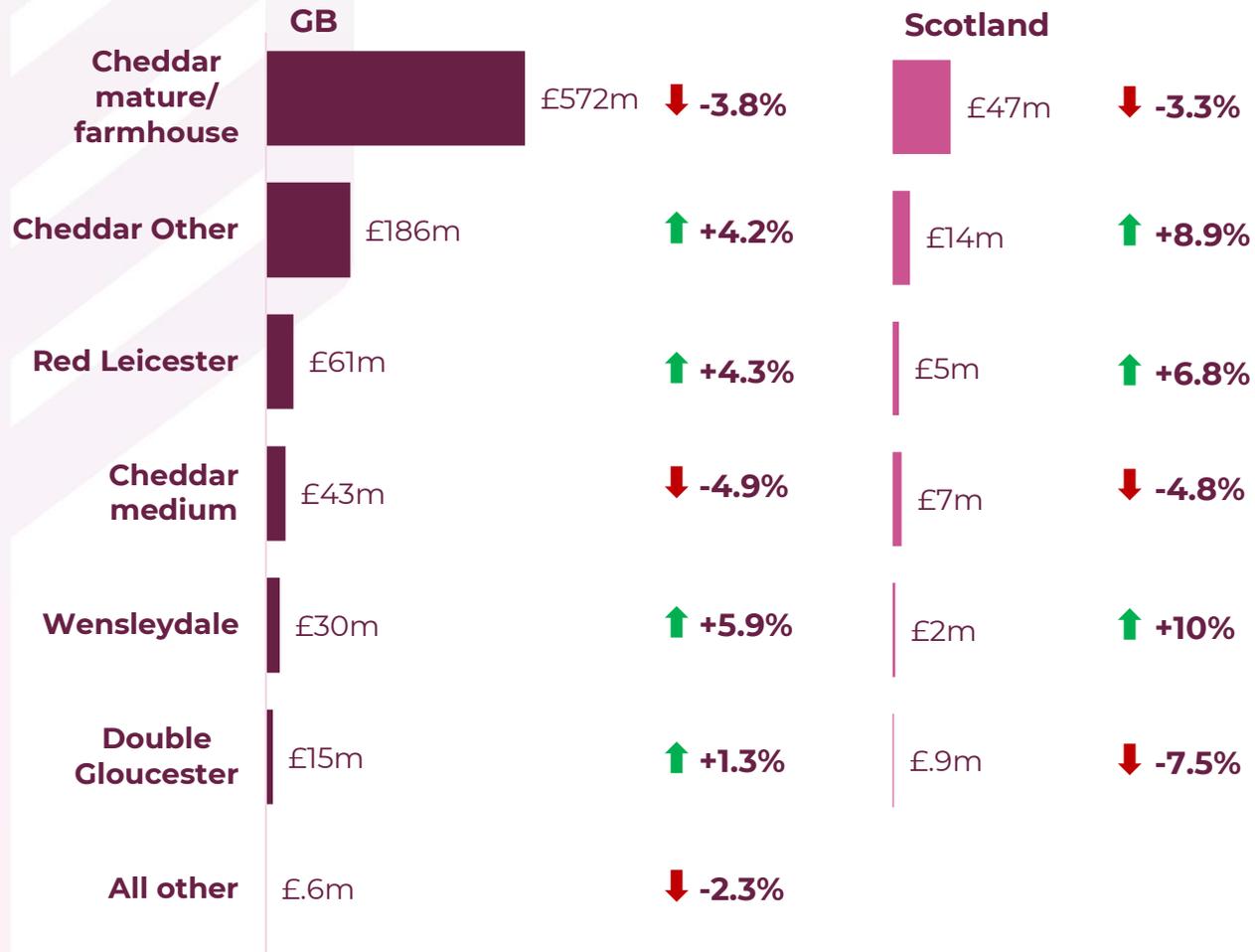
Grated cheese is showing strong growth over the last year



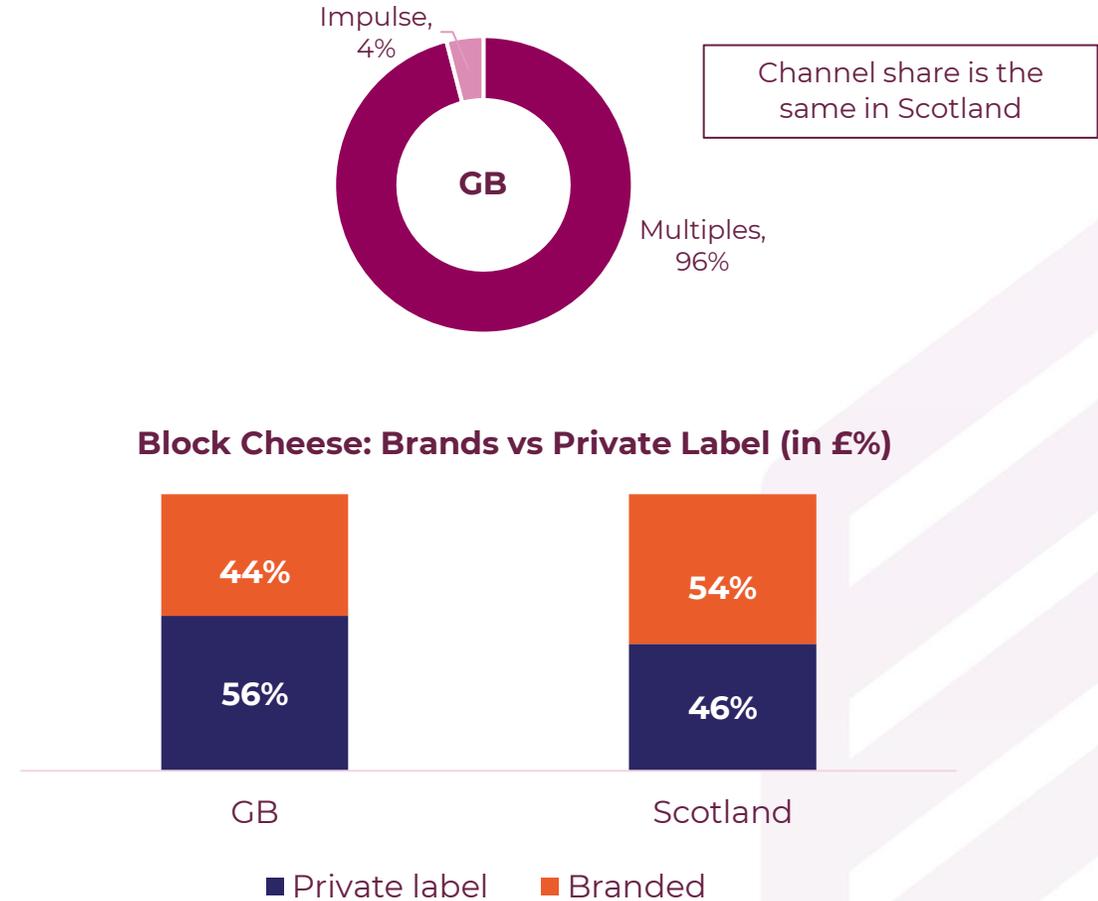
# Cheddar mature/ farmhouse has the highest value sales within the cheese category

Bulk of sales are in the multiples and branded products have higher share of market in Scotland

Block Cheese Subcategories: Value Sales



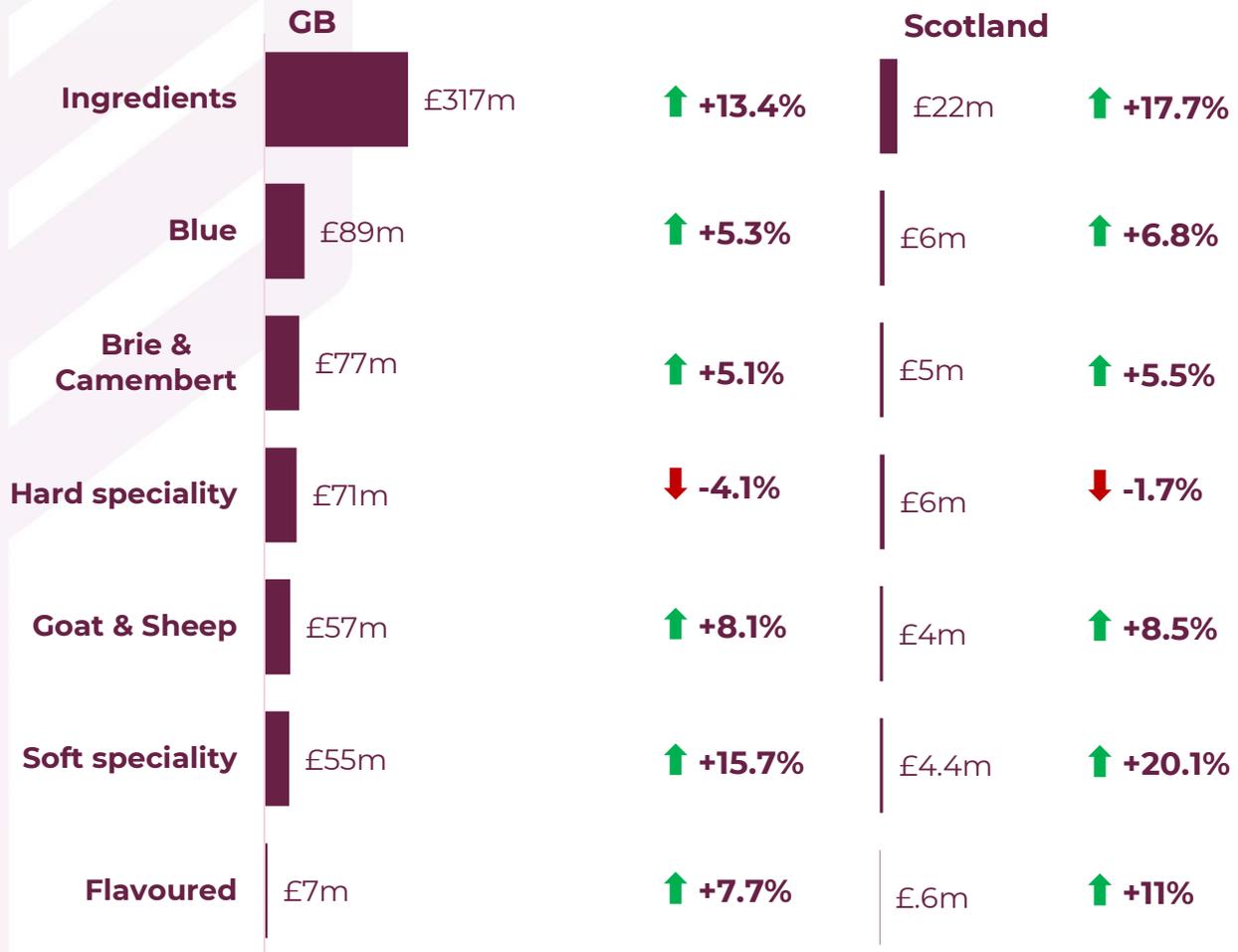
Block Cheese: Major Multiples vs Impulse Channels (in £%)



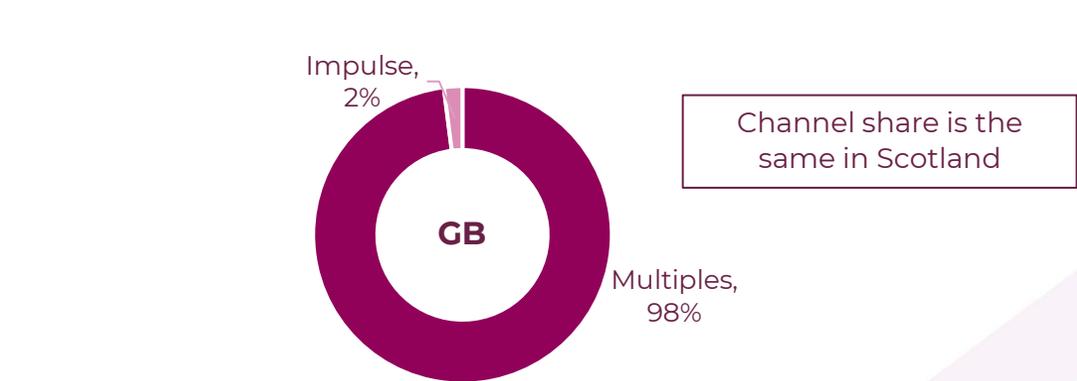
# All but hard speciality cheese has grown over the last year

The bulk of value sales are private label with the multiples being the predominant route to market

Speciality Cheese Subcategories: Value Sales



Speciality Cheese: Major Multiples vs Impulse Channels (in £%)



Speciality Cheese: Brands vs Private Label (in £%)

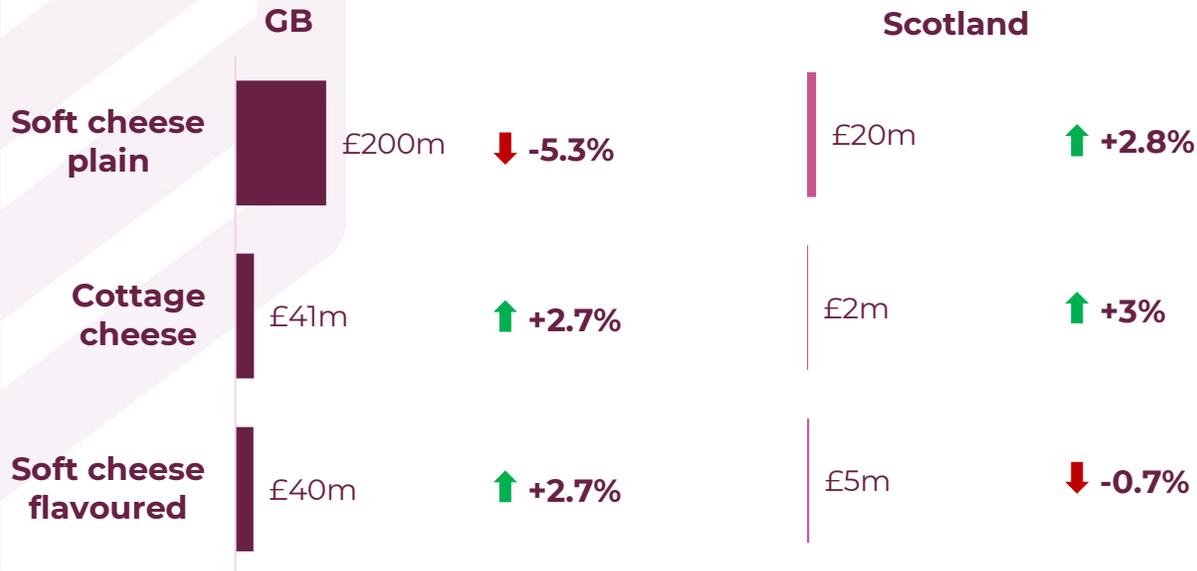


Source: Nielsen, Total GB Total Coverage, Cheese, 52 weeks – w/e 03 July 2021; Note: Data reproduction or re-use is not permitted  
 Ingredients includes, Mozzarella, Mascarpone, Parmigiano Reggiano, Cheddar Melting Pot, Ricotta

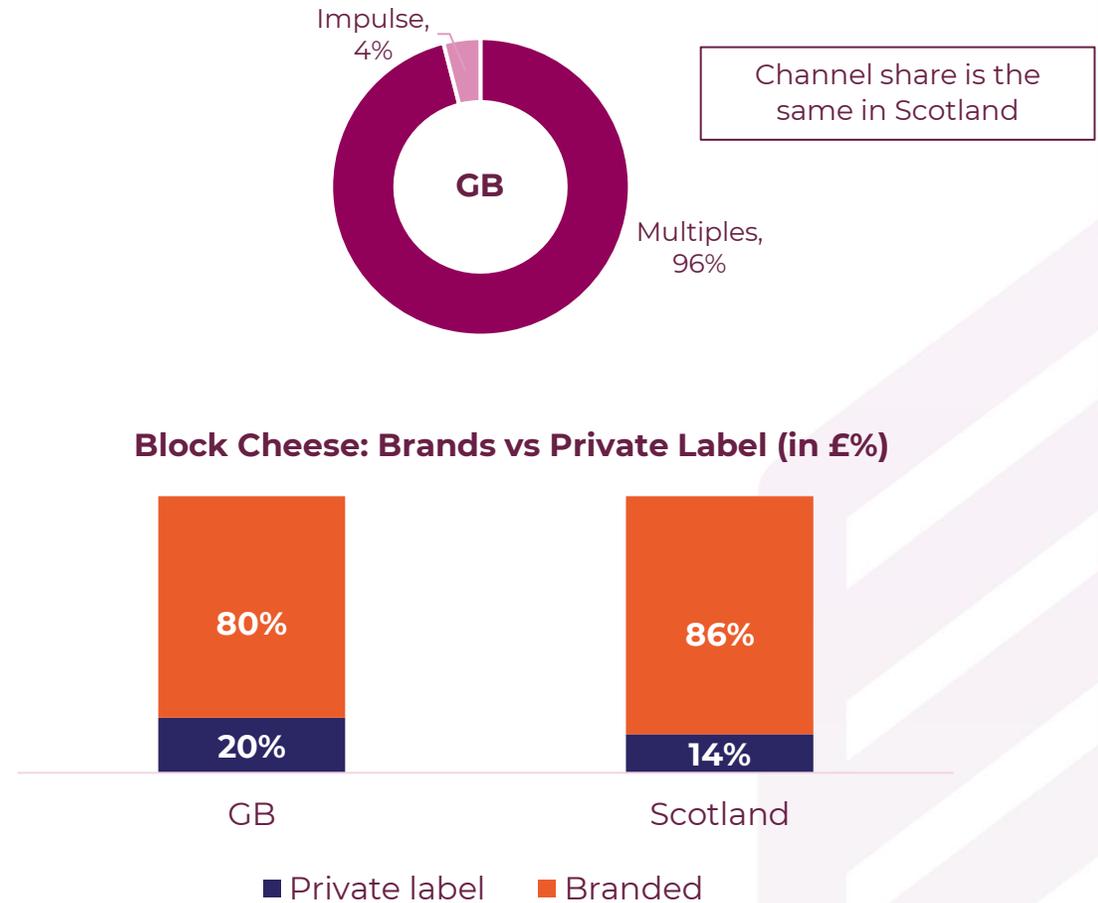
# Plain soft cheese is the predominant sub-category amongst cheese spreads

With big brands such as Philadelphia sitting in the spreads category, we're seeing higher branded sales (accounting for 80% share)

**Cheese Spreads Subcategories: Value Sales**



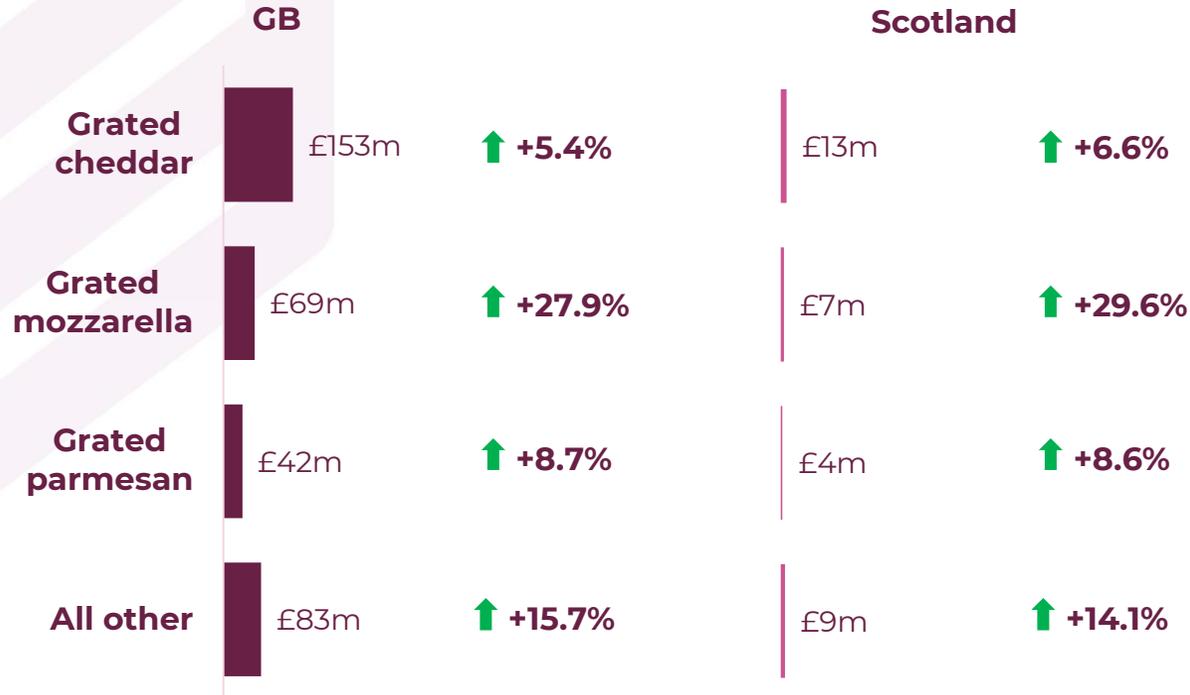
**Cheese Spreads: Major Multiples vs Impulse Channels (in £%)**



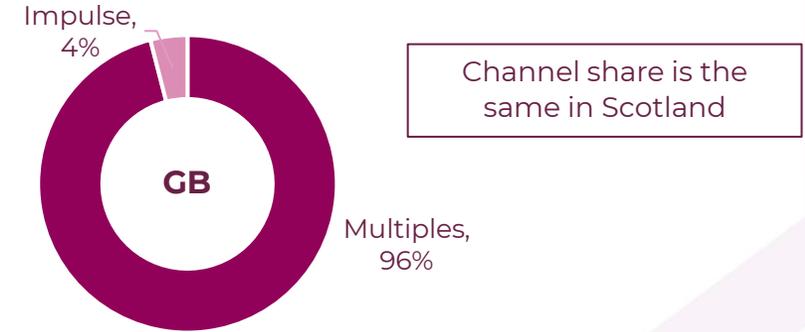
# Grated cheese is strengthening its position within the category

Cheddar taking a substantial lead in value sales with the majority being Own Label

Grated Cheese Subcategories: Value Sales



Grated Cheese: Major Multiples vs Impulse Channels (in £%)



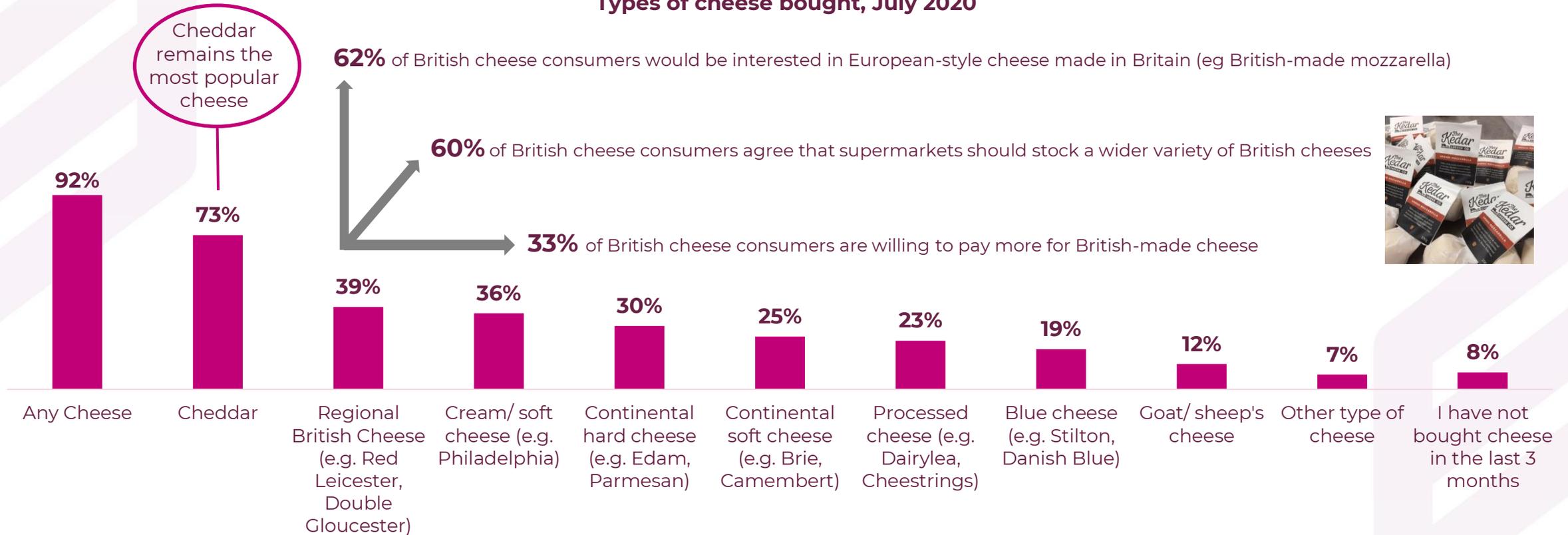
Grated Cheese: Brands vs Private Label (in £%)



# Cheddar cheese is most popular cheese in the UK

Origin of produce and locally produced food gain importance among consumers

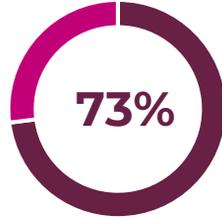
## Types of cheese bought, July 2020



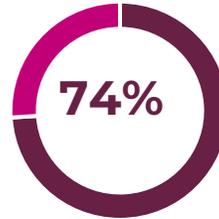
Scottish cheesemakers could tap into new market opportunities due to the rising demand for British cheeses. Communicating the feature of how European-style cheeses are made in Scotland or made using Scottish milk would open up opportunities to grow business and connect with shoppers.

# Three quarters of UK adults see cheese as a viable snacking option

Cheese snacks are gaining popularity due to its health credentials and versatility



of UK adults see cheese as a satisfying snack on its own\*



of UK adults agree high-quality cheese makes for a good treat



Of cheese consumers say cheese is a healthy snacking choice for children\*

## Healthy snacking option

Due to its natural health claims, including a low sugar content as well as a high protein and good calcium source, cheese offers a healthy snacking option in various formats for everyone



## Specialty cheese snacking formats

Although COVID-19 lockdown restrictions have reduced on-the-go snacking occasions in the last year due to the closure of workplaces and schools, consumers have adapted to a new lifestyle of cooking more from scratch and turning to cheese as a viable snack to have at home at any time of the day. Consumers tend to treat themselves in uncertain times, which has increased the demand for many types and formats of cheese, including specialty cheeses and block cheese as snacking options



The popularity of cheese as a healthy snack creates opportunities for cheese manufacturers to develop new innovations around healthy snacking formats and special high-quality treats to attract new shoppers.

# New cheese formats helps to distinguish from competitors and to stand out

Targets new shoppers and keeps your brand interesting

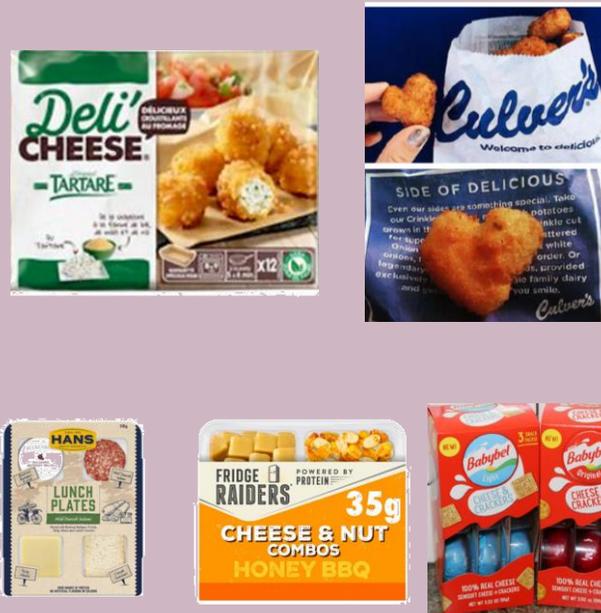
## Shapes

More unusual and unique cheese shapes create new and fun snacks and treats. Innovative shapes help to stand out from the crowd and target new shoppers



## Bites

Bite size cheese snacks and fried bites of cheese provide indulgence and offer ideas for sharing meals. Food pairing is an ideal option for cheese snacking, offering cheese snacks with crackers or nuts



## Dips & Spreads

Dippable and spreadable versions of cheeses helps to create new ways of snacking and enjoying cheese. Adding trending flavours creates curiosity and helps to inspire shoppers to try new products.



# Snacking cheese continues to grow at +5% across GB and accounts for £267.6m value sales

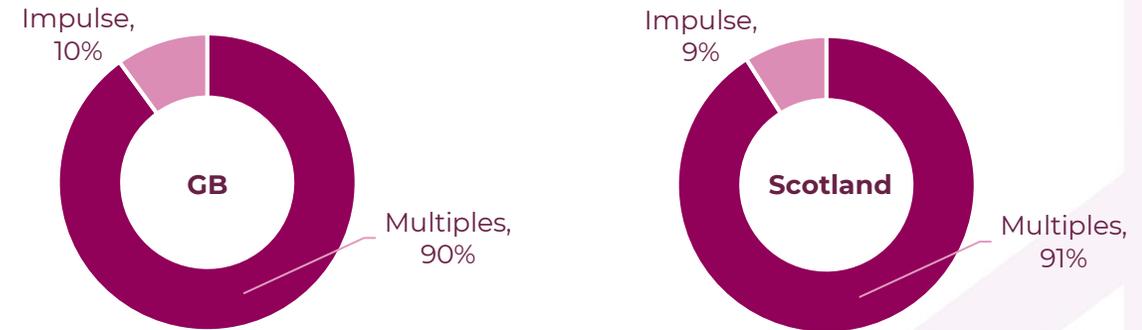
The majority of which are sold in the multiples and are branded products

Snacking Cheese performance (Value Sales)

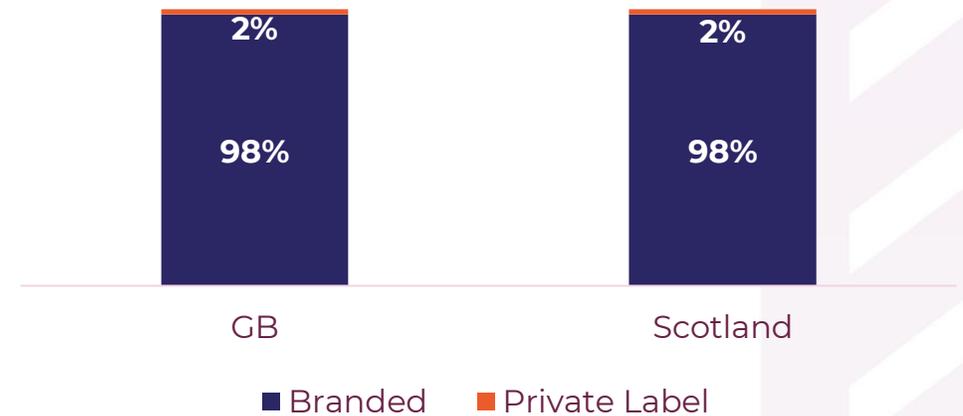
**Total GB**  
**£267.6m**  
+5.2%\*



Major Multiples vs Impulse Channels (in £%)



Brands vs Private Label (in £%)



# 55% of Scottish dairy shoppers think it is important to buy locally sourced dairy products

Product quality, supporting local businesses and the environment are all key reasons

**93%**

of Scottish population have bought dairy products in the last year, equivalent to 4.2m Scottish shoppers

**55%**

of Scottish shoppers, who buy dairy, think it is important to buy locally sourced dairy products, equivalent to 2.3m shoppers



## Why it is important to buy local food and drink



Communicating the benefits of locally produced cheese could help raise awareness of the availability of Scottish sourced products and helps to improve its profile to gain shopper's interest

# Lockdown has changed the way we cook and indulge at home

Offering different cheese varieties for different meal occasions could help boost sales

## Selection cheese boards

Ideal for sharing occasions



## Fondue and baked cheese

Enticing meal component paired with chutneys, crackers, bread ready-to-go or ready-to-bake



## Culinary creations

Inspired meal fusions from around the world

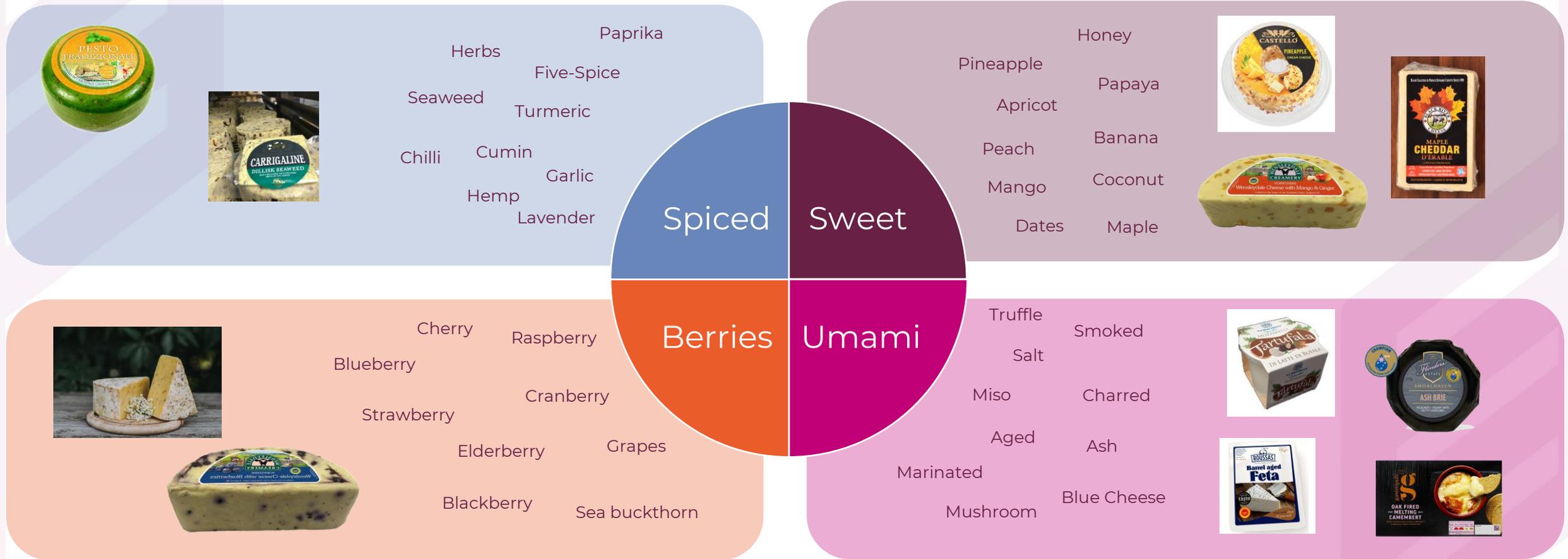


Creating and communicating new ways to cook with different varieties of cheese and offering different styles of cheese for different occasions (e.g. families, parties, dinner for two) could increase the demand for cheeses and help boost sales

# Unique flavours add value to the product and helps diversify product range

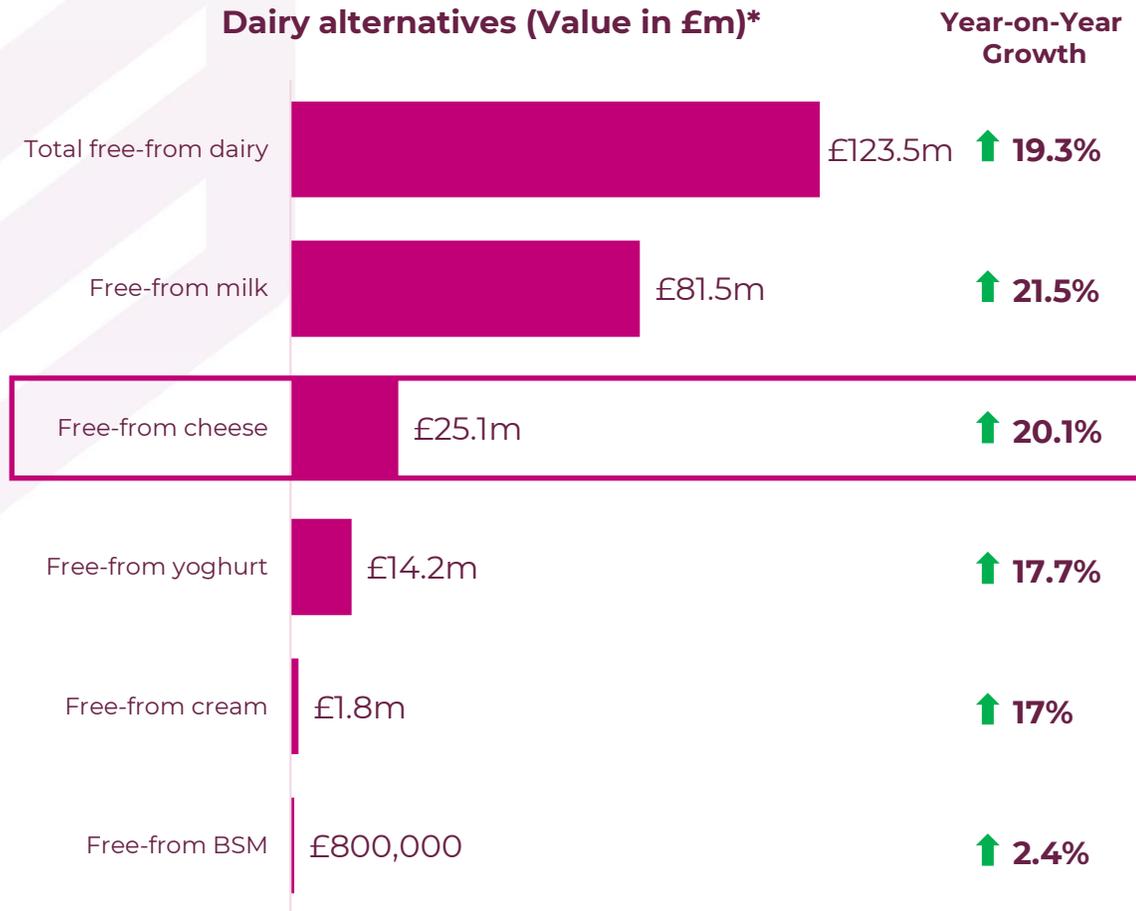
Gourmet and local ingredients as well as more tangy flavours appeal to cheese lovers

## Key flavour trends



# Dairy alternatives have seen a major increase in sales over the last year

With free-from cheese being worth £25.1m and is up 20.1% year-on-year



**23%\*\***  
of UK cheese consumers have tried plant-based cheese  
(34% of 16-44 year olds are more likely to buy dairy substitutes)



The rise of flexitarianism and concerns over the environmental impact of meat consumption, health and animal welfare have brought plant-based alternatives at the forefront of innovation and NPD. Manufacturers are currently experimenting with technology and different ingredients to develop plant-based cheese options that appeal to the dairy shopper. Key indicators being not only good taste, but also the possibility of slice, grate, melt and stretch like standard cheese.

Currently, plant-based cheese products are not nearly as developed as those for milk and yoghurt alternatives, but there is definitely room for growth. Scottish manufacturers have potential to tap into a new market that is gaining popularity.

17 Source: Mintel 2020, The Grocer Plant-based Report, trendhub  
\*Kantar 52 w/e 6 September 2020 \*\*Mintel report "Behaviours related to cheese, July 2020"; Base: 1,792 internet users aged 16+

# Consumers are becoming more environmental friendly and aim to reduce plastic waste

More manufacturers start investing into recyclable packaging options

## Changing cheese shapes to reduce plastic

Ornua Foods reduced plastic packaging on its Pilgrims Choice cheddar by 40% in September by simply changing the shape of the cheese.

The new chunkier blocks are expected to reduce plastic use by 83 tonnes a year.

Tesco has adopted the same format for its own-label cheddar range, supplied by Ornua, in a move that will save a further 95 tonnes of plastic annually.



## Plastic cheese packaging drop-off

Cathedral City owner Saputo's tied-up with TerraCycle to launch a new scheme that allows shoppers to drop off flexible plastic cheese packaging from any cheese brand at locations across the UK. Once collected, they are separated by polymer type, cleaned and extruded into plastic pellets to make items such as picnic benches. Saputo aims to make its packaging fully recyclable by 2022.



## Recyclable packs

Butlers Farmhouse Cheeses launched fully recyclable packs in October last year.

The Lancashire maker of Blacksticks Blue has developed single-polymer plastic packaging that can be recycled as one unit, including the label, with no compromise on shelf life.



# THE KNOWLEDGE BANK

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## Thank you

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