

Dairy Products Make The Most Profit For Grocers

ROSEMONT, Ill. — January is the month when supermarket executives around the country will receive the positive word on the high profitability of dairy products.

A four-page advertising supplement and a 15-minute video from American Dairy Association highlight topline findings of the National Dairy Case Management Study: Directions for the 1990s just completed by Willard Bishop Consulting, Ltd. and Ernst & Young. Funded cooperatively by both the processing and producer segments of the dairy industry, the study includes consumer shopping pattern studies, direct product profit analyses, space elasticity research and labor productivity analyses.

The advertising supplement will be inserted in the January issue of *Progressive Grocer*, a leading trade publication. The video will be distributed to the offices of 600 supermarket and wholesaler executives. Both communications programs summarize the study findings:

• Profitability is significantly higher for the refrigerated dairy department than for other major supermarket departments. This study compared, for the first time, the dairy department to other interior store departments. The average square foot of space in the dairy department produces

twice the dollar profit generated by frozen food and nearly five times the profit generated by dry grocery.

• Within the dairy case, milk-based products provide the majority of profit dollars. Of the top seven performers in terms of Direct Product Profit (DPP) per square foot, six are milk products — butter, sour cream, milk, cottage cheese, cream and cheese. Eggs are in seventh place.

• The dairy department delivers positive space elasticity. Larger dairy departments develop significantly higher sales per customer than do smaller departments. These sales translate into higher profit dollars, providing solid reasons for enlarging the refrigerated dairy department.

"Retailers know the dairy department is profitable," said Grover B. Simpson, vice president of Marketing Services for American Dairy Association. "Now this study provides the information they need to tailor dairy departments for their specific operations." End products of the study will include both cost components that can be loaded directly into the DPP model and national category merchandising standards that have been previously unavailable.

Following initial publicity efforts this January, the dairy industry will extend programs to communicate the study findings

through seminars, ongoing state and regional retail programs in supermarkets and a continuing public relations outreach, including a 12-page advertising supplement

that will detail study results this spring.

American Dairy Association is the advertising and marketing services division of United Dairy

Industry Association (UDIA). UDIA is a member-driven federation which conducts a total promotion program for U.S.-produced milk and other real dairy foods.

York County 4-H

YORK (York Co.)— The 20 York County 4-H Capon members recently held their annual Round-up and Sale on November 9 at Rentzel's Auction Barn. The judge for the event was Herb Jordan, PSU Extension poultry specialist.

The 1988 champion and reserve champion winners were repeat winners at the 1989 York Co. 4-H Dressed Capon Roundup. The grand champion dressed capon

was shown by Doug Flemmens of Glen Rock and the reserve was shown by his brother Jason.

The 11-pound champion was sold to Glen Rock State Bank for \$17.50 per pound and the 11¼-pound reserve champion was sold to Brockmeyer Electrical Wiring of Shrewsbury for \$12 per pound. There was a total of 14 buyers with Carlos R. Leffler Inc. of Richland, Pa., being the volume buyer for the evening.

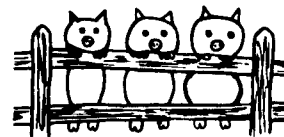
The 20 dressed capons averaged \$9.10 per pound with champions and \$8.47 per pound without champions. The average weight of the capons sold was 10.23 pounds with the champions and 10.13 pounds without champions.

If anyone needs further information of where they may purchase a dressed capon in York County, please contact Merrill Crone at P.S.U. Extension Office, York County, at 717/757-9657.

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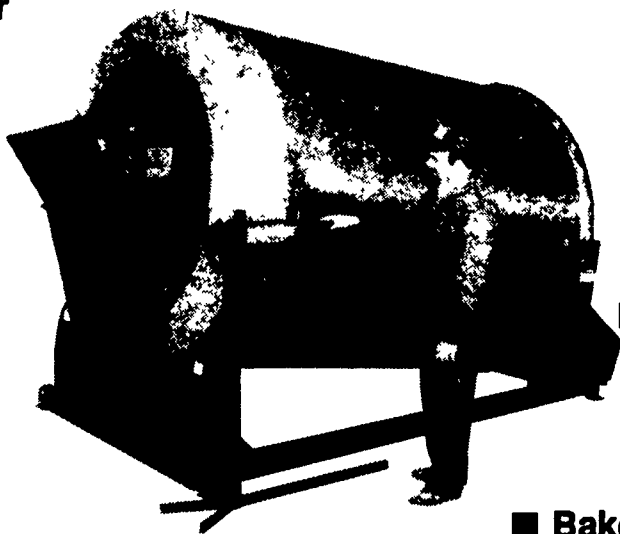
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