Have We Reached Peak Cheese?
Cheese Market News Guest Column
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A recent Wall Street Journal article, “America is falling out of love with pizza,” looked at whether America has hit peak pizza. Sales growth at pizza restaurants has struggled since late 2024 with few signs of improvement in 2026. Some point to a slowing economy hurting segments of consumers resulting in weaker foodservice demand. In addition, the increasing adoption of GLP-1 drugs is changing diets and eating habits including avoiding high sugar/carbohydrate foods, eating smaller portion sizes, and eating out less.

There are visible signs that the pizza industry is struggling with changes in consumer behavior. The number of pizza restaurants peaked in 2019 and has declined, now outnumbered by coffee shops and Mexican restaurants. Once an inexpensive meal, pizzas are now seen as pricier compared to other fast-food options or home-cooked meals, especially with delivery fees. In addition, delivery apps offer a wider array of choices, diverting consumers from pizza.

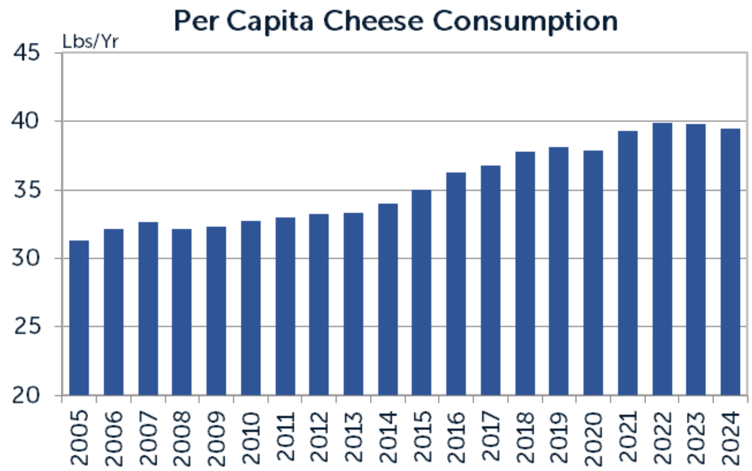
As a result, major chains like Pizza Hut and Papa John's are facing challenges, with some considering strategic changes. Mid-size chains have been closing locations as they work to reinvigorate their brands. California Pizza Kitchen was sold in December to an investor group for under $300 million, less than the $470 million it sold for in 2011.

The impact on these changes is significant to the dairy industry, and specifically to the cheese industry. Over 40% of US cheese consumption is through restaurants and around 40% of that is cheese on pizza. Putting numbers to that, this equates to over 2 billion pounds of cheese per year or 40 million pounds per week. A slowdown in pizza sales is a bearish factor for cheese and milk prices.

While this is a serious concern for the dairy industry, it is part of a larger problem as per capita cheese consumption declined from 2022 to 2024. Given the weak domestic disappearance in 2025, it is likely it will be another year of falling per capita consumption.

This is not the first time cheese consumption has declined. In 2008-09, during the global recession, cheese consumption fell, leading to questions about whether we’d hit a limit on how much pizza U.S. consumers could eat. But within a year, cheese consumption picked back up and increased from 32.1 lbs. per person in 2008 to 38.1 lbs. in 2019, an increase of 19% or an average of 1.4% per year. For non-American cheese, which a large portion is Mozzarella, consumption was up 1.5% per year on average.

Consumption patterns, among many other things, were disrupted in 2020 due to COVID, but cheese consumption jumped higher in 2021-22 as people returned to restaurants. However, a post-COVID hangover appears to have set in after 2022 as per capita cheese consumption fell slightly from 39.9 lbs. in 2022 to 39.5 lbs. in 2024.



A common question is "can Americans eat more cheese?" If Europe is an indicator, the answer is "yes" as their per capita consumption exceeds 50 pounds per year in some countries. But can the U.S. reach those levels with pizza? Or does the cheese industry need to reimagine how cheese is used?

GLP-1 diets are both a threat and an opportunity for cheese. Recent studies from Circana have shown 23% of U.S. households have someone who uses a GLP-1. It estimates households using the medications will represent 35% of all food and beverage units sold by 2030. In foodservice, 42% of restaurant operators are considering adding GLP-1-friendly dishes or beverages to their menus, according to Datassential with 14% already offering them. While cheese has a good message on protein, cheese as an ingredient on foods shunned by GLP-1 users is a problem. And GLP-1 users eat less food, so smaller serving sizes reduce the amount of cheese consumed.

Cheese is an excellent source of protein and has a good story to tell consumers interested in adding protein to their diets. Several retail cheese brands are highlighting the protein content of snack-sized portions of cheeses such as Mozzarella and Parmesan. In addition, the recent updated dietary guidelines from USDA are positive for dairy products including cheese.

For several decades, cheese has been the growth engine of the U.S. dairy industry. While production and exports will continue to grow, domestic demand will need to keep pace. Cheese companies will need to continue to work to find new ways to enjoy cheese, both at home and in restaurants. This includes leveraging the protein story to adapt to changing diets from GLP-1 users including more snacking options.

These are challenges for R&D, new product development, marketing, and other related functions at restaurants and food companies.

There is the potential that protein becomes the new growth engine of the U.S. dairy industry. We've already seen the impact to high-protein dairy foods like Greek yogurt, cottage cheese, and high-protein milk and dairy beverages. Demand for whey and milk proteins has skyrocketed with record high prices for whey proteins. In fact, cheese has become the by-product of whey production. But given the size of the U.S. cheese industry, and the impact cheese prices have on milk prices, it is vitally important the U.S. cheese industry adapt to changing consumer demand patterns to ensure it remains the largest driver of dairy consumption.