CHEESE – GERMANY – 2020

Cheese is a staple but sales are flat. To drive growth, address sustainability perceptions, health benefits and fit with contemporary lifestyles and eating habits.

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Report Content

EXECUTIVE SUMMARY

- Mintel's perspective

Market context

- Cheese volume sales are edging downwards
- Cheese volume sales are edging downwards
- Concerns around health and environmental impact limit cheese's growth
- Soft and hard cheese account for around 80% of volume and value

  - Graph 1: retail value sales of cheese, by segment, 2018-19

  - Graph 2: retail volume sales of cheese by segment, 2018-19

Mintel predicts

- Rising prices will continue to fuel value growth against stagnant volumes
- Without addressing category challenges the market will continue to stagnate
- Scope to build on the category's strengths and face up to challenges

What consumers want, and why

- Consumers want: cheese beyond bread

  - Graph 3: occasions for using cheese, August 2019
- Consumers want: to make healthy choices

  - Graph 4: selected attitudes towards cheese, August 2019
- Consumers want: to make healthy choices
- Consumers want: ethical choices
- Consumers want: ethical choices
- Consumers want: optimal packaging solutions which minimise environmental impact

  - Graph 5: agreement that "It's more important that the packaging keeps cheese fresh than that it is environmentally friendly", by age, August 2019
- Consumers want: variety

  - Graph 6: important factors when buying cheese, July 2019
- Consumers want: variety

Opportunities

- Spotlight role of cheese as snack and meal ingredient to drive usage
- Capitalise on meat reduction
- Reassure consumers of calories and reinforce positive nutritional benefits
- Respond to environmental and ethical concerns

- Continue to innovate

The competitive landscape

- Brands take nearly half of cheese retail spend in Germany
- Savencia is the leading branded producer by value in a highly fragmented market
  - Graph 7: top cheese companies in retail, by volume share, 2019
  - Graph 8: top companies in cheese retail, by value share, 2019
- Marketing mix
- Quick download resources

MARKET DRIVERS

- Cheese prices have shown volatility in recent years
  - Graph 9: producer and consumer price index for cheese and quark, Jan 2015-Nov 2019
- 2018 heatwave puts pressure on farmers and prices
- Modest population growth offers little support for cheese volumes
  - Graph 10: population by age, 2014-24
- Modest population growth offers little support for cheese volumes
- Consumers lead on-the-go lifestyles – this fuels demand for snacking products
- Out-of-home occasions are important for snackers…
  - Graph 11: where snacks are eaten, July 2019
- …particularly younger generations
  - Graph 12: snacking at out of home locations, by age group, July 2019
- Salt, fat and sugar reduction targets set for processed food for 2025
- Germany plans to introduce Nutri-Score labeling system on a voluntary basis
- Consumers' contrasting priorities and government targets poses a real NPD challenge
- Healthiness battles with taste in food priorities
  - Graph 13: frequency of eating healthily, by age, October 2019
- Healthiness battles with taste in food priorities
  - Graph 14: agreement with the statement "Taste is more important than health in my food choices", by age, July 2019
- 35% of say they are prepared to change eating habits to be healthier
  - Graph 15: healthy eating habits, by age, Q4 2018
  - Graph 16: selected important factors when shopping for food, by age, July 2019
- Environmental concerns are voiced by the government and consumers, particularly Gen Z
- The prevalence of meat reduction holds opportunities for other protein sources – cheese is an established choice
- The prevalence of meat reduction holds opportunities for other protein sources – cheese is an established choice
- Dairy avoidance in the household is most widely reported among the young
  - Graph 17: dairy avoidance in the household, by age of respondent, 2018
- Dairy avoidance in the household is most widely reported among the young

- Mintel Trend: Hungry Planet
- Vegan product launches are increasing in many dairy categories - cheese alternatives are growing but limited
  - Graph 18: share of category launches with vegan/plant-based claims, selected dairy categories, 2015-2019
- Packaging matters to consumers, though less in cheese
- The government targets plastic packaging waste

WHAT CONSUMERS WANT, AND WHY

Frequency of use of cheese

- Germany has one of highest per capita cheese usage in Europe
  - Graph 19: cheese retail volume consumption per capita, 2019 (est)
  - Graph 20: cheese total* volume consumption per capita, 2019 (est)
- Cheese is eaten universally, but not daily
- Over-55s are the most committed to cheese
  - Graph 21: frequency of using cheese, by gender and age, August 2019

Types of cheese purchased

- Semi-hard cheese is the most popular type
  - Graph 22: types of cheese bought in the last 3 months, August 2019
- Semi-hard cheese is the most-popular type
- Semi-hard and soft cheese show strong older skew
  - Graph 23: types of cheese bought, by age, August 2019
- Semi-hard and soft cheese show strong older skew
- Lack of confidence curbs use, particularly of less familiar cheese
  - Graph 24: agreement with the statement "I an knowledgeable about different types of cheese", by age, August 2019
- Feeling knowledgeable boosts cheese buying
  - Graph 25: types of cheese bought, by agreement with "I am knowledgeable about different types of cheese", August 2019
- Most cheese buyers shop across types
  - Graph 26: repertoire of cheese types bought, by age and household income, August 2019
- Most cheese buyers shop across types
- Processed cheese appeals more to parents

Occasions for using cheese

- Bread is the main carrier for cheese, with wide usage as a meal ingredient
  - Graph 27: occasions for using cheese, August 2019
- Reliance on usage with bread is a risk as the market declines
- Few German cheese launches flag "snackability"
- Few German cheese launches flag "snackability"

- Examples of German cheese launches referencing snacking
- Snacking formats hold untapped potential to win over 16-24s in particular
- Few cheese products in Germany target on-the-go consumption
- Globally, cheese snack NPD is driven by mixes and portions with dips growing
- Format can drive links with snacking
- Cheese snack packs from around the world offer portability and variety
- Dips go beyond traditional cream cheese
- 'Evening In' – an occasion that snack brands must not miss and a real opportunity for cheese
- Aligning with the use of cheese as an ingredient will chime

  - Graph 28: use of cheese as an ingredient in meals and when baking, by age, August 2019
- International launches make it easier to incorporate cheese into meals
- New formats tap into cheese usage in meal preparation

Behaviours related to cheese

- Cheese can tap the meat reduction trend, but must polish its sustainability credentials

  - Graph 29: behaviours related to cheese, August 2019
- Cheese can tap into the meat reduction trend
- Cheese can tap into the meat reduction trend
- Signposting suitability and format development can align with meat reduction
- Cheese can play as a meat replacement
- Cheese makers must address sustainability concerns
- Environmental concerns are curbing younger groups' cheese usage

  - Graph 30: agreement with the statement "Environmental concerns have caused me to limit/reduce the amount of cheese I eat in the last 12 months", by age, August 2019
- Manufacturers react to environmental and ethical concerns: Hochland goes climate neutral
- Bel Group presents a new corporate identity
- Bel's new identity follows a number of recent sustainability initiatives
- Kerrygold promotes quality of Irish dairy farming good practice as a guarantee of cheese quality
- Examples of sustainability messages on pack

Important choice factors for cheese

- Type is the most important choice factor when shopping for cheese

  - Graph 31: important factors when buying cheese, July 2019
- Type fuels cheese choice, price has limited sway
- Varied interest in low prices is reflected in the tiered market

  - Graph 32: low price as a top three important factor when buying cheese, by household income, August 2019
- Cheese sees low brand loyalty
- Cheese sees low brand loyalty
- Promiscuous shopping habits necessitate NPD

- Snacking and ageing appeal to those keen on new types from favourite brand
- International examples highlight opportunities in format expansion

Attitudes towards cheese

- Cheese is widely seen as an easy protein source, but in the line of fire for cutting calories
  - Graph 33: attitudes towards cheese, August 2019
- Younger age groups are less certain of cheese's role in a healthy diet
  - Graph 34: agreement with the statement "Cheese is part of a healthy diet", by age, 2017
- Three in ten 16-24s curb cheese due to health concerns
  - Graph 35: agreement with the statement "Health concerns have caused me to limit/reduce the amount of cheese I eat in the last 12 months", by age, August 2019
- Vegan cheese enjoys a health halo among a quarter of 16-24s
  - Graph 36: agreement with the statement "Vegan cheese is healthier than non-vegan cheese", by age, August 2019
- Reassurance around calories is needed
  - Graph 37: agreement with the statement "Eating less cheese is an easy way to reduce the amount of calories you eat", by age, August 2019
- A role for calorie-controlled, single-portion formats
- Dialling up the protein message is needed to engage the young
  - Graph 38: agreement with the statement "Cheese is a good way to get protein into your diet", by age, August 2019
- Dialling up the protein message is needed to engage the young
- Protein gets more visibility on front of pack
- Cheese has work to do to win over more parents
- Cheese has work to do to win over more parents
- Health credentials of kids' cheese warrant more prominence
- "Mature" signifies quality – opportunity to add descriptors to enhance premium perceptions
- Operators most go beyond the common references
- "Mature" references must move forward
- Opportunity for other descriptors to enhance premium perceptions
- Environmental role of packaging warrants consideration
- Brands must go beyond resealability
- Marked scope to improve green credentials of packaging
- Environmentally friendly packaging from Germany and beyond

LAUNCH ACTIVITY AND INNOVATION

- Hard and semi-hard cheese extend their lead in launches
  - Graph 39: share of new product launches in the cheese market, by subcategory, 2015-19
- Brands hold the lead in NPD in a fragmented market
- Brands hold the lead in NPD in a fragmented market

- Soft cheese brands continue to refresh ranges with flavour variants
- Seasonality is an opportunity to add interest at times when taste and indulgence are important
- The grocers feature strongly in fragmented NPD landscape
  - Graph 40: new product launches in the cheese market, by top companies, 2018-19
- Top claim categories are 'natural' and 'suitable for'
  - Graph 41: new product launches in the cheese market, by claim category, 2015-19
- Top claim categories are 'natural' and 'suitable for'

Germany: new product launch activity in cheese, by top claims, 2014-19

- Absence of allergens, GMOs, additives/preservatives feature strongly among top claims
- GMO-free fuels growth of 'Natural' claim group
- Organic claims appear on 17% of cheese launches in 2019
- Hay milk has the potential to satisfy eco-conscious and production-focused consumers in Germany
- Vegetarian claims are in growth
- Spotlight on flavour and texture can entice 'flexitarians'
- Convenient packaging focuses on resealability
- Plant-based cheese alternatives can be expected to grow
- Plant-based cheese alternatives can be expected to grow
- Violife is bought by global player Upfield
- Other vegan cheese alternatives use a range of plant-based ingredients

Advertising and marketing activity

- Milkana spotlights its grassland feeding
- Leerdammer puts a lighthearted spotlight on the welfare of its cows
- Bresso pushes its French origin
- Kerrygold advertises the taste benefits of Irish Cheddar from grass-fed cows
- Kiri focuses on its natural credentials
- Bergader invites viewers to discover the brand
- On-pack competitions are widely used to entice shoppers
- On-pack competitions are widely used to entice shoppers
- Giveaways of cheese-related items

MARKET SHARE

- Brands take nearly half of cheese retail spend in Germany
- A fragmented market

Germany: company retail market share of cheese by value, 2018-19

- Hochland and smaller players gain most in 2019

Germany: company retail market share of cheese by volume, 2018-19

- Private label takes two thirds of volume, losing ground in 2019

MARKET SEGMENTATION, SIZE AND FORECAST

- Cheese market sees only modest volume decline despite pressures
- Cheese market sees only modest volume decline despite pressures
- 2019 sees recent slow volume decline continue
- Retail sales value is growing, despite declining volumes
- Soft cheese extends its volume lead in 2019
- Soft and hard cheese account for around 80% of volume and value
  - Graph 42: retail value sales of cheese, by segment, 2018-19
  - Graph 43: retail volume sales of cheese by segment, 2018-19
- Soft and hard cheese account for around 80% of volume and value

APPENDIX

Appendix – products covered, abbreviations and consumer research methodology

- Products covered in this Report
- Consumer research methodology

Appendix – launch activity and innovation

Germany: new product launches in cheese, by claim category, 2015-19

- Launch activity by claim category

Germany: new product launches in cheese, by sub-category, 2015-19

- Launch activity by sub-category

Germany: new product launches in cheese, by flavour, 2015-19

- Launch activity by flavour

Germany: new product launch activity in cheese, by top claims, 2015-19

- Launch activity by top claims – cheese

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart

Germany: retail sales of cheese, by value, 2014-24

- Market size and forecast – value

Germany: retail sales of cheese, by volume, 2014-24

- Market size and forecast – volume

Germany: retail sales of cheese, by value, best- and worst-case forecast, 2019-24

- Market size and forecast – value – best- and worst-case

Germany: retail sales of cheese, by volume, best- and worst-case forecast, 2019-24

- Market size and forecast – volume – best- and worst-case

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