

The Grocer

Dairymen 2015

Focus On: Cheddar by Nick Hughes (nickjhughes@hotmail.co.uk)

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Cheddar is a hard market right now. Value has sunk and volumes are down, with brands driving the decline as average prices are eroded by the ongoing competition between the major retailers. With own label gaining share and Tesco looking to cull SKUs, what are brands doing to justify their place on shelf? How are they going to fight back? Who's leading the charge?

Price & promotions: 51.5% of Cheddar sales have been on deal in the past year, up slightly on the previous year but down from 54.8% in the year to the end of May 2013. So how important are deals? How have promotional strategies changed? What other factors (base price cuts, format changes, etc) have brought average prices down? And how important will deals be in the coming year?

Brand loyalty: This feature will pay close attention to the efforts brands are taking to inspire consumer loyalty and reduce reliance on money off deals to drive sales. What can the cheddar market learn from other dairy categories that have stronger brand loyalty?

Marketing: Central to this will be a discussion of the marketing efforts of Britain's biggest Cheddar brands, exploring whether marketing investment has increased or decreased in recent years, how it's being spent (i.e. TV, online, in store, etc) and what the coming year has in store.

Own label: The gap in market share between brands and own label is widening. This feature will explore the factors behind this, from the astounding growth of the heavily own label reliant discounters to the extensions of the big four's own label Cheddar ranges.

Consumer trends: This feature will also pay close attention to the impact of wider consumer trends on the market. Are there any, such as the growing popularity of high protein diets, that Cheddar brands should be tapping?

Box out

Territorial cheeses: Cheddar may be the undisputed king of Britain's cheeses, but the rest of the country's offerings shouldn't be forgotten. So how are other British territorial cheeses – such as Red Leicester, Double Gloucester, Stilton and so on - performing in the current climate? With one of Cheddar's biggest brands dipping its toe in the market with a new British Cheese variety pack last October, what potential does the market hold?