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THE HARD TRUTH CONCERNING CHEESE FORGERY

Industry leaders speak out

BY KEITH LORIA

It's hard to think about making an Italian meal without utilizing some fresh Parmesan or Romano cheese, and deli operators have seen a rise in requests for these grated or shredded cheeses on food served at the deli counter.

What many people don't know, however, is that sometimes what they are getting is not really Parmesan or Romano, and in fact, fake cheese. It's not uncommon to go to a supermarket and find a canister of grated cheese with as much as 20-30 percent non-Parmesan material as some disreputable companies find ingredients that cost less than what is required,

such as cellulose, starches, vegetable based and cheese analogues, according to Neal Schuman, chief executive of Italian cheese industry leader Arthur Schuman Inc. (ASI), headquartered in Fairfield, NJ.

Of the estimated 463 million pounds of Italian hard cheeses sold in the United States annually, 20 percent of the overall pound volume is forged cheese, meaning that the product is not up to standards, and uses ingredients that aren't acceptable under FDA guidelines.

The USDA Dairy Products Import Schedule established by the U.S. International Trade Commission shows the Italian hard cheese category in the U.S., including domestically produced as well as imported products, has a dollar volume of approximately \$3 billion.

With numbers like these, it's no wonder forgery is a major concern in the

grated/shredded domestic Parmesan and Romano cheese market today. Although it's a problem that has been going on for decades, only recently have strong efforts been made to combat the forgers.

Schuman says ASI routinely encounters violations of the Standard of Identity for Parmesan and Romano in retail, foodservice and food ingredient businesses. Thus the problem is pervasive in all channels. Cheese that is made improperly (not to Standard specs) is misrepresented or mislabeled as real Parmesan or Romano. The deception is in the name. There's nothing illegal about cheap, non-compliant cheese if it's properly labeled and presented.

The FDA maintains the cheese industry Standard of Identity for each cheese type that stipulates the ingredients; specifications for fat, moisture, protein and salt content; and methods of cheesemaking (aging) for each variety that must be followed before a cheese can be legally labeled by its Italian name. Calling a cheese "Parmesan" without following its Standard of Identity for ingredients and cheesemaking rules is fraud. Calling it "Italian Style cheese" isn't — and is permitted by FDA standards.

DELI BUSINESS recently reached out to Schuman and Bob Wheatley, chief executive of Emergent Healthy Living, and a consumer insight research and communications advisor to ASI, to get their expert opinion on the growing problem.



Neal Schuman



Bob Wheatley

DELI BUSINESS: Let's talk history. How long has this been a problem? Is it something that's always been out there and has just received more attention lately? Can you take me through a timeline?

Neal Schuman: I would say there has been various forms of adulteration going on for many years. Adulteration has many faces. It can include excessive use of fillers, starches, cellulose, cheese analogs (vegetable oil based cheeses), even different, lower cost cheeses entirely that displace real Parmesan cheese in the fin-

dry grated canister business. The second mess — the presence of adulteration in packaged, grated Parmesan and Romano products sold to restaurants in larger pack sizes — would probably occur in 25- and 5-pound bags in the foodservice sector.

DELI BUSINESS: Deli is the providence of higher quality cheese experiences in the grocery store. How much are they getting involved in combating the problem?

Neal Schuman: I would imagine delis care deeply about the quality of

Neal Schuman: You can test for cellulose, you can test for starches, you can test for milk proteins, or if somebody's using a vegetable product then your milk protein numbers are low, or if they're using cellulose, your milk protein levels are lower. You can test for calcium-phosphorous ratios, which would determine whether people are using processed cheeses. You can test for calcium-magnesium ratios, which would detect if people were blending cheeses. Sugars would tell you whether or not the product is young or old or whether people added whey, which is another additive.

TWENTY PERCENT OF THE OVERALL POUND VOLUME OF CHEESE IS NOT UP TO STANDARDS.

ished product. Absence of proper aging is another one. I would say it probably fell on deaf ears and blind eyes because we didn't have the type of consumer movement for transparency, and for quality, that we currently have today.

Bob Wheatley: For a long time the industry wasn't paying close attention to this condition. And is doing so now in part due to the shifts in consumer behavior and preference, as well as the "glass house" aspects of the Internet and the ability to expose practices publicly. People now actively demand real, authentic, honestly made and labeled products. Our research confirmed that. The adulteration problem is accelerating at a time when the market wants real.

DELI BUSINESS: I'm guessing that number has risen in the last couple of years.

Neal Schuman: I would say the best way to look at it is that the market continues to grow because the population and the percentage have probably grown a little bit. I think that's the easiest way to respond to it. Yes, it's grown but it's also grown on a bigger base. If we prioritize them, the greatest percentage is sitting in grated cheeses — Parmesan, and Romano in grated form — and then maybe a little bit in shredded, and not at all in wedges and wheels. And then, as that relates to markets, the highest percentage of adulteration occurs in the

product they're putting out there and it matters to them that what's labeled and represented is right. I think that's increasingly important because we're at a place now where consumers want higher-quality food experiences across the board and are determined to make sure what they're buying is real.

DELI BUSINESS: How is this all being discovered? Is it all FDA? Are there other groups and organizations out there helping to combat the problem?

Neal Schuman: I think concerned cheese companies are discovering it. Since there are tests and protocols, what we've been able to do is just go to market and pull samples of products and have them tested, and tell the customer what they're buying. Our company routinely performs tests of cheeses and determine how they are made and if they are done to spec. ASI shares that information with customer organizations. The consumer has a tougher time knowing what is real from fake unless you know how to read a label and look for some of the markers, such as the presence of other cheeses, lower protein levels or higher carbohydrates. Education is needed and that's what we're doing.

DELI BUSINESS: Can you talk about some of those protocols? What exactly is involved with the protocols you mentioned?

Bob Wheatley: Price is an indicator if all is not right. Considering some of the cost associated with making the real thing, price can be a red flag. Frequently the people that are buying this adulterated product are also buying wheels or blocks of Parmesan or Romano and there is an additional cost to make grated cheese. You have this wheel of cheese, or this block of cheese, and you're going to subject it to a grating process and you're going to add labor and plant overhead, and you're going to put it in a bag, in a carton, and you're going to ship it. And in certain cases, if you're drying the cheese you're going to lose, probably, 18 percent of the moisture of the product, and yet the same cheese that is being sold at \$3.59 a pound in wheel form is frequently sold at \$3.09 or \$2.89, so the math just doesn't work out.

DELI BUSINESS: Who are the major culprits?

Neal Schuman: We never, nor do we desire to, call out the people that are doing this, but I will say that people that are vertically integrated, that companies that make, that grate and dehydrate, or make, bake and package are responsible suppliers.

DELI BUSINESS: Let's talk about the how. Can you explain how this is done?

Neal Schuman: Sure. It's an economically based model. The way people go about lowering their cost is to find ingredients that cost less than the cost of their cheese, and those ingredients are cellulose, starches, vegetable based and cheese analogues. We have solid testing protocols and procedures approved by the industry that can detect those things.

It's not uncommon to go to a supermarket and find a canister of grated cheese with 21 to 25, or 30 percent non-Parmesan material, or more sometimes.

DELI BUSINESS: What's included in the FDA's standard of identity with domestic cheese?

Neal Schuman: There's a CFR, which is a Code of Federal Regulation. It has basic statements as to the authenticity and how to make the product, how long it has to be cured, what its maximum moisture has to be and what its minimum fat has to be.

DELI BUSINESS: What sort of shortcuts do these forgers, or fakers, use when it comes to ingredients and aging practices?

Neal Schuman: They are taking 100 pounds of a sale and using 85 percent, or 80 percent, of the real worth and then adding additional things to lower the cost. In order to call the product legal Parmesan, it should be aged 10 months unless you've applied to the Food and Drug Administration for a waiver or temporary markdown, but we'll call it a TMP, a temporary marketing permit, which enables you to reduce your aging to six months for Parmesan and three months for Romano instead of five months.

DELI BUSINESS: What is the penalty? If someone is found to be doing this what happens?

Neal Schuman: If found out, the risk is that they lose the business if the customer cares. If the customer finds out the cheese is out of spec and mislabeled, the processor could lose the account/business — assuming the customer they sold it to cares that the cheese is misrepresented. Underneath this comment is the reality that there's no real policing of the standard so it's up to the industry to care and to act.

DELI BUSINESS: So, there are no fines by the FDA or warnings, or anything like that?

Bob Wheatley: We don't have any evidence the FDA has exerted their power. I know in today's world there could be class actions, there could be lawsuits, it's just the industry hasn't seen any of those yet.

DELI BUSINESS: What is consumer research saying about how people are viewing this problem? Do they care?

Bob Wheatley: At the very beginning of this we did a national quantitative consumer study to determine what people knew about this situation and their opinions of it and what to do about it. This sample was purposefully designed to cover virtually all age and demographic classifications that mattered to cheese purchase. Virtually no one was aware that economically motivated fraud is occurring in Parmesan and Romano products. That's not surprising because there's

really not been, up until now, much education and awareness efforts going on with respect to the issue. Then, most importantly, once the survey was completed and the respondents were made aware of this and what it is, the numbers were significant in response to their attitude and opinion of the problem, overwhelmingly. They think the existence of fraud should be eliminated and eradicated. They are not interested in purchasing products that are mislabeled or misrepresented as to what they truly are.

DELI BUSINESS: I guess the real question is what's to be done? How do we fix this problem, how do we end this?

Neal Schuman: I think it has to be education. A lot of people are buying this product without knowing what they're buying so I would say the first call to action for the industry is to let everybody know there are standards for Parmesan and grated Parmesan, and Romano and what those standards are. And then begin on the organoleptic side of the equation, which in cases like this, sweet and nutty is part of the component of the product. It shouldn't be overly salty, it shouldn't be too gritty, it shouldn't taste too milky, or it shouldn't taste too sugary. If it tastes too sugary, it probably has added whey.

So I think education across the board is probably the big key, letting people understand what the rules are and what a good piece of cheese, or what any type of legally produced product should be. **DB**

