



Cheese Playbook

SPECIAL POINTS OF INTEREST:

- Steady growth continues
- Taste matters
- Snacking & healthy choices
- Trends & Opportunities

What's going on in the Market?

Steady growth is expected to continue! The nearly \$24 billion cheese category is expected to continue on its growth course with natural cheese setting the pace. Cheese sales increased by 10% between 2012 and 2017.

Mintel reports that the growth has been driven primarily by the natural cheese segment, which accounts for 70% of sales and is benefiting from growing interest in more-healthy and more-natural eating and snacking. Looking ahead, Mintel expects total category sales to continue to rise at a steady pace, reaching \$25.5 billion in 2022, a gain of 8% over 2017.

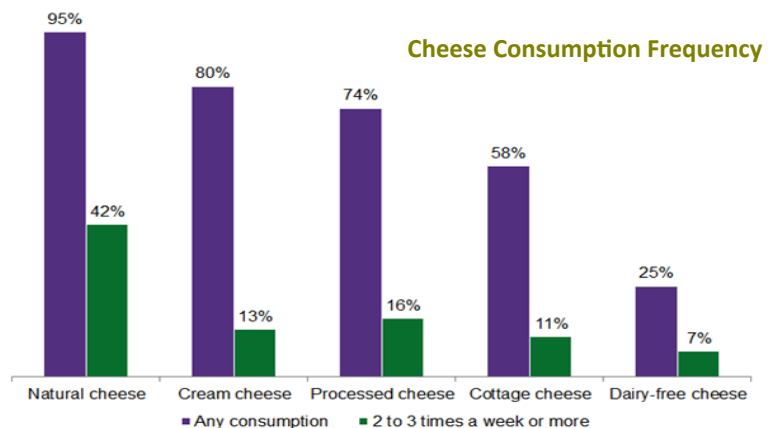
What's Working?

Reflecting the general direction of the market, natural cheese new product launches, including both hard/semihard and soft/semisoft varieties, continue to increase as a percentage of all cheese launches. Natural cheese launches accounted for 77% of all cheese launches in the first nine months of 2017, up from 64% in 2011. The increasingly heavy skew in new product launches in favor of natural over processed suggests that the segment sales trend is likely to continue.

What's Next?

An interesting new trend from Mintel's *Return to the Experts* explores the notion that expert human advice is back in fashion. This suggests that there may be growing interest in traditional learning in the cheese section. In-store cheese experts might provide engaging, informative and service-oriented shopping experiences.

We are eating more ... per capita natural cheese consumption in the US increased 26% between 1996 and 2015 ... American's are eating almost 7 pounds more!



Consumer Insights—Cheese Consumption

It's the taste

While taste is an important driver for most food categories, it's especially important for cheese. Almost eight in 10 adults who eat cheese say they do so because they like the taste. It is also the most important factor in selecting one cheese over another.

New flavor experiences are also on the rise. After trying a new flavor in a restaurant, consumers often look for new cheeses in their stores. Appealing to the consumers' taste buds is an essential element in driving sales growth.

Variety matters

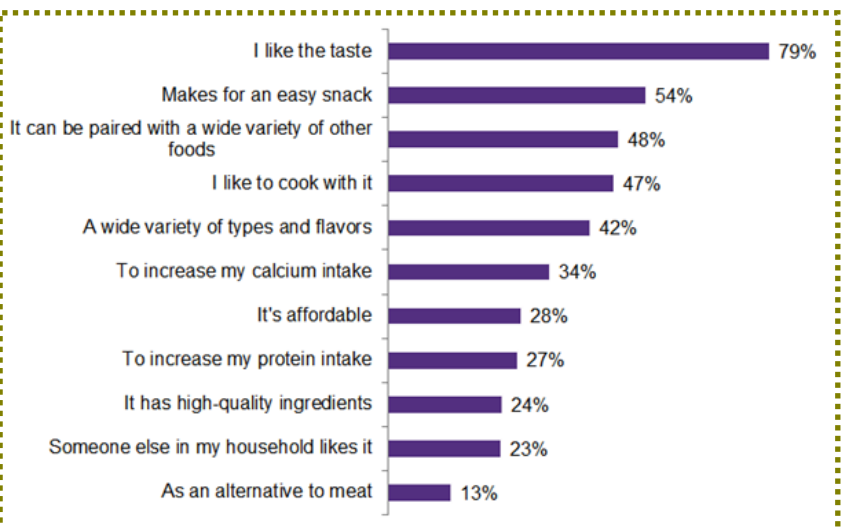
The most frequent cheese consumers, and those who say they are eating more natural cheese than a year ago, say that they like to purchase different types of natural cheese. This suggests that more variety will equal higher volume sales.



Snacking and healthy choices

While taste is a primary motivation, a variety of other reasons factor into the decision to eat cheese. The protein and calcium content in cheese keeps consumers thinking of it as a healthy snack. With gourmet snacking also on the rise, cheese is already the fastest growing savory snack consumers reach for between meals, according to the NPD Group. Cheese marketers and retailers should highlight convenience and healthy motivations in addition to great taste.

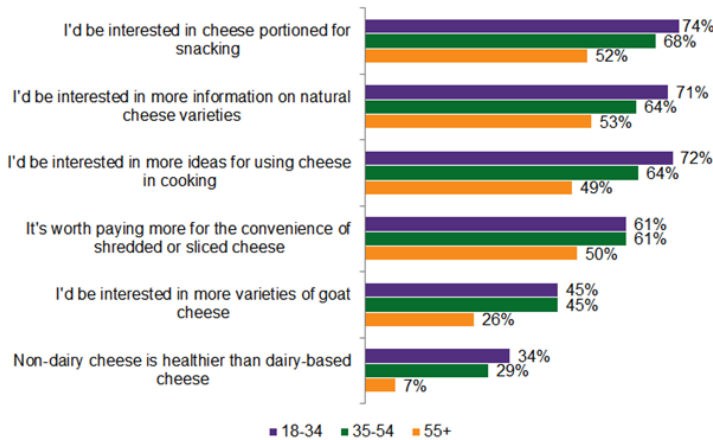
Reasons for eating cheese



Consumer Insights—Cheese Purchase Decisions

Snacking, Ideas and Information attract younger purchasers

Snack-sized portions, recipes & ideas for using cheese in cooking, and education on cheese varieties could be effective at increasing purchase and consumption among young adults. Those aged 18-34 are highly likely to express interest in these concepts and are generally more likely than their older counterparts to say that they would pay more for convenient forms such as sliced or shredded.



Give me options

While food shoppers may be creatures of habit, when it comes to cheese they are considerably more likely to express interest in variety. The most frequent users of natural cheese and those who say they are eating more natural cheese than a year ago are especially likely to say that they like to purchase different types of cheese.

Industry experts agree, according to Dairy Foods' 2018 Cheese Outlook Study, more than two-thirds (70%) of respondents (newsletter subscribers) indicated that their companies plan to use new flavors for their cheese products in 2018.

Key motivators to invest in new product development include meeting consumer/market demands and increasing sales.

Always looking for more

The most frequent cheese eaters (2-3+ times a week) may represent the best opportunity to accelerate sales growth by increasing consumption frequency even further. Not only are they more likely than others to view natural cheese as part of a healthy diet and to eat cheese because they like the taste, they are also more likely to be interested in more information and new ideas for cooking with cheese. They may also be willing to pay more for convenience products such as sliced or shredded cheese.

Make my decisions easier

The ongoing trend in the broad food market known as "clean labeling" or "free-from claims" is also reflected in the cheese market.

Shoppers want simple, uncluttered labels with information about the ingredients, sourcing and freshness. They want honesty and responsibility. And they want products that are minimally processed and contain fewer ingredients. Take advantage of the clean ingredient lists that many cheeses have. Make your customer's choice easy.

Trends & Opportunities...

In a mature market it is important to stay aware of both the market and consumer trends, then turn them into opportunities.

Trend: Snacking continues to grow in frequency

Opportunity: Not only do most adults enjoy snacking, there is a growing prevalence for snacking more often. Mintel reports that some less-frequent snackers are moving to the “average snackers” category (2-3 times a day). Those who call themselves average snackers increased by 5% between 2015 and 2017.

Mintel reports that snacking, especially common among young adults, may represent the most substantial and immediate opportunity to increase cheese consumption. Packaging geared to individual portions and on-the-go is increasing in the cheese aisle and could help to spur more growth.

Trend: More interest in new ideas for use

Opportunity: Give consumers more ways to love cheese – increase consumption frequency.

Those who eat natural cheese 2-3 times a week are likely to be interested in more ideas for cooking with cheese.

A few ideas ...

How about printing a recipe on the package or including a recipe card inside the package?

Show images of cheese being used for entertaining.

Suggest and show an attractive cheese board created with your cheese.

In-aisle communication of use ideas and recipes, and in-store cheese experts could be effective at encouraging cheese lovers to purchase and consume even more cheese.



Cheese continues its popularity, take advantage of the opportunities!

Make it easy for the consumer to choose your brand!

Sources: Mintel, USDA, Cheese Market News, NPD Group, BNP Media (Dairy Foods Magazine)

About TC Transcontinental Packaging

TC Transcontinental Packaging, with 1000 employees in the United States and Canada, ranks among the 25 leading flexible packaging suppliers in North America. Our growing, coast-to-coast manufacturing locations serve nationally recognized brands with **concept to consumer flexible packaging solutions**.

We specialize in packaging design and prepress, high-definition flexographic printing, specialty film laminations, as well as, bag and pouch converting. TC Transcontinental Packaging brings a distinctive blend of science, technology, and art together to create flexible packaging that preserves our customer's products and accentuates their brands on the store shelf.