

The Grocer

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

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The Story

Cheese prices are crumbling. Over the past year the average price per kilo has fallen as retailers slash prices. Volumes are up but hard promotional tactics are driving value out of the market. It's not just branded Cheddar taking the hit either – prices are down on continental and territorial cheeses as well. This is a turnaround from last year which saw branded products increase in price. So, what's changed over the past year? Are these new tactics sustainable? And what are suppliers doing to add value back into the category?

Key Themes

Sub sectors: We will be analysing everything from different formats (eg, grated and sliced) to on-the-go formats. Within this feature we will explore which macro trends and other factors have affected the fortunes of cheese over the past year. How are players looking to sustain growth or turn things around?

Life beyond Cheddar: Are consumers exploring other cheeses? What are producers and retailers doing to encourage shoppers to buy outside of Cheddar? What about sales and innovation in Continental cheese? The feature will also look at activity within exotic cheeses (eg Halloumi, Feta and Paneer) and also sheep and goats cheese.

Price/promotions: This is a key theme of the feature. How much cheese is sold on promotion? Which retailers and brands are pushing the hardest on promotions? What tactics are they using? How has this changed from 12 months ago? Prices were up across the board one year ago – so what's changed? Did they reach a peak? And, if so, what was it?

Own label vs brands: While both are in value decline, branded cheese is having a tougher time than own label with volumes also in decline. Why is branded suffering more? What are branded players doing to improve their fortunes? How are retailers looking to add value back into the category with own label?

Retailers: The discounters are storming ahead in cheese, with Aldi and Lidl both securing double digit growth in the category. What's driven this? How cheap is their cheese compared to the big four? Are they sticking with Cheddar or branching into more adventurous cheeses? The big four, meanwhile, are suffering. How have their ranges changed over the past year?

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest players have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth. The top campaigns will be noted in a separate box along with data.

Innovation: Key to this feature will be a discussion of the latest NPD from the category's brands and own label players, large and small. The feature will explore the market trends that have inspired these innovations and weigh up which new launches are most likely to encourage new trends in the market. We will profile four of the most interesting new launches in a separate innovation panel.

Continental cheese: Continental cheese has seen the biggest growth in value terms over the past year, adding £16.8m to category value. This is coming from own label offerings, as branded falls. What are the drivers behind own label's growth in this arena? Which regions and cheeses are doing well and why? What can branded players do to fight back?

New occasions: With bread sales falling, suppliers have to find new occasions to drive future growth. So, what are these new occasions? Are there any opportunities in on-the-go and snacking? The government is considering removing the free lunches for school children which it rolled out only a year ago. What impact could this have on sales? Is there an opportunity for cheese at the breakfast table?

Rebranding: A number of cheese brands have rebranded in the past year. What other tactics are brands using to stand out on shelf? Have the new looks helped them stand out on shelf and improve sales?

Formats: Cheese slices continue to gain traction but grated sales have stalled. How come? What can be done to drive growth in grated cheese going forward? How are other formats performing and why?

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?
- We profile four new products or product ranges that have ideally not appeared in The Grocer before, including launch date and RSP.