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MAGAZINE

2021

Artisan Cheese

LIFE AFTER COVID



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THE CHEESE SECTOR AFTER COVID

Following an unprecedented year for the artisan cheese industry in 2020, *Speciality Food* speaks to cheesemongers, makers and distributors to discover how the sector is approaching the Covid recovery

COMMENTATORS



DR JUDITH BRYANS
DAIRY UK



PETER ALVIS
RABDF

In the 2020 edition of *Speciality Food's Cheese Report*, the effects of Covid-19 were only beginning to be felt across the dairy sector. While worrisome challenges were presenting themselves – in the form of shuttered hospitality markets, a hamstrung supply chain, mismatched supply and demand and staff shortages – glimmers of hope were beginning to appear, too. "At the very outset, the sudden closure of hospitality and out-of-home foodservice was an issue," explains Dr Judith Bryans, chief executive of Dairy UK. "However, the increased retail demand as people ate and cooked at home was helpful in offsetting some of the negative effects. As time went on, both retail demand, and then takeaway demand, were helpful." Indeed, Amy Price, senior food and drink analyst at Mintel, says in the group's most recent cheese market research that for the sector overall, Covid-19 actually provided a boost to cheese sales.

"All in all, the dairy industry coped well with Covid, kept product moving and ensured supplies to customers and consumers in difficult circumstances. We proved to be a flexible and resilient sector," Judith says.

Changing habits

Despite these positive statistics, smaller producers in particular faced challenging circumstances. "Any farmer supplying a processor who has been involved in the foodservice sector has been affected, smaller niche processing businesses on farms have in many cases been badly affected, as any product they had produced was difficult to place in their normal market and they did not have access to the supermarkets where demand was strong," Peter Alvis, chairman of the Royal Association of British Dairy Farmers (RABDF), explains. Yet changing consumer behaviours have buoyed those who could successfully shift their products to retailers. "Many farm shops have thrived during this time, with local shoppers supporting local products," Peter says. And this newfound taste for locally made cheese is likely to last. "Dairy is faring very well with consumers," Judith says. "The first lockdown saw consumers move towards indulgence, then to comfort food and foods that were versatile and good for cooking with. After that, health came back on the agenda. In all instances, dairy has tracked well with consumers."

> "The dairy industry coped well with Covid, kept product moving and ensured supplies to customers and consumers in difficult circumstances. We proved to be a flexible and resilient sector"

The Brexit challenge

As the impacts of Covid fade, there are new challenges that the cheese sector must learn to cope with, including the impact of Brexit. The most recent data from the Food and Drink Federation (FDF) showed that exports to the EU almost halved in the first three months of the year compared to the same period in 2020. Cheese sales were the hardest hit, down a whopping 72% in the first quarter of 2021 compared with 2019. "The additional processes and the burden of administration in terms of exporting to the EU has caused issues for companies," Judith said. "Some smaller companies have said they will no longer export, or at least not for now, because the costs have had quite an impact on their businesses." Whether it's small producers exporting their cheeses or retailers looking to import artisan Continental varieties, Brexit has disrupted the usual flow of business between the UK and the rest of Europe. Peter agrees that many smaller businesses have "effectively stopped exporting" due to new Brexit rules. On the flip side, however, worldwide demand for dairy has been strong. "Despite the trade figures for export to the EU being down, dairy has great export potential globally," Judith says. Indeed, the Asian market for cheese is growing, and interest in British-made products is high. Brexit is also impacting labour on dairy farms. A report by the RABDF highlights the importance of skilled EU dairy workers on UK farms. Following its most recent survey, almost half of dairy farmers said they employed foreign workers in the last five years, and of those, 74% said they did so because they couldn't recruit from the UK, up from 63% who said the same in 2016. "Access to foreign labour is extremely important for the continued function of our industry," the RABDF said in its report. "The tasks dairy workers undertake on-farm require skill, experience and in some cases formal qualifications."

THE **CHEESE** MARKET WAS PREDICTED TO SEE **15.5%** GROWTH IN VOLUME SALES TO **434 MILLION KG** AND **16%** GROWTH IN VALUE **SALES** TO **£3.2 BILLION** IN **2020**

SOURCE: MINTEL





CHEESEMAKERS FACE BRIGHTER OUTLOOK

After Covid inspired more consumers to enjoy artisan cheese, producers are optimistic about the future of their industry – despite the challenges

A brighter future

While the industry adapts to a new trading environment, one area offering opportunities for those who are ready to act is sustainability. Consumers can expect the dairy sector to be more front and centre in discussions about environmental credentials in the years to come, says Judith, including explaining "how we're tackling our environmental impacts and our commitments to continuous sustainable development, but also showcasing more about the positive contribution we make to biodiversity, the circular economy and to all pillars of sustainability." The sector has already had successes in this regard. "UK dairy farmers have been part of a major effort to successfully reduce antibiotic use in food production, and we need to take this drive forward in reducing emissions," Peter says. It is clear that improving production practices in line with sustainability targets will not only guarantee a more environmentally friendly way of producing cheese, but it will also align with the continuously shifting desires of customers.

"Opportunities will continue to present themselves for UK dairy farmers as consumer demands change in the UK and export customers want to purchase the high-quality produce made by UK dairy farmers to some of the highest animal welfare and environmental standards in the world," Peter says.

42% OF DAIRY FARMERS HIRED **FOREIGN WORKERS** IN THE LAST **FIVE YEARS**

SOURCE: RABDF SURVEY

When the pandemic struck, the economy came to a grinding halt almost overnight. Tim Jones, the maker of Lincolnshire Poacher Cheese, tells *Speciality Food* that for the first time ever, pallets of cheese were sent back, and milk produced on the dairy farm went unsold for three months. "We were suddenly faced with either throwing [the milk] away or turning it into cheese that we didn't know we were going to be able to sell," he explains. But like so many others, Tim turned a challenge into an opportunity. The team shifted from producing five days a week to seven, and embarked on an experiment to create a new, slower maturing cheese. "We wanted to kick the problem down the line, because we didn't know what the future was going to look like," Tim says.

New routes to market

More than a year on from those moments, producers must still navigate uncertainty. But many businesses responded with the same innovative spirit as Lincolnshire Poacher. "As a company, we've learned not to be blinkered by strategy," says Jessica Kimber-Holloway, commercial operations director at Godminster. "This year required the team to think more broadly about company survival." Plus, being small has its upsides. "We could be really agile about how we responded to the situation," Jessica says. This forward-thinking mentality helped many small cheesemakers seize onto new opportunities. "In early 2020, we were actually planning to reduce our gifting range to focus on some key SKUs, but after the surge in online gifting we found ourselves increasing our offering to invent ways to supply fresh demands," Jessica explains.

There have also been opportunities online. Catherine Mead, chair of the Specialist Cheesemakers Association and owner of Lynher Dairies, found success with e-commerce. "Online became quite a significant route to market

COMMENTATORS



CATHERINE MEAD
SPECIALIST CHEESEMAKERS ASSOCIATION



TIM JONES
LINCOLNSHIRE POACHER



GARY BRADSHAW
HAMM TUN



ALISON WILLIAMSON
WHYTE WYTCH



JESSICA KIMBER-HOLLOWAY
GODMINSTER

R

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for cheesemakers." Through new modes of working, Catherine says producers found ways to engage with consumers. "Covid has brought us closer to our customers," she says. "We are talking directly to our customers, and we're not just talking to them about buying cheese, we're talking to them about how we produce cheese, and the reason for buying British speciality as opposed to some of the products they may have been buying previously." This budding interest in speciality cheeses is driving more customers to the sector, and as restaurants, exports and events all begin to open, many cheesemakers are actually worrying about demand soaring too high. "I haven't spoken to a cheesemaker who is not very, very busy at the moment," Catherine says. "It's looking like it's going to be a very big summer for us."

Alison Williamson of Whyte Wytch cheese has also experienced strong uptake, and she believes a time will come soon when her microdairy is unable to meet demand. A bit of lucky timing helped bolster her business – Alison opened her dairy in March 2021, just when the lockdown reopening began. "The first weekend of opening, I sold so much cheese because everybody wanted to spend, and it was their first weekend out." While that



has since slowed somewhat, she remains positive about the opportunities for growth. "I'm really optimistic. I think people are wanting to shop local and get fresh produce."

Planning ahead

Not every producer has been so lucky. When the pandemic struck, Gary Bradshaw of Hamm Tun had just moved to a new premises and was excited about expansion. But Covid-19 flipped everything on its head. "Our small, artisan business has been built on the hospitality sector, so closures due to Covid pretty much closed our business," he explains. "We were running at about 5% of usual sales during the lockdown." And things still aren't quite straightforward for the business even as the industry moves towards recovery. "The hardest aspect is building stock as the investment is significant when the business is not there. We can spend on making the cheese and not realise a penny for four to six months. This made getting ready for the world reopening a real struggle," Gary says. Although he remains in survival mode, a successful crowdfunding campaign helped raise awareness and prove that demand is strong. "This was a massive boost because we ended up getting some very good new customers from the exposure," Gary says.

Hamm Tun is far from the only maker finding challenges in the Covid recovery. "The uncertainty is quite difficult when you're running a business that's working two years in advance," Tim says of Lincolnshire Poacher. "I'm making cheese now for 2023, and nobody can confidently say they know what the world's going to look like and what their sales are going to be, so we're constantly rejigging our estimates. But," he adds, "we're lucky we're in an industry that people are suddenly really interested in." This changing mindset plays into the trends that Tim and other cheesemakers are hoping will evolve into longer-term habits. "People are more interested in taking the time to look into what they're eating, and I think that will continue to some degree. So we're very optimistic about the future."

What's next?

Today, cheesemakers are facing a brighter future after a challenging lockdown period. With the public more engaged than ever in artisan cheese, producers have an opportunity to bring new and exciting products to market. "During lockdown, we kept ourselves incredibly busy developing new products for the Godminster range," Jessica says. "As we emerge out of the pandemic we're now launching our new products into a market that is revitalised and renewed after all the lockdown stagnation."

After adapting to disruptive market forces, Catherine warns makers not to lose their momentum but to continue to showing their resilience. "We've demonstrated through the last 18 months how agile and flexible we are as a sector." Now, cheesemakers can turn this energy to other fresh challenges, like sustainability. The industry has shown that there are real reasons to look to the future with positivity, not least of which is consumers' newfound support for farmhouse cheese. "We saw the British public rally around homegrown British cheese during lockdown, and we know that passion won't go away," Jessica says. "With increasing awareness of how Brexit will impact cheesemakers now as well, we're optimistic that the public will continue to recognise how brilliant and diverse British cheese is."

33% OF BRITS SAY THEY WOULD PAY MORE FOR BRITISH-MADE CHEESE, MAKING IT THE HIGHEST RANKING FACTOR

SOURCE: MINTEL



"SUSTAINABILITY IS OUR BIGGEST OPPORTUNITY"

Catherine Mead, Specialist Cheesemakers Association

The biggest threat and the biggest opportunity for cheesemakers lies in our approach to the environment and climate change mitigation. If we sit on our hands and ignore it and hope it goes away, we will fail. We lay ourselves very, very open to criticism because it's well documented that there are areas of our businesses that have significant carbon impacts. However, I think we have two tasks. The first task is to understand where our big carbon deficits are. Where are the areas where we can affect the greatest level of change? And then, against that, we also need to better understand how we contribute, because we are positive contributors, particularly those of us who are farming.

I think we have so many opportunities that are there and available to us now, like no-till farming, widening one's hedges, diversity of grasses and species, water conservation and renewable energy. We can be the masters of our own destiny in looking at sustainable food, and we must all of us embrace that fully and believe in it and get behind it.



THE CHEESE RETAIL REVIVAL LIVES ON

After the strong support seen in 2020, how will cheesemongers maintain the bonds built with cheesemakers and customers going forward?

COMMENTATORS



LISA GOODCHILD
THE COTSWOLD CHEESE CO



BILL DE LA HEY
THE MAINSTREET TRADING COMPANY



MATHEW CARVER
FUNK

Cheesemongers are the all-important conduits between cheesemakers and the British public, and that role was never more important than during the pandemic. When producers struggled to shift stock, retailers stepped in to champion artisan cheeses and educate consumers about why supporting Britain's makers is so important. In turn, cheesemongers saw an outpouring of support from the public, who were energised by the conversations around food that Covid-19 was inspiring and became more interested in shopping locally and supporting producers. Research from Mintel reveals that consumers are increasingly looking to alternative channels to buy their cheese, with 23% reporting they shopped more at local businesses since the start of the pandemic, and 43% shopping more online. These figures demonstrate the exciting opportunity for cheesemongers and delis today.

Lifelines emerge

For The Cotswold Cheese Co, e-commerce played a pivotal role in sales when footfall was low. "The online shop became the reason to keep the doors open. Our online store kept us extremely busy shipping nationally, and we offered free delivery within 10 miles for sales over £25 and click and collect, both of which became so popular we had to buy a new van!" says owner Lisa Goodchild. Cheese retailers who could take advantage of the growing interest in online shopping saw their sales fly, and experts predict that most of the e-commerce growth seen during the pandemic is here to stay. Lisa says support from the community was "amazing" during the pandemic, and the retailer in turn lent its support further up the supply chain. "We tried to do our bit to support cheesemakers and wholesalers and adapted quickly to different delivery and production schedules," Lisa says.

Other industry players began new retail journeys to create in-roads for cheesemakers. "Our mission is to champion British cheese," says Mathew Carver, the director of The Cheese Bar restaurants in London. During lockdown, he started up his first retail establishment, Funk, to continue serving artisan cheeses to the local community. "We felt we had a commitment to keep doing that even when the restaurants were closed, creating opportunities for the cheesemakers that we work with." Demand has been strong, and today Mathew is even looking at opening a second shop.

A new mindset

For Bill de la Hey of The Mainstreet Trading Company, the turning point of the pandemic came when Neal's Yard teamed up with Jamie Oliver to build public support for British cheesemakers through a dedicated cheese box. In his own shop, Bill began speaking with suppliers to find out which products needed to be sold urgently and was flexible to promote cheeses in surplus. "It was strangely quite exciting," he reflects. With a family history of dairy farming, it was a cause dear to Bill's heart. "I really enjoyed the campaign because you felt really good that you were doing something for the industry." The initiative also changed the way the public saw British farmhouse cheeses. "It was exciting for them as well. Generally, people have been treating themselves a bit, eating better food," he says. "I really feel that the prospects are good." Through Bill's conversations with consumers – and the shop's growing sales – he has found that more and more shoppers are buying cheese from local delis rather than supermarkets.

"We sense a different mindset from our customers, even now," adds Lisa. "There has been a shift to customers wanting to shop more locally and focus on quality. Even after lockdown, our website has remained very busy and customers will patiently wait outside if the shops have too many people already in them."

Looking to the future

Now, as the impact of Covid fades somewhat, retailers have an opportunity to continue building on these relationships with both customers and suppliers. On building stronger relationships with cheesemakers, Lisa says retailers should speak to their local producers directly. "This will hopefully build a working relationship that will benefit both parties," she says. "The relationship between the cheesemonger and the cheesemakers is symbiotic, and we find that for the cheesemakers who support us directly, we in turn are proud to promote their products and can articulate to the prospective customer the benefits of that particular maker's products."

Cheesemongers can also foster new relationships with customers who are branching out to artisan cheeses. "People are interested in British cheese," says Mathew. "Now more than ever, people care about where their food comes from, so we feel fairly confident. We've seen from our restaurants that more and more people are coming in and know different names of what used to be quite niche British cheeses. People seem to take an interest in them, and I think that's only been strengthened through the pandemic. People have made a conscious effort to be more thoughtful with their food purchases," Mathew says. Long may this continue.

> "There has been a shift to customers wanting to shop more locally and focus on quality. Even after lockdown, our website has remained very busy and customers will patiently wait outside if the shops have too many people already in them"



DISTRIBUTOR RESILIENCE

As an industry entwined with the foodservice sector, many wholesalers were blindsided by the pandemic. But they have come out the other side stronger than before

COMMENTATORS



NICK MARTIN
HARVEY & BROCKLESS



GEORGE LANG
THE CHEESE MERCHANT



RICHARD HOLMES
CRYER & STOTT

Fine cheese distribution was one of the sectors hit the hardest by the Covid-19 pandemic. Hard-won relationships with foodservice operators disappeared as the hospitality industry was shut down overnight. Brands that had once put significant resources into supplying restaurants, hotels and events had to reconsider the value of retail.

"One of the main effects of the pandemic was to make us look at the markets we serve and realise that focusing exclusively on the foodservice sector is no longer an acceptable strategy for Harvey & Brockless moving forward," explains Nick Martin, managing director of Harvey & Brockless. As a result, the business has been building up its range of products and looking at various retail channels to see how they can best grow their sales into this area. "We appreciate that this will be a learning process, but we see the retail segment as key to the company's performance in the future and in the development of our brand awareness with the consumer." Indeed, while foodservice is expected to recover at the expense of retail, Mintel's senior food and drink analyst Amy Price says habits will be slow to change over the recovery period between now and 2025, signalling good news for retail sales.

Pivoting to retail

When lockdown first hit, wholesaler The Cheese Merchant lost 70% of its business overnight due to the closure of hospitality. However, an agile and collaborative approach allowed founder George Lang to find new ways of working. "We were able to be flexible and had to quickly look into other routes to get our products out. We champion our producers and didn't want this to affect them as well, so we worked with all our clients to bring them to market through a number of different routes," he explains. "We've also tried to support our chefs that buy from us. We've helped them open up a shop so they could sell pre-packed products and meal kits," George says. The business found opportunities in retail, too, and sees this as an important sector for the coming months. "As home deliveries started to slow down coming out of lockdown, a larger focus has been on the retail sector in terms of delis and farm shops looking to expand their selection of products and cheeses," he says. "Due to this demand, we've created a range of our products and sizes specifically for retail."



Supporting one another

Cryer & Stott, cheese retailers and wholesalers, also found around 85% of their distribution business disappeared after Covid arrived in the UK, and the team moved more business into farm shops and independent retailers to make up for the shortfall. Managing director Richard Holmes says a feeling grew during the pandemic that the artisan cheese industry – from dairy farmers to cheese sellers – were all in this together. "At every stage people have got more confidence in talking to each other and helping each and everybody's business develop and grow," he says. Cryer & Stott found ways to support cheesemakers through new product development and innovation. "Sometimes you need to adapt and evolve and go through some pain to bring your business out the other end a lot better and a lot stronger. As an industry, I'm hopeful that that's what will happen. My experience is that by working together, everybody's getting stronger."

Opportunities ahead

Events and hospitality still hold strong prospects for distributors. "We have seen a good return in volumes since the easing of restrictions in restaurants and hotels, particularly outside the main cities," says Nick. However, he does not expect the sector to return to pre-Covid levels "for some time". Until then, cheese distributors will be bolstered by a shared sense of passion and optimism. "Everybody understands the plight of what the last 16 months has had on the industry," says Cryer & Stott's Richard, "and I think people will pull together and share their optimism."



COMMENTATORS



TOM CHATFIELD
EUROPEAN FINE CHEESE



ALEXANDRE RENAULT
COW



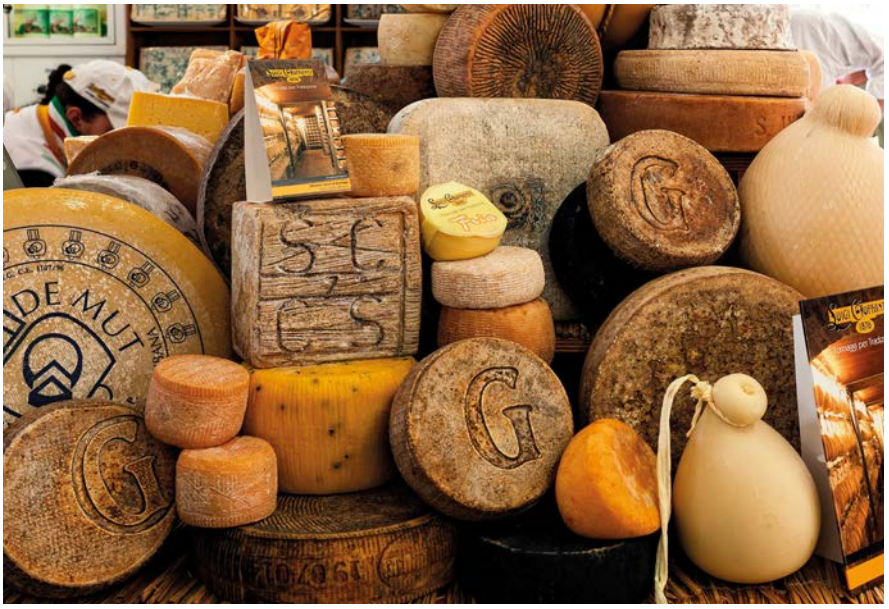
ELENA KONTAREVA
SAVENCIA FROMAGE & DAIRY



WILLEM-JAN OUDEHINKEN
TREUR KAAS



MIKE KOCH
FIREFLY FARMS



THE INTERNATIONAL OUTLOOK

Speciality Food takes a look abroad to find out how cheesemakers, mongers and distributors in Europe and the US are approaching the Covid recovery

While Covid-19 has dominated headlines globally, when the virus struck, the UK's cheese industry turned inwards, focusing on internal supply and demand dynamics and shifting consumer habits in the British market. But internationally, global cheesemakers and mongers have experienced similar scenarios, with artisan producers across Europe and America facing dramatically changed markets.

Europe's state of play

As in the UK, cheese producers in Europe were hampered by the closure of foodservice, which left them with extra stock and strained cash flows. "In countries such as France, those producers were also less able to pivot to e-commerce as many UK producers did due to the lower population density (ie, logistics cost) and for the fact that many artisan producers are much larger, so less able to clear a meaningful proportion of stock through starting a B2C offering from scratch," explains Tom Chatfield, managing director at European Fine Cheese. Yet overall, Elena Kontareva, senior category manager at France's Savencia Fromage & Dairy, says a positive impact was seen on the cheese and dairy market in France during Covid. "Dairy and cheese has been growing ahead of total FMCG despite the pandemic," she says.

However, the news wasn't good for everyone. With much of Continental Europe's cheese industry linking in with its tourism sector, the regions which usually sell large volumes to visitors were heavily impacted, says Alexandre Renault, co-founder of the cheesemonger COW in Paris. But for retailers, the pandemic offered a chance to foster relationships with local customers. Even as foodservice reopens, Alexandre is confident that retail sales will remain strong.

Like here in Britain, a spirit of generosity also blossomed during Covid, which saw cheesemongers selling products from struggling producers without making a profit in order to ensure a future for French agriculture. "Without these guys, we are nothing. That's just the minimum we can do," Alexandre says. The view from The Netherlands was much the same. Willem-Jan Oudehinken, international account manager at distributor Treur Kaas says sales rose at independent cheesemongers across the country. "Our customers (the cheese speciality shops) had a very busy time, and they had good turnovers like they normally have during the Christmas season."

But the cancellation of trade fairs and in-person visits made it hard for the group to discover new cheeses to introduce to its range. Elena agrees that new product development was "limited" in 2020 but noted that the market is now catching up. "Since health became an obvious concern during the pandemic, the development of products and sectors addressing shoppers' needs remains an opportunity. We see traditional cheeses which are mostly clean label and natural being part of the healthy and varied diet, which will be always in demand," she says.

"We are also seeing a return to new listings and innovation from retail that all but disappeared in 2020 due to the fallout of the initial crisis," agrees Tom. The big question now is whether retailers and wholesalers can keep this momentum going. "We have to make sure that the consumer who discovered our cheeses in the speciality shop during Covid-19 will still buy our cheeses in the speciality shops after this period," Willem-Jan says.

Across the pond

America has been slowly but steadily fostering an impressive artisan cheese scene, but the dairy industry was forced to pivot to adjust to the impact of Covid. "Most US cheesemakers were highly exposed to foodservice channels. It was the darling channel," says Mike Koch, president and co-founder of Firefly Farms. "I think [Covid] scared the bejesus out of just about everyone in the industry, wondering how long will this happen? How will we survive? What will we do with raw milk?" As in Britain, the shift towards e-commerce was dramatic. "When you roll the clock back, a lot of 'enlightened cheesemakers' looked at internet fulfillment channels as unsustainable," Mike says. "But those who pivoted ended up doing not so bad during the pandemic. My own business ended up about 4.5% up year-over-year from 2019 to 2020."

While a recovery is certainly underway in the US, Covid's long-term impacts are equally evident – including the growing awareness and support of local makers and suppliers. "Consumers all of a sudden understood food system dynamics in a way that they perhaps didn't pre-pandemic," Mike says. "There was a groundswell of support for local makers, and so far that has lasted."

Similar to the UK's 'Save British Cheese' box, which was championed by Neal's Yard Dairy and Jamie Oliver, the Victory Cheese movement in the US brought the cheese community – from mongers to makers and chefs – together to celebrate and preserve American cheese during Covid. "The Victory Cheese movement really galvanised a call to action that was about American artisan products: choose it or lose it," Mike says.

While cheesemakers and mongers around the world have faced similar roadblocks posed by Covid-19, they are also seeing nearly identical opportunities, as consumers around the world opt to support small businesses and artisan makers. Now, the challenge for the industry, globally, will be whether it can continue to inspire new customers in the 'new normal'.

73.5% OF RESPONDENTS **AGREED** THAT THE **'NEW NORMAL'** GIVES THE AMERICAN **CHEESE** INDUSTRY THE **OPPORTUNITY** TO REACH **NEW** CUSTOMERS

SOURCE: AMERICAN CHEESE SOCIETY SURVEY, MAY 2020


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