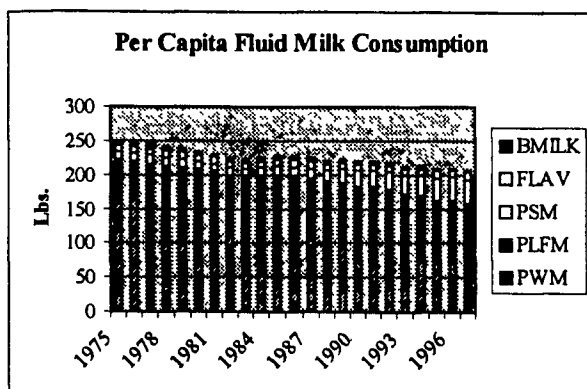


Pennsylvania's Role In The Global Dairy Industry

(Continued from Page 10)

Dairy Compacts, for example, have the unfortunate outcome of reducing the demand for fluid milk. Higher milk prices to consumers will result in slightly lower consumption of milk. The real problem in the dairy industry has been declining per capita fluid milk consumption (see below). This results in less opportunity for milk sales and lower milk prices to dairy farmers. No good sales person would be happy with a chart like that below.



What Should We be Doing?

The key to greater prosperity for Pennsylvania dairy farmers is very simple and fundamental. First, we need to expand the market demand for fluid milk. A 5-percent growth in fluid milk consumption will result in a 45-cent per cwt gain in farm-gate milk prices. Unlike a dairy compact, that helps some farmers and hurts others, growth in fluid milk consumption will help all dairy farmers.

One possible way to spur market demand for your products is for less pricing regulations, not more. Allow processors to compete in the marketplace and encourage their creativity. At present there are more options for purchasing orange juice than for fluid milk. Aren't we missing something here?

The fluid milk industry got together in 1996 and studied barriers to greater fluid milk consumption in a unique report, "Fluid Milk Strategic Thinking Project Official Report to the Industry." This is a practical and down to earth report developed by milk marketing experts. An example of the creativity that came out of this project was *Chugs*, a fluid milk product produced by Dean Foods. These products have unique packaging and labeling, in addition to great milk! Dean's no doubt invested considerable capital to launch this new product that is both popular and innovative.

The second thing we need to consider is improving the financial training of our nation's dairy farmers. There are new tools available today that will help families run their farms like a fortune 500 company. These tools, like Intuit's QuickBooks, allow dairy producers to learn how to better allocate capital, control costs and manage cash flow. Farmers can take steps today to ensure their own futures.

The outlook and potential for the Pennsylvania dairy industry is limitless. We have a thriving and growing U.S. economy. With the right message and innovative products, we can capitalize on this growing economy and help Americans improve their diet. Dairy farmers, processors and retailers need to work together better since all have the same objectives. We can also take advantage of cheaper computers and new software to better manage our rural family businesses so that dairy farmers can improve their balance sheet each year and pay themselves a living wage.

References

Arnot, Robert, M.D. *Dr. Bob Arnot's Revolutionary Weight Control Program*. Boston: Little, Brown and Company, 1997.

Cohen, Robert. *Milk: The Deadly Poison*. Englewood Cliffs: ARGUS Publishing, Inc., 1998.

Dairy Management, Inc., Milk Industry Foundation, National Dairy Board, National Fluid Milk Processor Promotion Board, and United Dairy Industry Association. "Fluid Milk Strategic Thinking Project Official Report to the Industry, Recommendations to Increase Fluid Milk Sales Report #1." 1996.

Greising, David. *I'd Like The World To Buy A Coke: The Life and Leadership of Roberto Goizueta*. New York: John Wiley & Sons, Inc., 1997.



See Us at the Keystone and Pennsylvania Farm Show

The Name to Know for Quality and Value ...



... in Livestock and Equine Transportation Equipment

M.H. Eby, Inc. 1194 Main Street, Blue Ball, PA 17506 800-292-4752 717-354-4971