

Hershey Foods, General Mills, General Foods

Powerhouse firms show their faith in dairy products

BY JAMES H. EVERHART
LANCASTER — Although dairy purists may recoil in disgust, the dairy products of the 1980s are clearly the "nutritious snack foods" that are taking America by storm.

As more and more consumers demand convenience foods that have "natural, nutritious" labels, the giant food companies are rediscovering dairy products.

It's no coincidence that huge conglomerates like Hershey Foods, General Mills, General Foods and Pillsbury are making strong moves to add dairy-related snack foods to their lineups.

It all indicates a lot of high-level confidence in the dairy industry, though producers most likely won't reap the benefits for five years, at the earliest.

Part of the confidence is well founded. General Foods, for instance, is broadening and expanding its offerings of " pudding Pops," the dairy-based "pudding on a stick" that has become one of that firm's most successful new products ever.

After some disappointing test marketing and initial consumer response, "pudding Pops" went on to record \$100 million in sales their first year, an enormous success.

And though dieticians may turn up their noses, the performance of "pudding Pops" has done a great deal to increase the viability of other milk-related products, and boost milk as an important element in the arena of "natural, nutritious" ingredients, dairy promotion experts say.

Perhaps the biggest success of late has been Hershey Foods' new Chocolate Milk, which has been in nationwide distribution for a little more than a year.

Originally test-marketed in the Lancaster area, Hershey's Chocolate Milk has exploded the myth that a milk product cannot be sold nationwide.

The product is manufactured according to strict Hershey standards in a network of 70 dairies around the country.

And though now being challenged by archrival Nestles, the Hershey brand has become the top-selling chocolate milk in the country, according to Dennis Eshleman, Category Development Manager for Hershey.

The product is positioned to seize

on several deficiencies that the public has perceived in chocolate milk over the past few years, Eshleman said.

First, chocolate milk products have become relatively inconsistent over the past few years, as manufacturers tried to implement economies that allowed them to compete successfully for school lunch programs, experts said.

More importantly, said Eshleman, consumers noted that much of today's chocolate milk is not as chocolaiey as it once was.

In both instances, Hershey, with its quality image and reputation for chocolate manufacture, was the perfect company to counter the negative public perceptions of the product.

The firm combined the right product with superb packaging and marketing, which earned the company an "Effie" award, the American Marketing Association's version of the "Oscar."

And though the firm won't release sales figures, Eshleman said it will soon be promoting the product as a "very good alternative" to soda.

Hershey's aggressive campaign to promote the product "has dramatically expanded the category," or has resulted in significant increases in sales of both chocolate and regular milk.

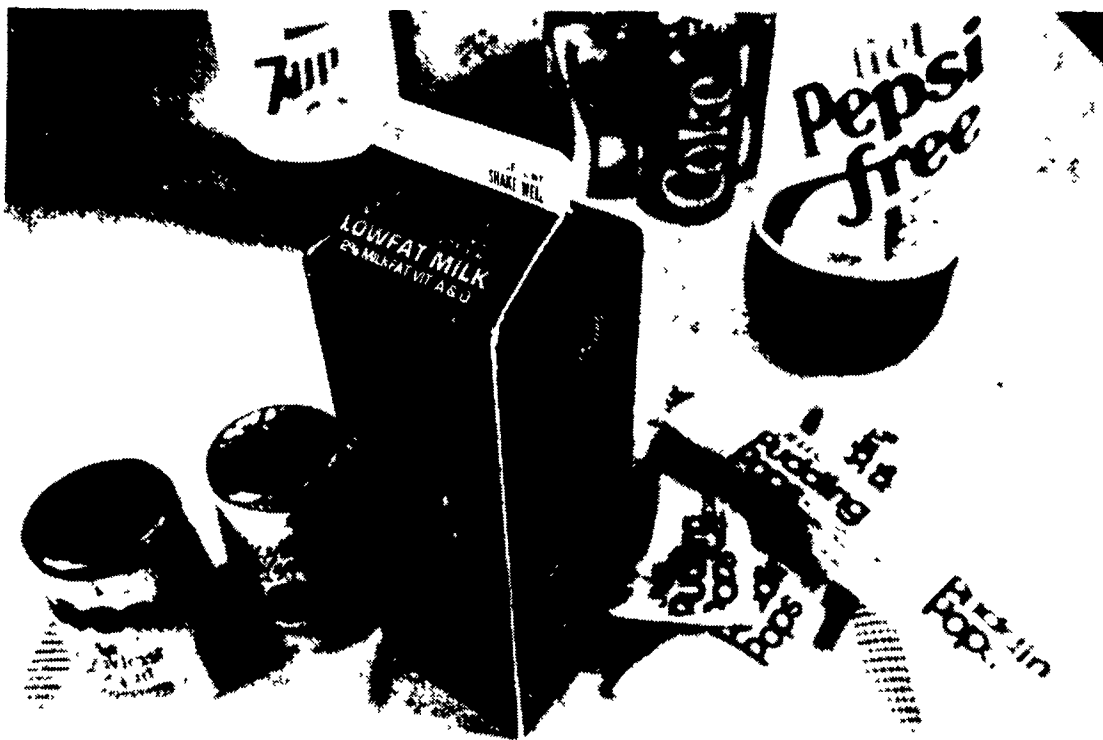
Hershey sees great potential in other milk products as well, says Eshleman, who notes that, in the past, "milk is something that has been undermarketed."

For instance, in some of the areas where the products were introduced, he said, the Hershey commercials were the first milk ads that many consumers had ever seen.

Even now, he said, several states prohibit the kind of promotional devices — especially couponing — that are common throughout the beverage industry.

Nevertheless, he said, he expects to see more "national consumer products companies" enter the field with milk or dairy-based products, as companies see the profits to be earned.

General Foods will certainly be one of the most important entrants in the sweepstakes, with several new Pudding Pop flavors and more intense marketing of its Dover Farms frozen whipped cream.



Others include General Mills, which will expand its production of Yoplait yogurt with a new plant in Hazleton, and Pillsbury, which hopes to expand and lock up the "super premium" ice cream market with Haagen-Dazs.

Meanwhile, both private companies and industry-funded researchers attempt to develop striking new dairy products that, it is hoped, will capture the public's imagination.

The newly established product development laboratory of Dairy Research Inc. (nicknamed DRINC), is working on a number of projects, including a high-calcium milk, an effervescent milk-based beverage and a low-calorie, low-cholesterol butter.

The DRINC research is directed mainly at the following a variety of leads, and turning over the developments, when they occur, to the major manufacturers, for a share of later profits.

The basic assumption, says DRINC President Anthony J. Luksas, is that concepts or products that were not technically feasible just a few years ago are now waiting to be developed.

Ice cream manufacturers have always been more aggressive than any other part of the dairy industry in developing new products.

Not surprisingly, they're getting in on the act too, with a \$12 million advertising campaign.

"People take ice cream for granted," said John Speer, of the International Association of Ice Cream Manufacturers. And his group wants "a whole array of products" for consumers to choose from.

That "whole array" includes everything from water ices and sherbets to premium, super premium and "designer" ice creams, he said. And the indications are that consumers will be very selective about their ice cream choices, a process which, he said, will only upgrade the entire market.

Overall, as the dairy industry struggles to find its way in the rough-and-tumble world of the Eighties, it must be conscious of the difficulties of introducing new products, says Phil Keeney, professor of food science at Penn State.

Companies that market new products nationwide have to go through extensive research, testing and marketing, just to get the product off the ground.

He cited years of research, including idea generation, focus groups, pilot projects, test marketing, and further development that goes into the process of readying a new product for the market.

After that, there's the process of creating, expanding or revising production lines and refining the manufacturing process to produce the product on a large scale.

It all takes millions and millions of dollars, requiring the capital, research and marketing skill of a major consumer products company.

That's why, he says, the best opportunities for immediate improvement lie with "improving the

attractiveness of existing products," or having dairy products added to new or existing brands not generally considered dairy products.

Most importantly, however, he said, the industry must be much more consumer-oriented in its promotional efforts.

"You don't develop new products to help the farmer," he said. "You develop them to meet a consumer need or desire."

Farm Calendar

Saturday, June 22

National Holstein Centennial Sale, Syracuse.

Beaver/Lawrence County dairy princess contest; Bigland Grange, Rochester.

Crawford County dairy princess pageant, George and Doris Brown Farm, Cambridge Springs.

Susquehanna County dairy princess pageant, Montrose Fire Hall, Montrose.

Warren County dairy princess pageant, Warren County 4-H Center, Pittsfield.

Sunday, June 23

National Holstein Convention, June 23-26, Hartford, Conn.

Pa. Flying Farmers meet at 1 p.m. at Rover Airport between Fontana and Campbelltown on Route 322.

Ephrata Young Farmer picnic, Ephrata Community Park; 12:30 p.m. Contact Harry Becker, 733-7589

Monday, June 24

4-H Leadership Congress, Penn State University; Continues through June 27.

Tuesday, June 25

Farmer's Field Day, Rodale Research Center, Kutztown, 9:30 a.m. and 1 p.m.

Thursday, June 27

Eastern Region Jr. Angus Show, York; Continues through Saturday.

Friday, June 28

Erie County dairy princess pageant, Mill Creek Mall, Erie.
Wyoming/Lacawana County dairy princess pageant, Marks Ole House Restaurant, Tunkhannock.

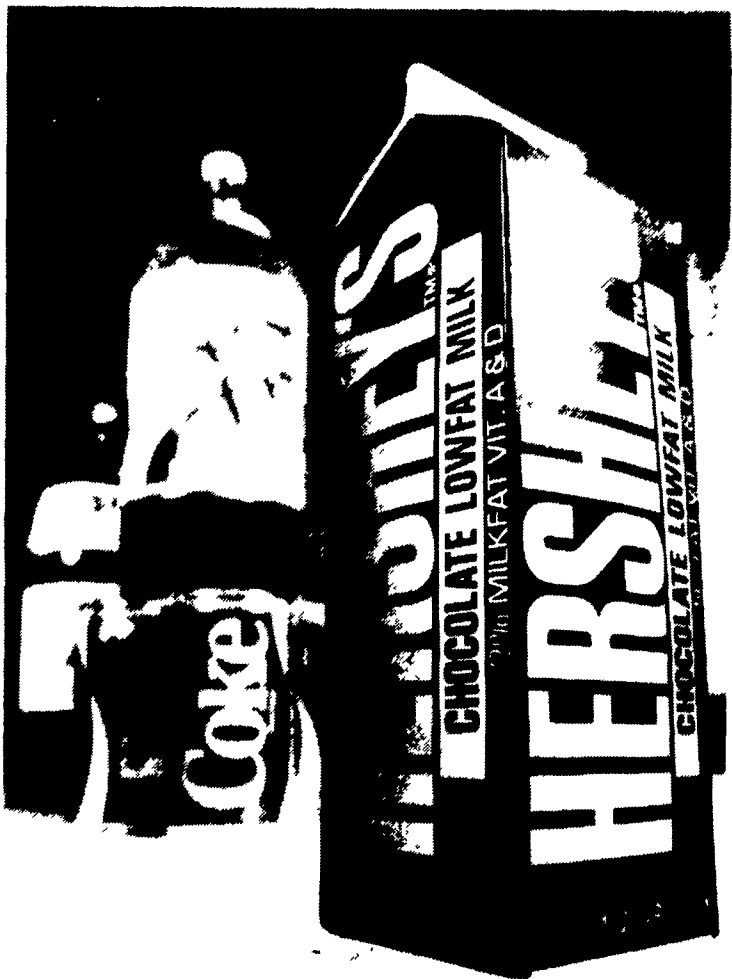
Saturday, June 29

Bedford County Beef Preview Show, Bedford Fairgrounds Phone Bedford Extension, 814-623-5148.

Berks Wool Pull, Reading Fair Livestock Building, 7 a.m. to 3 p.m.

Wednesday, July 3

Lancaster Conservation District monthly board meeting at 7:30 p.m. at the Farm and Home Center



ABS exec earns NAMA award

DEFOREST, WI. — Robert E. Walton, President and General Manager of American Breeders Service, has received the National Award for Agricultural Excellence.

The award program, administered by the National Agricultural Marketing Association, was presented during NAMA's recent conference in Orlando, Florida.

Walton was honored for achievements in the agribusiness area. His contributions as a geneticist in the development of breeding programs designed to improve milk production in dairy cattle were specifically cited.

In addition, as head of ABS, he is credited with having guided the company through a period of impressive business growth both domestically and in foreign markets.

Walton earned B.S. and M.S. degrees from Oklahoma State University and a Ph.D. degree in Animal Breeding from Iowa State. He also holds a certificate from Harvard Business School for Management Development. He was named President of ABS in 1968 and has received numerous honors for his contributions to the livestock and dairy industries.