

Referendum

(Continued From Page 27)

cover areas where we're now missing the boat. There are a lot of places where milk might be sold if it were only available. And I was just going to ask if Interstate has any problems in the Philadelphia market as far as the availability of milk. In the New York market, we think this is one of the big things that might be effecting a decline in sales. Some restaurants, for example, won't even serve milk. Also the quality of milk has got to be taken into consideration. Some people won't buy milk from certain dealers because that milk is just no good. There are a lot of areas that could be improved, and result in more milk sales without spending money on advertising.

WJ - I think it's pretty much a foregone conclusion that farmers will be participating more in advertising and promotion. If the state referendum doesn't pass, then they'll be participating in federal order deduction programs. This has already been demonstrated. One of the things I would hope for is that these committees set up specific objectives in the advertising campaign, and use these objectives as a means of measuring their campaign's success or failure.

AT - Bill, let me ask you this. Suppose this program gets passed, and let's suppose that for one reason or another, there is an increase in class sales to market. Just supposing this. Are you aware that the New York market was depressed by almost five cents a hundred because outside milk was attracted into the market?

WJ - Yes.

AT - Now, if we do increase the price of milk in a particular market, who is going to reap the benefit? Will it be the dairymen in that market, or is some of this going to be passed on to other milk coming into the market? This could get to be a serious situation, especially with weather conditions like we had this year.

WJ - I think this ties us right back in to the fact that it's not only advertising, it's pricing, it's having adequate supply of quality milk—proper attention to all the ingredients that are present in the

marketing and sales of milk. There are other things than advertising and promotion, but I suspect that the proponents of checkoff programs feel there's been too much emphasis on pricing and not enough on advertising and promotion. This is an effort by these people to boost up one of the lesser tended too elements in milk marketing, that is, advertising and promotion.

WG - I'd like to respond to the earlier question about the availability of milk in the Philadelphia area. Our surveys all show that the milk is available, and we're doing everything to see that it's kept available. And as far as quality is concerned, this is something we've been working on for a long time. It's useless to promote something that isn't good. We work with dealers and distributors in this area, and this is one thing we emphasized. We want them to keep this milk good from the time it leaves their doorstep. Another thing we're doing is having seminars with stores, which I personally think is one of the greatest fields we've gotten into. We're teaching clerks to maintain the quality of the milk.

RW - Have these seminars increased sales at all?

WG - Oh, they certainly have. You can get the statistics from American Stores, from A&P, and others. Food Fair has spent \$25 for each person they've sent to these seminars, and they feel that it has really paid. The milk doesn't sit on the dock after it's delivered, it's kept cold. It goes right into the cases, it's kept below 40 degrees . .

RW - In a sense then, at least in that program, you've got stores payin' for their own milk promotion.

WG - We still have to subsidize it a certain amount for materials, labor and so forth, but we're also able to get some money from the chains. Another question I'd like to ask Arden. Is Eastern saying that all advertising doesn't pay, or are they just saying it doesn't pay to advertise milk?

AT - I think that gets us back to what I said before about brand versus non-brand advertising. Personally, I think when you have a particular product to sell, you may benefit from advertising. But when you

Lancaster Farming, Saturday, January 6, 1973—29

don't have a particular product to sell, I question how much good advertising really does.

RW - If there were studies available which showed definite correlations between non-brand advertising, for example cheese and butter, and product consumption, would Eastern then change its mind, do you think?

AT - Let me say this. Production of cheese in the whole country is up 11 percent. Is this because of a large advertising program, or is this just because people have decided to eat more cheese?

RW - I think people have decided to eat more cheese.

WG - Well, I know that there have been some terrific cheese advertising programs.

RW - Are these non-brand programs?

WG - Yes they are. We receive materials all the time, and it gets put into retail stores all the time. It is definitely non-brand advertising.

RW - Do you think that advertising money is pushing cheese sales upward, or do you think its being pulled into the market by increased consumer demand for cheese?

WG - This is a planned program. I feel that advertising has created a demand for cheese. And with the demand, there's probably more money for advertising the product. The thing I would like to say, is that if an industry is going to grow, there's no doubt that promotion and advertising plays an integral role. And I think that we want our milk industry to grow. And the best way for it to grow is through promotion.

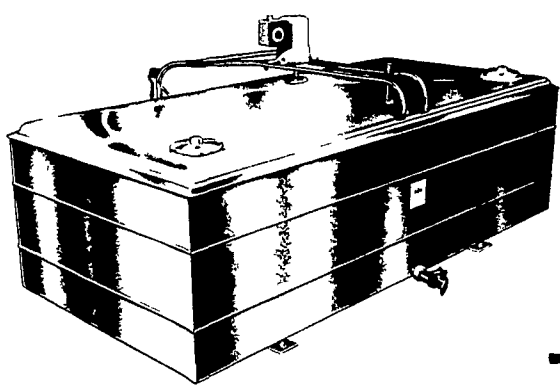
WJ - There are no prescriptions, that's for sure. I think Willis and Arden will agree with that. It cannot be presumed that just because advertising expenditures increased net returns for oranges or Coca-Cola, that the same thing can be expected for potatoes or milk. It's very difficult thing to prove. At this point, I think there's something to be said for giving it a whirl, to see what kind of results you do get.

RW - You're talking about a five-year whirl, aren't you?

WJ - Well, I think we need that much time to give it a fair trial, to see what does happen. I would encourage the participants in this to, in the beginning, assess what their objectives are, and design some scientific ways to try and answer the question of effectiveness. We don't have clear-cut answers, and maybe we won't ever have them, but at least we're justified in trying it.

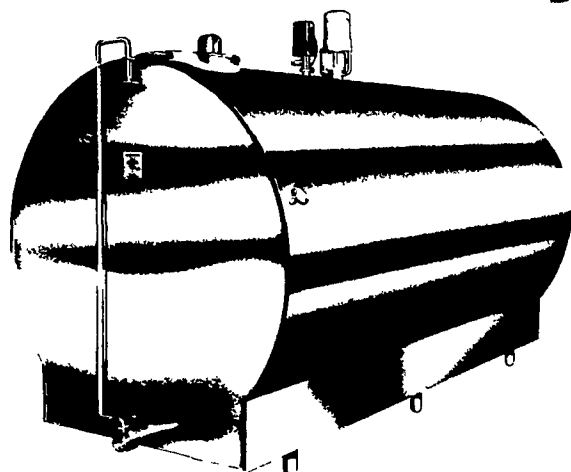
(Continued On Page 30)

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