



Spreading the word: the growth of cream cheese and spreadable processed cheese



From Dublin to Dubai, and from San Francisco to Shanghai, spreadable cheese is an increasing staple in our kitchens and on our sandwiches. As its popularity grows, it's also becoming more versatile, evolving from standard spread to cake filler, cooking condiment, margarine substitute and on-the-go snack. We look into some of the consumer and business trends in the spreadable cheese space.

Spreadable cheese comes in two categories – cream cheese and spreadable processed cheese. Superficially similar, they differ partly in production technique and also in where they are consumed.

Cream cheese, made traditionally from fresh milk but also from recombined milk powder, is the market mainstay across North America and Europe. It is often fermented – the source of its pleasantly acidic taste – and is typically kept chilled.

Processed cheese in slices and spreadable version probably started to be consumed at the same time, but in different regions of the globe. Nowadays, it is often made from recombined milk and other powder ingredients.

The powder base is a useful asset in areas where fresh milk is in short supply or of variable quality. Spreadable processed cheese lends itself well to UHT treatment and aseptic packaging – a prime advantage in markets where chilled distribution may be difficult or impossible. Hence its potential in the Middle East, Africa and Central and South America.

“There’s a clear link to climate because in many of these markets refrigeration is often inadequate and chilled distribution is a challenge. That makes ambient shelf life very important,” says Svenderik Oestengaard, Cluster Category Leader Cheese at Tetra Pak.

Cream cheese and spreadable processed cheese are also consumed differently. In the West, the high protein content and perceived healthier fat profile of cream cheese has made it an alternative to margarine and butter, and it is widely used in the food service industry as a baking and cake ingredient.

In deeper-in-the-pyramid markets such as the Middle East and Africa, consumers see spreadable processed cheese as a value-for-money protein source.

Pricing is key, however. Producers often substitute dairy milk fat with vegetable fat as a way to make the product more affordable, more available in terms of overall quality when stored at more severe ambient conditions, while still keeping an acceptable overall quality.

“The Middle East and Africa are growing spreadable processed cheese and ambient cream cheese markets that offer opportunities to manufacturers, especially if they provide ambient products with a long shelf life,” says Friedjof Habel, Cluster Category Leader Prepared Food for Europe and Central Asia at Tetra Pak. What, then, will be the trends that shape spreadable cheese consumption going forward?

In North America and Europe, the focus is on diversifying the segment as producers look to expand their portfolio by developing cream cheese varieties with different fat contents, additives (such as herbs) and mixtures (for instance cream cheese with yoghurt).

“It’s all about widening the offer on the same fermented base. One technique is to use different levels of aeration, which can create a completely different mouthfeel,” Friedjof Habel explains.

“I also see potential for fermented UHT-treated cream cheese, which, as an aseptic product, will offer retail and logistic advantages as well as enhanced consumer convenience.”

Similarly, Svenderik Oestengaard anticipates a bright future for ambient spreadable processed cheese, especially in emerging markets. Here, the challenge for producers is to offer products that are attractively priced in affordable packaging. This means focusing on small or single-serve portion packs.

“There’s a big market for people with low incomes wanting to buy a moment of luxury and get a snack for, let’s say, 50 cents,” Oestengaard notes.

“Affordable products in small packs provide an entry into the cheese world for the consumers of tomorrow, who in time will go on to embrace more sophisticated products.”

This market dynamic applies in the Middle East and Africa and also in Asia, where dairy and cheese consumption remain relatively underdeveloped.

“People are bringing home cheese products from their travels and are starting to taste them, he says. “You see this especially in China. Slowly a cheese-eating culture is developing, and spreadable processed cheese will have first-mover status.”