

Pennsylvania Dairy Stakeholders Elect Directors, Officers

EVERETT NEWSWANGER
Managing Editor

STATE COLLEGE (Centre Co.) — A meeting of the nation's most articulate and powerful dairy leaders convened last week at the Dairy Futures Conference in the Days Inn to forge a unified Pennsylvania stance against the snow-balling departure of the local dairy industry. And not a bit too soon either.

With the Southeast already showing a hugh deficit in milk production and the Northeast producing enough for fluid consumption but woefully lacking in total needs, the industry is poised to send the returning citrus concentrate transport tankers on up into Canada to tap into that nation's milk supply located just above Vermont and New York states.

Monte Hemenover, director of industry affairs, Protiva, a unit of Monsanto, one of the keynote speakers said the way things are going, it's only a matter of time until this happens if things don't turn around.

And while this is going on, the industry is lacking in creative advertising found in the beer industry (frogs and lizards) and in pricing of "lite" products (same industry).

Lite beer is sold for a premium or the company's other products are raised in price to met the lite product's price with the consumer left to make the choice. On the other hand, skim milk is discounted and whole milk is sold at a premium. In a local State College grocery store visited by the speaker when he got into town, whole milk was on sale at \$2.69, two percent

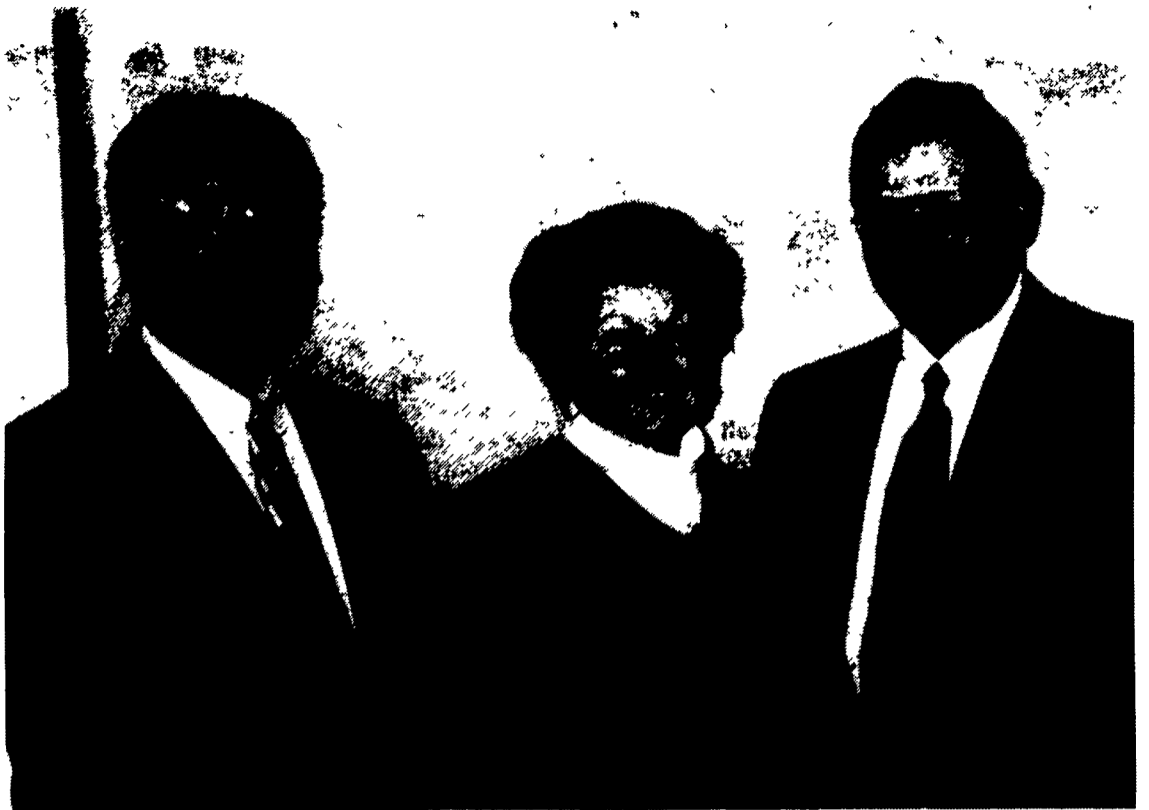
was \$2.41, one percent was \$2.28, and skim was \$2.21.

"The consumer already values cheese higher than milk," Hemenover said. "With cheese priced at \$3.49 a pound and 10 pounds of milk needed to make one pound of cheese, this sets the consumer retail price of the milk in cheese at \$34.90 per hundred pound. Until milk sells at \$3.00 a gallon, it is not selling at the same value as cheese.

"We all depend on the cow. One cow means \$7,903 at the retail level. That's what she is generating in the food chain. When we look at the 644,000 dairy cows in Pennsylvania that's a five billion dollar industry. You add New York state, and we have a geographic area the size of Wisconsin, and we have a \$10.6 billion industry. Our hats are off to the dairy stakeholders here who are facing reality and are making an effort to take care of business."

Hemenover said the industry runs on perceptions and myths that aren't true. While the dairy industry is not on the rise like the communications industry, it is not dead. Actually, the commercial disappearance of milk has increased each year from 1992 to 1996. And since the 1985 farm bill that set the direction for farm support programs, the surplus has disappeared, and consumption has caught up with production. Not many industries can say that over the last 16 years they have seen a 31 percent increase in commercial disappearance of their products. This is a growth of which the dairy industry can be proud.

"I don't like to see milk used as a loss leader in the stores. But our



The newly elected officers of Pennsylvania Dairy Stakeholders, Inc. are from left, Phil Kimmel, president, Betty Reibson, secretary/treasurer, and Lew Gardner, vice president.

business is dependent on these stores, and we need to understand how they operate and how we are going to market our product.

"I'm optimistic about the dairy industry. There will be shifts in where milk is produced and there will be mergers, consolidations, and acquisitions just like in any other industry," Hemenover said. "But we have a tremendous opportunity. Just think what a little creative thought could do for our industry. What if we made a grilled cheese sandwich for the fast food industry. All we need to do is figure out how to make it look as good after it sits four minutes as it does when it first comes off the grill. We need to plan for the success of the dairy industry."

A new trend in food distribution has emerged. Dr. John Lord, professor and chairman of the food marketing department at Saint Joseph's University, said that in the past people came to the food. Today marketers are bringing the food to where the people are located. More and more restaurants are selling take-out foods. Supermarkets are offering prepared foods. People are looking for food any time, any place.

Lord also sees consumers looking more and more to the kitchen cabinet rather than the medicine cabinet for good health. The food marketing industry has moved from trying to take out fat and cholesterol, the avoidance behavior, to fortification of foods, putting in nutritional and health ingredients.

In addition, one company has created a diet that is specifically helpful to people with high blood pressure. The customer pays a weekly fee and receives by UPS 21 meals and additional snacks ready to go. This promotion combines the trends to make meals you don't have to plan and yet you are eating healthy. Many foods that in the past were only in health food stores are now in the supermarkets.

But the health line is somewhat blurred. People want their food to taste good. They want to eat low fat, but it better taste good. Health vs. indulgence is seen in many households that eat both fat and lean.

And the trend into the future will be for consumers to buy meals, not ingredients. They will want more

prepared foods, some to be eaten in the store and some to be taken home. More food shoppers will want someone to do the planning of the meals for them, and they will continue to want all the work and effort taken from meal preparation. Yet they also will want more information on health and nutrition and how to prepare foods in case they want to indulge themselves on a Sunday evening family meal prepared at home.

Lord believes the dairy industry needs to move to flavored milk drinks, special packaging to put milk in the hand and in the auto. "Make the product fun and convenient to get," Lord said. "Put milk in a six-pack carrier where people can get it."

The conference was sponsored by the Pennsylvania Dairy Stakeholders who over the last five years has been working toward a unified consortium of all segments of the dairy industry to save the local dairy farms. A historic event unfolded as the 120 attendees voted to accept a set of by-laws that give purpose and powers to what had been an evolving group of industry leaders with high stakes in the continuing viability of the dairy industry in Pennsylvania.

Along with the new by-laws, a slate of directors and officers were

installed. The officers are Phil Kimmel, president; Betty Reibson, secretary/treasurer, and Lew Gardner, vice president.

Directors are, three-year terms, Earl Fink, PA Assn. of Milk Dealers; Dean Girton, Girton Manufacturing Co., Inc.; Gary Heckman, Genex Cooperative; Joel Rotz, PA Farm Bureau; and Richard Waybright, Mason Dixon Farms.

Two-year terms, Lewis Gardner, Milk Marketing, Inc.; Ralph Heffner, Agway, Inc.; Beverly Minor, PA Milk Marketing Board; and Betty Reibson, Sullivan County Commissioner.

One-year terms, Phil Kimmel, Keystone Farm Credit; Dave McCorkle, PA Food Merchants Assoc.; Ivo Otto, Land O'Lakes; and Paul Semmel, PA State Representative.

The yearly membership dues structure includes an individual or dairy farm category of \$25. Commercial companies and organizations have yearly dues of \$100 to \$1,000, the amount to be self-determined by the member. A copy of the membership application form with this story may be completed and sent with your check to PA Dairy Stakeholders, c/o Alan Bair, Penn State Harrisburg, 777 W. Harrisburg Pike, Middletown, PA 17057.

MEMBERSHIP APPLICATION FORM PA Dairy Stakeholders

Amount submitted _____ Individual Corporate

Name _____

Title _____

Company _____

Mailing address _____

Phone no. _____

Fax no. _____

E-mail _____

Occupation or type of business _____

If corporate membership, person to receive mail.
Include address if different than above.

Checks payable to: **PA Dairy Stakeholders**
Send membership form and check to:

PA Dairy Stakeholders
c/o N. Alan Bair
Penn State Harrisburg
777 W. Harrisburg Pike
Middletown, PA 17057

No Tobacco Auction Until Jan. 5

PARADISE (Lancaster Co.) — Because of a lack of orders from companies that buyers deal with, there will be no tobacco auction here until Monday, Jan. 5.

According to Mitch White of the auction, there was no sale Monday, Wednesday, or Friday this week. The warehouse remains full at 580,000 pounds and they cannot accept any more tobacco until it is

sold in January.

While the tobacco quality will remain the same, some of it, stored so long, will lose weight. The auction house is not heated and remains cold in the winter.

The companies that buy the tobacco are waiting to see what happens to the Kentucky and Tennessee markets and are looking at demand.

