

Cheese to please

Keep up with customers' demands for value and variety



Cheese is the perfect way to create a destination in your store. Create a display with speciality and imported cheeses and your deli offering for a gourmet flavour feast in-store.

BY LAURA DURHAM

Cheese is a very versatile product and can be used for a number of meal solutions: Cheese and tomato toasted sandwiches, sprinkled over pasta, or as the final ingredient of the perfect cheeseburger. For this reason, as a category, cheese continues to grow. Supermarkets, therefore, need to reflect this growth by stocking and promoting a wide range of varieties and pack sizes in the cheese department – and beyond.

A growing category

"Consumers are definitely still buying cheese, in fact, the category is growing," comments Sherian King, brand manager at Clover. The overall category value for cheese is R2.2 billion (according to Synovate research published in June) with 2% value growth.

Consumers may have been seen to trade down in other categories but cheese has experienced the opposite – with consumers trading up to bigger pack sizes. "Bigger pack sizes are considered value-for-money and the price is slightly discounted compared to smaller packs," explains King. As a result, manufacturers have introduced bigger pack sizes, such as 450g and 900g.

Interestingly, bulk cheese (defined as the cheese loafs cut and packaged at store-level) has become less popular compared to the vacuum packed offering from manufacturers. Although this obviously depends on a store's customer base and store profile. For example, a store that caters for a lower income customer base might limit its cheese range to only bulk cheese because it provides a more versatile offering (from R5 to R50 blocks!)

"Prepacked cheese is a convenient option that has a set price, with better packaging and a longer shelf life than 'cut and wrap' at store level (2-6 months versus 9-21 days)," explains Lucy Pereira, national in-store marketing manager at Clover.

Consumers also perceive the cheese to be more hygienic as it is packed in the factory. In addition, the new labelling laws coming into play and the Consumer Protection Act already implemented mean batch dates and nutritional information are even more important.

Natural prepacked cheese is a growing segment – with 35% value and 52% volume growth over the last year. According to Synovate, the segment's current value is R239 million. "It is by far the fastest growing segment in cheese," comments King, hence the increase in players in the category.

Tame taste buds

"80% of South Africans only purchase gouda and cheddar," says Isabel Tester, category planner for Clover. She says the split between the two is pretty equal, whereas before it was a 60/40 split to gouda. According to BMI's research on the category, cheddar cheese remains the most important type in terms of both value and volume, with a 39.1% in 2010. According

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to BMI's research on the category, cheddar remains the most important type in terms of both value and volume, with a 39.1% contribution in 2010. Interestingly, gouda lost significant volume and share in 2010 – enough to lose its second place position and become the third most popular cheese type in South Africa after cheddar and mozzarella. "2010 was a good year for mozzarella cheese – it contributed 17 240 tons of total volume, reflecting a 22.8% share, up 1.3% from 2009," says Jan Wegelin, BMI research director.

Niche cheese

Whether it stems from habit or shying away from adventure, South Africans seem to prefer mild cheese rather than strong flavours. But many of the 4 000 international speciality cheeses have a powerful flavour (and often aroma), such as blue cheese.

Some retailers have introduced more of a gourmet feel to the cheese department, but the market remains small. "Speciality cheese is just not profitable – so retailers and manufacturers tend to focus their marketing and consumer awareness drives on the more profitable lines of cheddar and gouda," says King.

"Speciality cheese is a high-end category given the premium pricing it commands. This niche positioning, however, has not hampered category growth, and due to many players expanding production, range and distribution, this category saw a healthy 8.0% growth during 2010," says



There is always an opportunity to cross-merchandise in-store – and just because everything generally needs to come to the cheese, don't let that put you off from making the most of the category.

Wegelin. For example, Mediterranean Delicacies is a new range of imported cheese aimed at sophisticated cheese lovers in LSMs 7-10.

The foodservices industry is a major buyer of speciality cheese with more than half the industry's produce consumed in foodservice establishments (62.6%), according to BMI.

Create a destination in-store

Cheese offers retailers a great opportunity to create a store-within-store feel with the deli and cheese offering. Checkers has been very successful in its Cheese World concept offering customers more than 400 cheeses

to choose from. Informative guides are positioned throughout the department to guide customers through the cheese offering, suggest complementary wine choices, offer fun cheese facts, and provide helpful hints on how to create the perfect cheese board. Further to this, customers are encouraged to phone or email Checkers if they cannot find what they are looking for and the store will source the required cheese.

Other stores have also been successful in creating a destination in store, particularly those that cater for a higher-income customer base, such as Pick n Pay on Nicol, Broadacres SuperSpar and Fruit & Veg City's Food Lover's Market store concept. ►

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Cheese convenience

Processed cheese has become a popular lunchtime solution thanks to the range of prepacked slices now available in supermarkets. BMI defines processed slices as follows: "Generally processed cheese is made from a base of plain natural cheese, which is heated to pasteurisation temperatures. This prevents further ripening of the cheese and thus extends shelf life. Generally, they are mild in flavour and smooth in texture. This category is limited to processed cheese slices, and excludes any packs of sliced cheddar or gouda variants."

As a category segment, processed slices is valued at R352 million with value growth at 3.6% and flat volume growth, according to Synovate.

Processed portions and processed slices witnessed higher year-on-year volume growth rates than that of the overall processed cheese market. "This may well be attributed to the need for fast and convenient solutions to providing nutrients and energy to fuel ever increasing, fast-paced lifestyles," explains Wegelin. It is interesting to note then, that the cheese spread category saw very little volume growth with a limited increase for 2010. It appears that cheese spreads and bulk processed cheese, which also saw a volume drop, may be waning in popularity. Possibly because processed slices are that much more convenient.

Added to the convenience factor, is the packaging of processed cheese – generally 190g or less pack size made from flexible plastic, which is ideal for home storage. BMI's research shows that Gauteng consumes the largest amount of processed cheese – 46.7%.

"In addition, given the trend to healthy eating, natural consumers may be leaving the processed category altogether as they become more ingredient conscious and actively source food products that contain natural, unprocessed ingredients," adds Wegelin.

When thinking about convenience, prepacked grated cheese seems like an obvious solution but Pereira says that as a segment it "wasn't a high seller and really didn't take off" for many manufacturers (including Clover).

For retailers, on the other hand, grating cheese at store level offers customers



Staff need to be knowledgeable about the cheese offering in order to advise customers on complementary wines and to suggest recipes and serving ideas for a particular cheese.



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a convenient lunch solution. This is particularly worthwhile for stores that have a lot of lunchtime and commuter traffic.

Health and innovation

Cheese tends to be restricted in most diets but manufacturers are coming up with healthier cheese offerings, such as fat free cottage cheese and low fat cheese. "Lowering the fat of cheese tends to lose flavour so consumers tend to rather convert to mozzarella (less fat naturally) or cream or cottage cheese," observes Pereira.

In following this health trend, manufacturers have started to market and promote health benefits and versatility of their cheese ranges. Fromageries Bel, for example embarked on a national awareness campaign over June and July with in-store promotions encouraging trial and demonstrating that Kiri cream cheese is more than just a spread.

Promoters also handed out recipe cards that included a discount coupon off any pack of Kiri.

Pereira says that organic cheese is still only a "tiny" part of the cheese market. But this might change going forward, as BMI has cited the organic food trend to be a "key area of growth".

"Some consumers are also interested in knowing if the animals providing milk are well cared for, and such endorsements on the product's packaging are taking root in the market," Wegelin adds.

Fair Cape Dairies, for example has launched the first ever Cow Comfort Index in South Africa, which tests all aspects of the Fair Cape herd's comfort and well being. They can now carefully score all their cows to ensure that they are healthy, comfortable and well looked after in their surrounding environment.

The scoring is conducted by an external independent scorer, who visits the farm each month to conduct the necessary investigation and obtain the scores for the index. This index enables Fair Cape to measure, on a consistent basis, that their cows live a stress free life in a super comfortable environment.

"The difference between us and most other dairies, is that every one of our cows are individually monitored, a massive task for a dairy farm that milks over 1 500 cows three times a day," says Johannes Loubser, Director of Fair Cape Dairies.

Fair Cape has a monthly target score of 84% for their Cow Comfort Index; however, they achieved over 90% for their first three months and have undertaken to publish the scores on their Facebook page monthly. Another trend in the cheese category is



By creating ready-made cheese platters, you will be saving your customers time and hassle as they prepare for a dinner party or picnic in the park.



Healthy cheese is growing in popularity, with many low fat or fat-free variants coming out, particularly in the feta, cottage and cream cheese segments.

the move towards "kiddie consumption", says Clover's Isabel Tester. She says that various manufacturers are marketing cheese as a lunchbox solution, particularly those with wedge and cube variants. "Parents are beginning to put cheese in their children's lunchboxes as a healthier alternative to sweets," she says.

Who moved my cheese?

According to Clover's shopper research across all LSMs, the key factor in a shopper's

decision making process when it comes to cheese is intended usage: Everyday versus speciality. "It's a question of for me, for them, for us," says Pereira. "Is the cheese for family consumption at home, a lunchbox solution or for indulgence or entertainment?"

Further to this, cheese type is vitally important, as a customer will choose a specific variant for a specific purpose. For example, a bulk pack of cheddar for tomorrow's dinner.

Interestingly, feta is moving into the everyday cheese segment due to its common bond with fresh produce (boosted by the likes of Woolworths and its prepacked salads with feta).

According to the research, shoppers buy from left to right and 80% of shoppers shop in a one area. "Cheese should therefore always be merchandised with vacuum packed cheese and feta on opposite sides with speciality cheese in the middle to draw feet to the segment," explains Pereira.

Furthermore, white cheese is always placed between cheddar and gouda to act as a colour break. "We cannot emphasise enough to merchandisers to pack type with type (ie, gouda with gouda, cheddar with cheddar). This is similar to the butchery concept of putting all beef products together, all pork together.

The second level in the decision is brand choice. "This is especially true amongst lower LSM shoppers who are extremely brand loyal across all categories and because they cannot afford to make mistakes," she explains.

The third level is pack size and price. Vacuum packed cheese is merchandised vertically according to pack size and bulk cheese (cut and wrapped at store level) is generally merchandised at the bottom of the fridge.

There is also the opportunity to cross-merchandise and cross-promote cheese in store although this is slightly restricted compared to other categories because "everything has to come to the cheese," Pereira says.

Some opportunities include placing feta within the fresh produce department; cheese spreads in the bakery, crackers alongside the cheese and scattering speciality cheeses amongst the deli offering in-store. Pairing wine with cheese is another way for customers to find their wine and dine solution in one place.

Encourage customers to be a little adventurous by offering them tasters of different cheeses. It might just result in an impulse indulgent purchase.

