

## MSU Product Center

*For Agriculture and Natural Resources*

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### Diary Cheese – Selective opportunities

#### Market drivers that provide selective opportunities

- There are **selective** opportunities for cheese products that appeal to the demand drivers of **convenience** and **value**.

#### Specific opportunities

- Cheese is a very versatile food. It can be used as a snack food, in sandwiches, salads, pizza and burgers to name a few. The development of shredded products has also added to the convenience of cheese. Cheese spreads and cheese balls have also made cheese products easier to use.
- Packaging innovations could also be used to enhance the convenience of cheese products. Shrink wrap is used for many cheese products, the increased used of resealable packaging could increase the demand for cheese products.
- The U.S. is a major importer of cheese. Most of the cheese imports comprise imports of gourmet cheeses from Europe. Given the high cost of milk in Europe, as well as transportation costs, it may be possible for U.S. cheesemakers to undercut European cheese producers in the production of certain specialty cheeses. The decline in the value of the U.S. dollar also improves the competitive position of U.S. cheese producers.
- It would be difficult to compete on price in the area of traditional cheese varieties such as American and Cheddar, given the size and market penetration of some of the firms in these markets.
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#### New product examples

- From 2000 through 2002, there were 884 product introductions in the cheese industry, and there has been an upward trend in new introductions. The most popular product positioning claims were health related although several introductions focused on convenience.
- Crave Brothers, Crave Farmstead – Farmer’s Rope Cheese, part-skim Mozzarella cheese, claims to be “farm fresh handmade deli string cheese.”
- Antigo Cheese Wisantigo – Parmesan, Stravecchio, Asiago, Romano, and Fontina cheeses are now available in slices.
- Crystal Farms – finely shredded Mexican 4 cheese, product is a blend of Monterey Jack, Cheddar, Queso Quesadilla and Asadero cheeses.
- Tillamook County Creamery Tillamook – Tuscan Blend Shredded Cheese, blend of Cheddar, Parmesan and Mozzarella cheeses.

#### Special issues

- Entry into the market may be difficult, but barriers to entry appear to be lower for cheese than other dairy products. Private label sales account for one-third of all retail sales.
- Finding shelf space in supermarkets may be difficult; however, there may be opportunities in offering products to delis, gourmet stores etc.

#### Key to success

- Consider whether or not it would be possible to combine convenience and/or value with other attributes such as wellness and indulgence. Some specialty cheese markets may be small or niche markets.

#### Sources

Mintel. Cheese.

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