

Dept of Agriculture Trade and Consumer Protection
Division of Agriculture Development
Agricultural Development & Diversification (ADD) Program
Grant Project Final Report

Contract Number: 17024

Project Title: Wisconsin Dairy Graziers Cooperative, Grass-based Cheese Marketing

Project beginning Date: June 2002

Project ending Date: November 2003

Amount of Funding awarded: \$22,500

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1. **What did we want to accomplish** with the grant? Our main goal with this grant was for our Cooperative to increase sales of our pasture based cheese.

2. **What steps did we take** to reach our goal? In the grant proposal plan of work we identified two major areas to focus on in order to increase sales. The first was to do as many in-store cheese sampling demonstrations as possible. The second was to support sales by attending and selling at several important food trade shows or events. We also completed our business plan which helped focus our work even more. We did a series of strategic planning meetings to help us formulate the business plan.

What worked? Probably the best thing we did was to hire a part-time manufacturer's sales representative. This person was able to make sales calls and attend over two dozen important sales events. Additionally, we farmers continued to attend as many events as possible. We documented our different sales strategies to discover what ones are the most cost effective. These results are shown in Table 1 later in the report. We were also fortunate to hook up with a mentor. This business person has been successful in the cheese market for many years. He was able to help us make decisions and gain confidence.

What did not work? When we began this project we had a food broker to represent our cheese. Most of our original budget was directed toward subcontracting with the broker and attending events with the broker to support his sales efforts. The broker did not work out and we parted company with him midway through the project. The main difficulties were that he represented many other cheeses, but

none were as narrow of a market (good-for-you stores, upscale stores) as our cheese. Though the broker pitched the product and had good contacts in the industry they were not the correct target stores for our product.

What we did differently. We fired the broker and set up our own meeting with targeted distributors. This, of course, took a lot more time, but we were able to get our cheese in with two distributors who have done a pretty good job of selling our cheese. We had a good enough product that we did not need a broker to represent us to the distributors. Also, we did not have to pay the broker a commission on sales through the broker. We pulled back to a regional sales basis, rather than using a distributor on the west coast as our broker had done. As documented in some of the interim reports, the distributors still require a lot of Co-op resources to support their sales; demos, food show, advertising, discounts, etc.

When we fired the broker we had to assume the other portion of the broker's duties – inventory management, cut & wrap, booking sales and invoicing. This also has taken up a fair amount of time but it has essentially created another part-time position within the Cooperative.

3. What were we able to accomplish? We increased sales by 200% from 12,000 pounds of cheese in 2001-02 to over 30,000 pounds in 2002-03 grant period. Our Cooperative fiscal year runs from April 1st – March 31st. The grant funds arrived in August of 2002. It was somewhat difficult to know how much sales increase to attribute to the grant funds because of the differences in accounting “year-end” status. **Also, the Cooperative continues to reap benefits of the grant dollars well into 2004 as we continually increase sales through the distributor that we got set up with using grant funds.**

Another accomplishment is winning "Best of Class" cold pack at the 2004 World Cheese Championship Contest.

The table below shows the types of sales events we were able to attend using ADD grant funds from June 2002 thru September 2003. We also have created 2 part-time paid positions, the sales representative and the Cooperative administration position.

4. What challenges did we face? We mostly face the challenge of lack of capital. Due to our broker's advice, we had too large of an initial inventory that tied up too much capital early on. We could not spend as much as we wanted on sales because we were trying to conserve money. We lacked capital to make as much cheese as we wanted to in the summers of 2002 & 2003. We need to set the price of our cheese high enough to cover costs – yet this price dampens our sales. It was frustrating that the retail partners marked up our cheese so much. In one case, we sell the cheese to the distributor for \$4.50/lb, they sell to the retailer for \$4.90/lb. and the retailer sells it for \$12.00/lb.

Another challenge was that our main distributor's salesman for new products has not done a good job of pitching our cheese to all his store accounts. We need to find a way to get him to do a better job.

5. What do we plan to do in the future as a result of this project? We can see now where to focus our sales dollars – on our distributor to “good-for-you” accounts. These retailers don't take as big of a

mark-up as the “gourmet” and upscale marketer. We will offer demos to retailers in the first group, not the second. We will try to help our current distributor expand sales into more of their stores. The distributor is our most cost effective way to reach customers and we need to really focus our time and money there.

6. How should the ag industry use these results? Use Table 1 to help other value-added producers learn where to focus. Have Dept of Ag. Marketing staff re-examine their view of effectiveness of farmer’s markets. I hope that the Department of Ag’s staff has learned something along with our Cooperative as we wind our way through the marketing maze using ourselves as guinea pigs.

A consortium of value-added producers should think about funding a specialty distributor to aggregate and sell mid-volume products like our cheese. The Ag Dept. could think about ways to teach value-added farmers to work with distributors. Maybe policy makers should find a way to encourage (subsidize) Wisconsin distributors to pick-up and carry riskier new products. The Dairy Business Center could buy a block of UPC codes and then charge producers a nominal fee to use a few of the codes. Since a UPC is a requirement of distributors.

Wisconsin Dairy Graziers Cooperative: Northern Meadows Cheese Cost effectiveness of Various Marketing Events

From May 2003 through December of 2003 the Wisconsin Dairy Graziers Cooperative marketed cheese using several different approaches. We previously had a broker who handled marketing, but because he was ineffective we decided to try marketing on our own. We were unsure which marketing strategies would be most cost effective for us as a small or mid-size manufacturer. We experimented by attending the different events and recording both sales information and general information on how well the event worked for us. The Table 1 describes a type of event, the expenses, and sales that were incurred by our Co-operative in association with marketing our cheese. Each marketing event contributed to the “lessons learned” by our Cooperative members. Each event fits in with our larger marketing plan and contributed to the information gained as we refine our marketing plan.

In Table 1 lists twenty events. The costs were estimated as closely as possible but some assumptions were made. Also, sometimes we employed cost cutting measures – such as staying overnight at a relative’s home rather than charging for a hotel room. Or, sometimes rides or booth space was shared and this also cut down on the event’s expenses. But these are avenues many start up companies take to keep costs low, so we gave actual costs, not costs that would include typical expenses. Check the individual event sheets for more assumptions.

The objective of every event was to increase sales of cheese for the Cooperative. The way the sales were made depended on the kind of audience each event reached. The events each had a focus or a group of customers we wanted to reach. Some events were designed to sell directly to an end user customer. Some events sold to retail store managers and some events were done to satisfy the working relationship with a distributor or an agency like DATCAP. For example, The American Cheese Society Conference was mainly a networking event that was not really intended to make sales, but it was needed to show the industry that our Cooperative was a “player”. However, sometimes at these networking events a good contact is made that leads to a solid sale later. It didn’t happen at this year’s Conference, but it is still important to attend.

Events had sales made on the day of the event, and then, as important, sales made in the same market in the 2-3 month period that followed. The table lists sales for the day, such as \$230 made on June 24 at the Green City Market in Chicago. Then it also lists the follow up sales, which in this case was \$0 since we had no retail outlets in the area and no internet follow-ups.

Some events were not designed to sell to targets specifically on that day. For example, at the product show of distributor #2 we did not actually sell bars of cheese; but we made sales. We got retail account managers to book sales with the distributor. At this kind of event the value lies in the follow up sales, not the same day sale. Sometimes it is difficult to explain if the follow up sales are due to a food & wine event or if they are due to an in-store demo held near the same date & area. We valued the sales of all cheese sold thru retail demos at, \$4.50/lb. even though some stores sold the cheese for \$10.00/lb as we demonstrated it that day. However, our sale to the store was for a \$4.50 lb. of cheese, regardless of what markup they made. At some direct marketing events, however, we kept the mark up. For example, we charged and kept \$8.00/lb. at the Green City market. At one distributor’s show we sold at a discounted price of \$4.10/lb.

Table 2 is really a results summary. It combines many of the events listed in Table 1 into a category or type of event. Then it shows the contacts made, the costs, the income and a cost for every dollar made in sales. The shows that scored A were most cost effective, the F show was the least cost-effective.

The markets that are most cost effective (A events) are the Distributors Shows, the Web-site, and sales at the farm. The web-site and the on farm sales do not generate enough volume, however, to be practical sales tools. If a person only had a small amount of product to sell these two methods would be great. Essentially in both of these methods the customer comes to the farmer. This keeps costs way down, but does not include very many customers.

The Distributor show is our winning sales tool. The costs are relatively low and the volume is the highest. To get in with a distributor you must have a large enough operation to have the following: bars codes, nutrition labels, a warehouse, and a fax machine. Of course you also must have a unique story to tell or they won't bother with your product. Make sure your product fits the type of distributor you want to partner with. Distributors have some "extra" costs that you must account for like advertising, show attendance, and buy back of stale product.

National shows were our big stinker. We've tried one show each year hoping to find a key account that would make the show pay for itself. This didn't happen. Better plan is to target a certain kind of store, discover it's distributor, and then try to get in with them. Much more cost effective. Another problem with national shows is that even if you get an account it may not be in your area of the country and then you have all kinds of problems servicing that account from long distance. National shows are nice if you need to learn more or if you win some prize or recognition, but otherwise, they aren't worth it.

Regional Food and Wine shows are OK, but not great. We like them, not for the sales generated at the show, but because we can tell potential customers where to go locally to buy product. We've done 4 of these shows because our retail accounts and distributors politely insist. We have made some good contacts that help broaden sales into more retail stores. Skip them if you don't have retail accounts in the area.

The Farmers Market just an average marketing method for us. The Farmers Market would work well for a farmer who doesn't have to travel as far as we did – into Chicago with an overnight because of the early market start time. The volume sold at the Green City Farmer's Market was very modest only averaging about 30 pounds, but with a high markup to \$8.00/lb. it helped cover costs. Part of the reason we chose this market was because we were interested in getting into Chicago retailers and chefs and we thought they might attend this market. We have since followed up with a more direct sales contact approach and that seems more cost effective.

Our mentor suggested we adopt one farmer's market so that we can get face to face feedback from customers. That is a good idea, but perhaps we should have a market with a higher foot traffic volume and much closer to home. The Dane County Market would be great but there is quite a waiting list.

The Regional Food Festivals were average marketing tools. Their advantages were that we could sell at a relatively high price, had brisk volume, and were able to do a lot of education about grass farming, which is a main goal of our Cooperative. They were relatively close-by. The Warrens Cranberry festival had 10,000 people over a 3 day weekend. The Madison Food For Thought Festival had 2,000 people in 5 hours. For the Madison show we were able to direct customers to local stores that also carried the cheese. It would've been great if we could do the same for the Warrens Festival but it is relatively remote and rural. Most attendees at that show were bussed in or traveled from a long distance.

Table 1. Sales events for Northern Meadows Cheese

Event	Dates	location	Focus	Amt. sold per event	Sold next 3 months	Event Cost	Cost/total sale = cost/lb.
1. Distributor #1 - presentation	Mar 27	Iowa	Show distributor's sales reps our products	-0-	2000 @ \$4.50 = \$9,000	\$1588	\$.18
2. Fancy Food Show	May 5	Chicago	Networking, training	-0-	-0-	\$135	-
3. Demo at Kowalski	June 6-7	Mpls.	Demos	35# @4.50 = \$350	110# @\$4.50= \$495	\$388	\$0.46
4. Main St. Market	June 14	Door County	Retail. Summer tourist area	70# @ 4.50 = \$315	150# @\$4.50 = \$675	\$154	\$0.23
5. Green City Market	June 24	Chicago	Direct sales, Farmers mrkt	32# @\$7.20 = \$230	0	\$152	\$0.66
6. American Cheese Society Conf.	Jul 30 – Aug 3	San Francisco	Contact "players" in the industry	0	0	\$2667	**
7. Distributor #1 new product show	Aug 15 -16	Iowa	Retailers, indvd customers	220# @ \$4.10 = \$902	2000 @ \$4.50 = \$9,000	\$1,792	\$0.18
8. Green City Market	July 23 th	Chicago	Direct sales. DATCAP event	28# @ \$8.00 = \$224	20 @ \$5.00 = \$100	\$463	\$1.43
9. Distributor #2 product show	Sept 14-15 th	Mpls.	Retail store accounts	0. Gave away samples	1000# @ \$4.50 = \$4,500	\$588	\$0.13
10. Food For Thought Festival	Sept 20 th	Madison	Direct sell	37# @\$6.00 = \$222.00	540# @ \$4.50 = \$2,430 **	\$310	\$0.12
11. Warrens Cranberry Festival	Sept 20 th	Warrens	Direct sales. DATCAP event	\$636	5 @ \$4.50 = \$22.50	\$641	\$0.97

Table 1. (Con't) Sales Events for Northern Meadows Cheese

Event	Dates	location	Focus	Amt. sold per event	Sold next 3 months	Event Cost	Cost/total sale = cost/lb.
12. Fall demos at Lunds-Beyerly	Oct	Mpls.	Support retail sales @ 19 stores	96# @ \$10.00 = \$960	500# @ \$4.50 = \$2,250 ++	\$1445 for 19	\$0.76
13. Outpost Natural Foods	Oct. 17	Mlwk	Support retail ½ day w/travel	9# @ \$4.50 = \$40.5	40# @ \$4.50 = \$180	\$116	\$0.52
14. Green City Market	Oct. 22	Chicago	Continue farmers market	20# @ \$8.00 = \$314	10# @ \$8.00 = \$80	\$144	\$0.36
15. Larry's Brown Deer Market	Oct. 3	Mlwk	Publicity event, Retail sales	\$0	\$630	\$70	\$0.11
16. Willy St. Coop	Oct 31	Madison	½ day demo	25# @ \$4.50 = \$112.50	25# @ \$4.50 = \$112.50	78.00	\$0.35
17. Whole Foods	Oct 31	Madison	½ day demo	30# @ \$4.00 = \$120	40# @ \$4.50 = \$160	74.00	\$0.26
18. Food & Wine show	Oct 24-26 1	Madison	Retail, distributor "invitation"	22# @ \$6.00 = \$132	20# @ \$4.00 = \$80	\$355	\$1.67
19. Green City Market	Nov. 22	Chicago	farmers market sales calls	114# @ \$7.00 = \$800	10# @ \$5.50 = \$55	\$381	\$0.45
20. Harvest of Hope fund raiser	Dec	Madison	Direct sales at charity fundraiser	38# @ \$6.00 = \$229	50# @ \$4.50 = \$225	\$100 donation	\$0.22

++ An agency handled these 19 demos. Wis. Milk Marketing Board picked up \$50 labor/demo totaling \$950. So our costs were \$1445 for the demos.

** Sold an additional 300# to a single customer with a mail-order catalog.

Table 2. Score card for marketing events for Northern Meadows Cheese

Type of event	Number attended	Type of contacts	Number contacts/ event	Sales / event	Follow-up .lbs event	Total sales resulting from the event	Avg Cost per event	Event cost/ pound sold	Gross Income - expenses	Overall Rating
National shows	2	Industry insiders	200	0	0	0	\$2,500	NA	-\$2,500	F
Regional Food & Wine shows **	3	Everyday customers	1,500	25 @ \$6.00	100 @ \$4.50	\$563	\$650	\$5.20	-\$ 87	D
Regional Food fests	2	Targeted customers	1,500	100 @ \$6.00	100 @ \$4.50	\$1,050	\$475	\$2.37	\$ 575	B
Farmers markets	4	Everyday customers	250	45 @ \$8.00	50 @ \$5.50	\$535	\$280	\$2.95	\$ 255	C
Distributors shows	3	distributor's retail accts.	100	50 @ \$4.50	1,666 @ \$4.50	\$7,725	\$1,300	\$0.78	\$6,425	A
Local retail Demos	6	Everyday customers	300	25 @ \$4.50	82 @ \$4.50	\$482	\$ 80	\$0.74	\$ 402	B
Agency retail Demos	19	Everyday customers	300	20 @ \$4.00	40 @ \$4.00	\$240	\$128	\$2.08	\$ 112	C
Web-site	52	Targeted customers	900 hits/wk	10 @ \$ 5.00/wk		\$50	\$2.50	\$0.25	\$ 47	B
Farmer direct or on-farm	240	Targeted customers	240/year	5# @ \$6.00		\$30	\$3.00	\$0.60	\$ 27	A

** Includes two Minneapolis shows with expenses at about \$1,000 ea

Event #1: Distributor #1 sales presentation
Date: Mar 27, 2003

Type of show: Regional Distributor show

Purpose of the event: Present product information to our new distributor. Met with dozens of frontline sales staff and told them about our products so that they could pass the information along to retail accounts and individual buyers. Gave out product samples as required by the distributor (15 cases). Determine if it will be cost-effective to market our cheese thru a distributor.

Results: No same-day sales were made as this was not the purpose of the event. Sales in May (1st month product was available), June and July were about \$9,000.

Evaluation: This was a very worthwhile event. I gave two presentations for phone-in customer service reps and also gave them cheese to sample and take home. I also gave a presentation to about a dozen sales reps from all over the mid-west. Our Cooperative was able to get key sales people really interested in our product so that they will do a good job of showing it to their accounts. I made many valuable contacts. I would do this event again as it is very important.

Event#2: Fancy Food Show
Location: Chicago

Type of Show: National Trade Show
Date: May 5, 2003

Purpose of the trip: Learn about large, national scope shows. Make business contacts and network. Learn about new products and marketing ideas. Inform the decision on whether the Cooperative should participate as a vendor at the show next year.

Results: No same-day sales were made as this was not the purpose of the event.

Evaluation: This was a very worthwhile event. I met several people with whom I will follow up for distributor possibilities. I was impressed by the trade show and learned a great deal about product presentation. I learned about how the food system works. I would do this event again and urge other Co-op members to attend as one can learn a lot from the experience.

Event#3: Demo Cheese at Kowolski stores
Location: Minneapolis and White Bear Lake MN.

Type of event: Retail demo
Date: June 26, 2003

Purpose of the trip: Increase sales in a new market. Support our distributor's sales at upscale retailer. Determine if demos at this type of store (in a city where an overnight stay is required) is cost effective. Determine how much sales increase during and after the demo. Get the stores excited about moving our product.

Results: Sold 10# of cheese at Lyndale (all they had ordered; hadn't stocked NM cheese before demo). Sold 25# at White Bear Lake (hadn't stocked before and didn't have cheese available for purchase until 45 min. into the demo!) In the next 3 months these stores sold an additional 110#.

Evaluation: This was a very worthwhile event. White Bear Lake had a woman demo-ing cheese every week-end. She was promoting other cheese during the same time I sampled NM cheese. She really liked NM cheese and offered to recommend it. We should follow up and see if she would demo our cheese for us rather than us incurring the additional expense of sending a person. The cheese was sold in these stores for \$11.99/lb at Lyndale ave. store and \$10.00 at WBL store.

Event #4: Demo Cheese Main Street Market
Location: Egg Harbor (Door County)

Type of event: Retail demo
Date: June 14, 2003

Purpose of the trip: Determine if demos at this type of store – in a big seasonal tourist location - is cost effective. Determine how much sales increase during and after the demo.

Results: I served about 250 people. About every 3rd person bought the cheese. I sold 4 cases (40# total) during the demo time. At \$45.00/case that is a 1 day sales of \$315.00. The store managers were very impressed. Many customers said how much they have come to enjoy our cheese and were very glad to meet the farmer. The store had very very good sales in the next three months until the tourist season ended in the 1st week in Sept. They bought an additional 15 cases totaling \$675.

Evaluation: This was a really good market. Pretty good foot traffic for a small store. Customers did not balk at a relatively higher cheddar price (\$7.50). The store did not take a huge mark up. We service this store directly using Spee-Dee delivery. So their delivery charges are relatively low and there is no distributor mark up. This kind of upscale but not-too-expense, tourist food store is perfect. It is only an hour and a half drive so demos are not too expensive.

Event #5: Green City Market,
Location: Downtown Chicago

Type of Show: Farmers Market
Date: June 24 , 2003

Purpose of the trip: Try selling at a farmers market. Learn about how do this kind of market. Discover costs associated with selling this way. See if we can make connections with Chicago area chefs and retailers who might attend the market. Support this DATCAP project of the Wisconsin Dairy Artisans.

Results: Sold 32# of cheese totaling \$230. Avg. price was \$7.50/lb. which is about the highest of any place we direct market. Compare this to \$4.50 wholesale.

Evaluation: A very long hot day (97 degrees), good learning experience, customers interested in cheese, want more choices than aged or medium. Riding with Norm M., Natalie P. (Alice in Dairyland) and Laurie G. provided time for idea sharing about marketing cheese; as valuable as the market itself. This market needs more traffic to be successful. They had good publicity. If we had to pay for mileage 400 mi x.31 = \$124, or lodging or meals this event would have only broken even.

Event #6: 20th Annual Conference for the American Cheese Society
Type of Show: National Trade Show
Location: San Francisco, CA
Date: July 28 -August 2, 2003

Summary by Kay & Wayne Craig

We started out the conference with a tour of the Whole Foods Market just 1 block from the hotel. This particular store used to be a car dealership, so all products get delivered to the basement and must be brought up by elevator. The dealership bays were active while we toured the refrigeration room where the cheese and other products are stored. A lot of time was spent looking at their retail display. They have basically 2 sections, the "grab & go" pre-packed area and the "sliced as requested" area. This latter area allows for more information exchange between the sales clerk and the customer.

When we got back, there were round table discussions on "Regional Marketing: Proven Programs from CA and Ireland", Working with Natural and Indigenous Rennet's & Cultures", Moving Cheese Long Hauls" and "Seasonal Changes in Milk". Kay attended the "Seasonal Changes in Milk" and Wayne attended the "Regional Marketing" session.

The afternoon sessions were on "Pasture Management" attended by Wayne and "Making Cheese Move" attended by Kay.

The day ended with a Cheese maker's reception at Williams -Sonoma, Ghirardeli Square Headquarters.

Friday was really the most enlightening day for us, since the whole day consisted of tasting and evaluating various cheese & wine. The sessions were divided into "winter: blue cheese", "spring: washed and brined cheese", "summer: soft-ripened cheese" and "autumn: aged natural rind cheese".

The evening reception was sponsored by the WMMB. WI cheese was available for snacking as well as available in various hors d'oeuvres.

Saturday, our last day started with the business meeting. A wonderful discussion followed between Ari Weinzweig (owner of Zingerman's Deli & Zingermans Creamery), Alice Waters (author & owner of Cheq Panisse) and Darina Allen (author and founder of Ballymaloe Cookery School in Shanagarry, Ireland). All of the moderators were enthusiastic about organic products and production methods that provide the freshest ingredients using techniques that preserve & enrich the land.

The afternoon was spent visiting the famous Farmers Market at the newly restored but not completely completed Ferry Plaza. While the Ferry Building itself is spectacular, we both were disappointed in the number and quality of the producers. The S.F. market is considered the best in the nation, but we didn't see it that way. It may be a function of the move to the new location, with the Ferry Building not yet completed.

The evening ended with the extravagant Festival of Cheese. More than 600 cheeses were attractively displayed on over 5 hug tables. These cheeses, along with several California wines, were available for sampling and enjoying. It truly was awe-inspiring.

We made several good contacts throughout the course of the conference. Unfortunately, our cheese never made it to California.

Event #7: Distributor #1, New product Show
Location: Iowa

Type of event: Distributor show
Dates: Aug 14-16, 2003

Purpose of the trip: Required by the distributor. Sell directly to customers of distributor #1 including individuals, buying clubs and retail accounts. See if it's cost effective for our Cooperative to sell in through a distributor.

Results: We sampled out about 2,000 samples of cheese. We also sampled 3 new varieties of cold pack cheese spread on got feedback from customers on each. We got a good sense on whether or not to make cold pack on a commercial, rather than test scale. Feedback was very encouraging and so we went ahead and began production.

We impressed the Blooming Prairie staff with our educational display. They were also listening to our customer feedback and were pleased. This led to an easy acceptance of our cold pack as a new product for 2004. We did a great job of supporting our distributor's retail accounts through sampling and through telling our story. Our sales with Blooming Prairie have tripled since this show. We were able to meet some of the distributor's key sales staff and give them more education about our product attributes.

Evaluation: This event has had a large and lasting impact on our sales. It is probably the biggest factor to date in selling our cheese. It had a somewhat high initial cost but the increase in sales made it very cost effective. We learned we need to follow up with the distributor's sales staff to make sure they keep the product in front of retail buyers. We learned that we should focus even more attention on this distributor and offer in-store demos to their customers.

It was a bit more expensive to have 2 people instead of one, but this show really needed two people at all times. We did a great deal of customer education. The people at the show were the perfect example of our target customers! Most were very excited to learn about our grass-fed basis for marketing and were very eager to support our farming methods.

The feedback about our cold pack was very important in helping us decide whether or not to go into commercial production. Having the product at the distributor's show helped them see it would probably be well accepted when added to their line.

Overall I learned that the distributor show may be the most important event in which to invest our Cooperative's marketing resources.

Event #8: Green City Farmers Market
Location: Downtown Chicago

Type of Event: Farmer's Market
Date: July 23, 2003

Purpose of the trip: Sell directly to customers. See if its cost effective for our Cooperative to sell at this market. Support the initiative of the Wis- DATCAP. Our mentor says we should pick one farmers market to attend. We wanted to support this new sustainable market.

Results: Sold 28 pounds of cheese @ \$8.00/lb for a gross income of \$224.00 .

Evaluation: This event seemed like a long way to travel to sell just 28# of cheese. It would've been worst if the overnight stay was at a hotel rather than a relative's home. It was good to do it to get face-to-face feedback from customers. It will become more effective if this market gets better next year. It was important to support the Wis. DATCAP and the Wis. Dairy Artisans. It could not be done on a weekly basis. It was not good to have Still Meadows also selling at the same market. It would be better if one of our closer farmers could make the drive. That would cut costs for mileage. It will make more sense to do this market if we have retail outlets in Chicago where people can buy the cheese during times when we are not at the market. Maybe a well-established market with lots more foot traffic would be a better idea.

Event #9: Distributor #2 Product show
Dates: Sept 14-15th, 2003

Type of event: Regional Distributor show

Purpose of the trip: We were invited by Distributor #2 to exhibit at their product show. At the show, chefs and retail accounts from the Minneapolis-St. Paul area sample the distributor's products. We were trying to introduce our cranberry cheese spread and wanted the feedback of these potential customers. We also want to get the distributor to carry individual 8 oz. bars as they currently only carry 5# bulk blocks. The main question we wanted answered, does it pay to market to an upscale distributor with retail stores with high mark-ups? This show is an important part of support of their sales.

Results: I gave out about 300 samples of cheese and about 200 samples of cold pack samples. The response was very enthusiastic from the buyers. In discussions with the distributor afterward they declined to carry our cold pack because they felt it wasn't upscale enough for them. They did decide, however, to try individual 1 pound bars.

Evaluation: The distributor show seems to be very important. For this particular distributor we also planned in-store retail demos for their accounts in October. Sales and orders for this distributor have been a lot better than the year before. The show seems very cost effective with sales of about \$5,000 in the months following the show. This is a smaller, metropolitan distributor and they did not require advertising and contracts like the bigger regional distributor we deal with.

Event #10: Food For Thought Festival
Date: Sept. 20th, 2003

Type of event: Regional Food Festival

Purpose of the event: Sell directly to highly targeted customers. See if it's cost effective for our Cooperative to sell at this market. We wanted to support this initiative.

Results: Sold 98 pounds of cheese @ \$6.00/lb for a gross income of \$588.00. Contact with Mt. Horeb Mustard Museum. They will buy 300 pounds of cheese for use in Christmas catalogs

Evaluation: This festival seems to be a good return on our investment. It was important that there is no overnight stay involved. There was really good foot traffic. The people that were attracted to our cheese were very highly motivated to buy because the event focused on the country's food system. Grazing and small farm messages fit in perfectly. This may be our highest one-day net income event of the year. We should try to do as many of these kind of targeted festivals as possible.

It is really important to have retail sales in the Madison area so that people could become repeat buyers. We had our story board out and were able to hand out literature. People really liked learning about grazing and farming.

Event #11: Warrens Cranberry Festival.
Dates: Sept 26-28, 2003

Type of Event: Regional Food Festival

Purpose of the event: Trying to sell to “one-time” customers at a festival with 10,000 people. Participating to support DATCAP Dairy Artisan group. Is it cost effective to sell at big shows like this? Introduce new product cold pack cranberry cheese spread.

Results: I sold 28 pounds of cheese at \$6.00/lb. = \$168.00 I sold 13 cases of cranberry cold pack at \$36.00/case = \$468. for a gross sales of \$636.00. The sales and the costs nearly matched each other.

Evaluation: This type of event was new for us. We wanted to learn whether a big, big crowd of people that weren't particularly interested in the health message or grass-fed message of our cheese would be good customers. I was satisfied with sales on the first day, Friday, but not on Sunday. The bussed-in crowds were gone and only the locals, who were not buying, remained. Saturday probably would've been really good sales and made the trip profitable, but because we shared a table with the Dairy Artisans, Still Meadows cheese had the Saturday sales. In the future we probably can't share a table if Still Meadows is also there because people were confused by two similar cheeses. Friday was really really cold, it rained all day with a snow flurry or two thrown in. Other vendors told me this held the Friday crowd down.

I had our big grazing story board set up but most people were just after the cheese and didn't care too much about grazing. However, some did take the time to read the board and hopefully learn something.

It was really good to share the table with the Goat Soap people as the great variety of products helped draw people in. They were disappointed with sales though because more people really wanted cheese than soap. We also had a lot of people who specifically sought us out because they had read or heard about our new cranberry spread. Alice in Dairy helped spread the word as well as several state farm papers, local papers, and local radio. The Cranberry fest people really like introducing our new product and I think the publicity really had a good impact on sales.

Experienced vendors also said that repeat sales year-after-year become important because people get to know your products. There were some local sales but the nearest grocery store that carried our products for repeat sales was probably Madison. Almost none of the bussed-in people had access to our products back home. A sales tool like refrigerator magnets that help people remember (and re-order) from our web-site would have been helpful.

Overall this festival showed us that huge crowds can be profitable. If we can sell two days in a row that will be profitable. Non-target customers will still buy the product. Advanced publicity helps if we can generate it. A one day or two day festival might be more profitable than a drawn out 3 day festival. Co-selling with a dissimilar product is beneficial. A follow-up marketing tool is needed. I will recommend that we carefully pick festivals like this as it seems that though this one broke even, we should be able to do better.

Event #12: Lunds-Beyerly Retail Food demos
Location: Minneapolis metropolitan area

Type of event: Retail Food demos
Dates: Oct, 2003

Subcontractor: Classic Provisions The Wis. Dairy Graziers paid this bill in November of 2003.

Purpose of the trip: In this case there was no travel involved because we used an agency to demo our product on the same weekend in 19 stores in the Minneapolis area.

We wanted to see what kind of bump in sales we got from these demos compared to the cost of contracting out the demos.

Results: The agency sampled out about 75 pounds of cheese at 19 demos. They provided a summary sheet from each demo store. I've included one as an attachment just as an example. They commented on the foot traffic and the customer reactions were jotted down. The demo's average cost was \$127.75. They recorded how much cheese they sold. Several stores sold out. During the demo weekend the 19 stores sold 429 pounds of cheese or an average of 22.6 pounds.

Evaluation: The total cost for this event was \$2427.16. We sold just about 500 pounds including samples. It costed us \$4.85/lb to sell this cheese. In the next two months, November and December we sold another 1200 # @ \$4.00 (these were 5# deli blocks) = \$4,800 and we sold 8 cases of exact weight bars (80 # @ \$4.50 = \$360) for a total of follow up sales of \$5,160. Still, it cost us about \$2,500 to sell 1780 # of cheese or nearly \$1.40 per pound.

The really sad thing about this is that the Lunds-Beyerly stores charge \$11-12.00/lb. They make a phenomenal markup and we are left with too much of the cost. This set of demos really will make us re-think whether or not to do them again. Yes, we moved cheese, but at quite a cost.

Event #13: Demo Cheese at Outpost Foods
Location: Shorewood/Milwaukee

Type of event: Retail demo/ special promotion & publicity event
Date: Oct 17, 2003

Purpose of the trip: Increase sales in a remodeled natural food store in an upscale area. Determine if demos at this type of store is cost effective. Determine how much sales increase during and after the demo. Get the stores excited about moving our product.

Results: Sample out ½ lb. aged & ½ lb. medium. Sold 9# of cheese in this 3 hour lunch time. Follow up sales in next two months were 40#.

Evaluation: I had hoped to sell cheese spread to the buyer too. She wasn't available for 3 previous phone calls, or on the Friday I arrived. The deli manager wouldn't consider the spread without talking to the buyer, who was off. I was disappointed with the low level of customer traffic & sales. The store seemed please with the sales.

Again this turns out to be an expensive marketing event based on the amount of cheese sold. Essentially it cost us \$116.00 to sell 50 pounds of cheese. That's \$2.32 cost per pound to market it.

Event #14: Green City Market,
Location: Downtown Chicago

Type of Show: Farmers Market
Date: Oct 22 , 2003

Purpose of the trip: Try selling at a farmers market. Continue presence at the market to see if sales will grow during this fall period. Discover costs associated with selling this way. See if we can make connections with Chicago area chefs and retailers who might attend the market. Support this DATCAP project of the Wisconsin Dairy Artisans.

Results: Sold about 20 pounds of cheese and spread totaling \$314. Avg. price was \$7.50/lb. which is about the highest of any place we direct market.

Evaluation: A long cold day, with a memorable lunch at Charlie Trotter's restaurant making the whole idea of providing high quality, organic, farm-to-restaurant-fresh food real and important to me. Sales were again rather disappointing. Riding with Norm M., helped keep costs low. In reality this market could not be done by us on a weekly basis. A person would really have to stay overnight in Chicago to get set up in time and this would not be profitable. There have been a few follow up internet sales from our attendance at this event but still, we've sold only 30 pounds and it cost us \$144. That works out to \$4.8/pound to sell this cheese.

Event #15: Meet the Maker,
Location: Larry's Brown Deer Market, Milwaukee

Type of Show: retail demo/ publicity
Date: Oct 3 , 2003

Purpose of the trip: This was an invitation only event for a handful of specialty cheese makers to give out samples and tell their story. There was a lot of good publicity with this event. We wanted to make a good impression and hopefully make a sale into this retail store. This was sponsored in part by DATCAP

Results: Made solid contacts with the store buyer and a chef. Did not sell cheese at this event.

Evaluation: Made great contacts with the store buyer; they have since ordered over \$600 worth of product. This was a great event. Met other interested buyers including a chef from a prestigious restaurant who will probably order our spreads. It was good networking with other dairy artisans on the DATCAP sponsored bus. I would definitely do this type of event as often as they are available.

Event #16: Willy St. Co-op Demo,
Location: Madison

Type of Show: retail demo
Date: Oct 31, 2003

Purpose of the trip: This was an effort to keep our sales up at this store. We are trying to determine how often a single store needs a demo in order to keep sales strong. In 2002 we did demos at Willy Street Co-op one time per quarter. In 2003 we have cut back to one demo every six months to determine its effect on sales.

Results: Sold 25# in 3 hours! Only 5 packages were left in the store.

Evaluation: This was a good quick, inexpensive demo. It definitely boost sales during the demo. Still, at a cost of \$54.00 to sell 25# it is about \$2.00/lb to get the cheese sold. The demo was good also because it gives me a chance to check up on the store and make sure they have our product placed well, that they have their pricing correct and that they have not bumped us for some competitor.

This was a ½ day demo and to cut costs I was able to go across town and do a second demo at a different store later in the day. Living 15 miles away from the demo also cuts costs compared to when a farmer had to drive in from a minimum 1 ½ away.

The repeat sales made at this store in the next few months are the key to deciding if the demos should be done quarterly or every six months. At this time, the data for this store is not available but we will check it and make a determination by the start of the next fiscal year.

Event #17: Whole Foods Store
Location. Madison

Type of Show: retail demo
Date: Oct. 31, 2003 ..

Purpose of the trip: This was an effort to keep our sales up at this store. Sales have fallen off and it definitely seems like something is wrong in this store. It's very important to keep sales going strong at the Madison store because if sales are good here we can open doors at their other stores around the region. This quarterly demo will also help us compare sales to a store across town that is only getting demos every six months. We also want to showcase our new spreads and boost holiday sales.

Results: Sold more than 25# in 3 hours.

Evaluation: This was another good quick, inexpensive demo. It was definitely a good idea because the cheese buyer had changed and the new buyer was not promoting our cheese. In fact, they were out and she was not going to re-order. The demo may have saved this account. It definitely boosted sales during the demo. Still, at a cost of \$52.00 to sell 28# it is about \$2.00/lb to get the cheese sold. Like the demo across town on the same day, it was good also because it gives me a chance to check up on the store and make sure they have our product placed well, that they have their pricing correct and that they have not bumped us for some competitor -which almost happened! This bigger chain store seems to need more attention due to staff turn-over.

Living 15 miles away from the demo also cuts costs compared to when a farmer had to drive in from a minimum 1 ½ hours away.

The repeat sales made at this store in the next few months and those at the store getting a demo every six months will be evaluated to see which is most cost effective.

Event #18: Madison Food & Wine
Location: Madison

Type of Show: Regional Food Show
Date: Oct 24-26 , 2003

Purpose of the trip: Support sales for a retailer who sponsors this show. Meet their regional sales executives and make possible sales into their other stores.

Results: Sold more than 16# of cheese or spread at \$8.00/lb. for a total of \$128. Got authorized to sell in retailer's regional stores!

Evaluation: We did this show last year and were pretty disappointed with the crowd and the sales. It seems that people at this kind of event are there to sample, have fun and get a little tipsy, but not really to buy product. It's a somewhat elegant event that they've paid \$40 to get in and people don't want to cart cheese around. At that time we said we'd not do a show like this again.

Now the sales were still dismal but it was Ok because they were not the main reason for doing the show. Connecting with the Whole Foods executives was the focus and we were very successful with that. Our cheese is now approved for regional sales in this natural food store chain.

We cut costs by having a booth under the umbrella of the retailer. Last year we were part of the Wis. Dairy Artisan booth and were quite uncomfortable selling shoulder to shoulder with an artisan who's farm philosophy is very different from our grazing philosophy. We could not afford the \$600-\$700 individual table fee ourselves, so the \$200 fee to be under the retailer's tent was a deal. Space was tight, which hurt on-floor sales, but this same closeness allowed us to have the retailer's executives hear our story and see customer's positive reaction to our product. That helped us succeed with the goal of this show – get into the retailer's regional stores.

We will also have an analysis of the Madison Whole Food's sales in the period following the show to see if it boosted sales there. We will have follow up with the regional stores to remind them to order the cheese.

Again it was very cost-effective to have sales staff within 30 minutes of the event. This cut mileage, meal and lodging (for this 3 day show) costs for this show by probably \$400.

We are having a staff person attend the Minneapolis Food & Wine Dhow again this year, but this time under the Wisconsin Milk Marketing Board umbrella as a way to cut costs. However, this show will be fairly expensive because it requires a 2 night stay in downtown Mpls and a 500 mile trip. But again, we are doing it to support sales at a retailer who is sponsoring the event. We don't expect sales to cover the cost of the event.

One final note. Next time we do this kind of show we should have refrigerator magnets with our name & contact info so people will remember after the show where to purchase our cheese.

Event #19: Green City Market,
Location: Downtown Chicago

Type of Show: Farmers Market
Date: Nov 22 , 2003

Purpose of the trip: Try selling at a farmers market. Continue presence at the market to see if sales will grow during this fall period. Discover costs associated with selling this way. Introduce a holiday gift box to see if that helps boost sales. Support this DATCAP project of the Wisconsin Dairy Artisans.

Results: Sold \$800 (100#s) worth of product including 17 gift boxes. The 2-year-old spread was especially popular.

Evaluation: A very busy market with good traffic and sales. The gift box was not as popular as we had hoped. Most sales were for multiple items. Having a greater variety of products seems to have helped sales. We sold spread at \$4.00/8oz. cup. A lot of people wanted to order via the internet. With more traffic this market is becoming more viable as a place for us to sell. We finally got our costs per pound sold down somewhat to \$3.59/lb. And this is with mileage since a ride was not shared this time. When we sell product at \$8.00/lb the market is somewhat profitable (gross income (\$800) – costs (\$359) = \$441 – cost of goods sold (\$247) = \$194 profit.

Event #20: Harvest of Hope Fundraiser
Location: Midvale Lutheran Church, Madison

Type of Show: Local Fundraiser
Date: Dec, 2003

Purpose of the event: This is a new marketing event for us. We'd like to learn if we can sell a reasonable amount of cheese, incur reasonable costs, and contribute to a fund that helps distressed farmers. We will get lots of information from this 1st time event. This is also a good opportunity to further educate the public about our grazing methods and about farmer's income issues as well.

Results: Sold \$822 of cheese and spread. We donated 15% of sales or \$123.30 to Harvest of Hope. The \$822 represented 102# of cheese or spread at \$8.00/lb.

Evaluation: This was a worthwhile event from the contribution made to the Harvest of Hope alone. Our cheese, as well as sales of other vendor's products, brought in \$577 to the charity fund. This money will go to farm families that need a hand paying bills. The fundraiser organizer wrote a thank you note, saying the event.. " raised visibility for our fund and for organic/sustainable farming and created new linkages between consumers and farm producers... all good outcomes!"

The event cost our Cooperative \$145.80 to sell about 100# of cheese. This ratio of \$1.45/lb. beats many of the other marketing events we attend. And all the costs went to the fund! The volunteer labor made this work.

Again, we had good representation in area stores so the volunteers were able to direct people to our brand for follow up sales. Our display board was used to help inform customers about the cheese. This event helped reach a new group of people who might not otherwise have tried our cheese. The refrigerator magnet to help people remember our product would be good here as well. I recommend we do this type of event in areas where we have retail markets on a regular basis.