

**Final Report for
Upper Midwest Artisan Dairy Distribution Study
ADD Grant**

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April 2005

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INTRODUCTION TO AND INTENT FOR THE PROJECT.

Observation of the artisanal dairy producers of Wisconsin in early in 2003 led Dan Carter and Laurie Greenberg to propose examining the feasibility of a centralized distribution system that could improve access to market for artisan dairy businesses in the state. The newest and smallest producers were calling for—and continue to call for—assistance with getting their products to market and with identifying new customers.

Thus farmstead and artisanal producers had two types of problems. Some had a customer interested in their product but no way to ship the product that was cost effective. A second type of problem was that producers had to identify customers and get product to them.

These challenges among artisanal dairy producers led us to develop the ADD proposal to DATCP to create an Upper Midwest Artisan Distribution Center. Our intent was to help Wisconsin specialty and artisanal producers address the special distribution challenges faced by smaller-scale producers. For many small-scale producers, distribution was cited as a serious bottleneck. Most distribution options available for cheesemakers exclude producers who have needs to distribute a small volume of product. We had hoped to create an entity that could solve this distribution challenge for some of the smaller producers with whom we worked. The dairy industry in Wisconsin provides the state with more than \$20 billion of income annually. There is increasing competition for all cheese businesses in Wisconsin from outside the state. The smaller dairy producers can contribute significantly to retaining dairy infrastructure in the state, but among other needs, their distribution needs must be better addressed.

Perhaps the most important outcome of the grant work was a realization we faced during the Information Gathering stage of the grant. This research phase of the grant enabled us to delve deeper into distribution networks (with the benefit of the ADD grant). It became clear that there were compelling reasons to alter our original distribution plan in two ways. First, we would need to move beyond the idea of developing a single distribution center. Producers simply would not pull up their existing distribution connections and move to a new, untested center. And the small-scale artisans in the state (those with the most urgent needs for product distribution) could not provide adequate volume to launch a new distribution center. Second, we would need to expand our support to the state's specialty dairy producers in addition to the artisans. We decided to shift our focus to explore new channels of distribution that could help artisanal and specialty dairy producers in Wisconsin more rapidly and efficiently get their products to market.

In lieu of a feasibility study for a single distribution center, Cultural Landscapes, LLC served as an agent to stimulate increased markets for artisanal and specialty dairy products from Wisconsin by developing two pilot distribution projects with the following partners:

- Natural Farms. Cultural Landscapes, LLC created a new catalog supplement for Natural Farms that featured Wisconsin value-added dairy products from four new Wisconsin vendors as well as three existing artisan vendors with Natural Farms. This supplement went out to the Natural Farms' market of buying clubs and rural stores in Natural Farms' multi-state distribution region. This allowed for a test of Natural Farms as a distribution outlet for Wisconsin producers.
- Homegrown Wisconsin. In cooperation with HomeGrown Wisconsin, a cooperative of organic produce growers in Wisconsin, Cultural Landscapes LLC tested the feasibility of distribution of Wisconsin dairy products to selected chefs in Chicago and Milwaukee to whom HomeGrown Wisconsin currently distributes produce. A survey of chefs in Milwaukee and Chicago was conducted to assess

the feasibility of distributing Wisconsin artisanal and specialty dairy products through HomeGrown Wisconsin.

- **Larry's Market.** Larry's Market was originally cited by Dan Carter as an appropriate distribution partner, however, Steve Ehlers, of Larry's Market, decided that it was premature to consider distribution to chefs. Steve agreed to stay on the project as an advisor to the chef survey and any follow-up work that might result with HomeGrown Wisconsin. Together with HomeGrown Wisconsin and support from Steve Ehlers in Milwaukee, enough names of chefs in both cities were gathered to make an adequate sample of chefs working at appropriate restaurants for the chef pilots. Specific pilot project activities conducted are described below.

METHODS

The overall ADD project involved several objectives, as defined in the revised work plan (correspondence from September 27, 2004) and its addendum (correspondence from October 4, 2004). Specifically, activities under the revised work plan were:

Assess existing distribution systems for the artisan and specialty industry in Wisconsin. This was implemented as an Information Gathering phase. A list of people in the dairy industry was compiled. These were people who were experienced and knowledgeable on issues of distribution. Each person on the list was interviewed to determine the nature of the distribution that they used or saw feasible for the artisan and specialty dairy industry. Numerous people were generous with their time in helping to explain their businesses and share their opinions about what would be a useful effort for the industry. Several of these people (John Jacobs of Foodmaster Logistics, Dave Leonhardi at WMMB, Dan Carter of DBIC, Steve McKeon at Roth Kase, Bob Wills at Cedar Grove, Neville McNaughton of CheezSorce, Steve Ehlers of Larry's Market and Anne Reynolds at the University of Wisconsin Center for Cooperatives) served as advisors through multiple or all phases of the project. Collectively, they functioned as an informal advisory committee for the project. Several WDATCP personnel also provided contacts and information.

Identify partners for implementation of new pilot distribution systems. Three pilot distribution projects were initially identified: 1) Natural Farms, for distribution to buying clubs and small stores in their multi-state distribution area; 2) HomeGrown Wisconsin, to chefs in Chicago; and 3) Larry's Market, to chefs in the Milwaukee area. (Larry's Market decided not to become involved with distribution to chefs, but remained as an advisor for the remainder of the project.) The Milwaukee pilot survey was conducted with support from both Larry's Market and HomeGrown Wisconsin. (Discussion of findings from the chef pilots in both cities are combined and provided below.)

Identify criteria for selection of products and producers for Natural Farms. Cultural Landscapes became an agent for selected dairy producers to initiate distribution of their products through Natural Farms. Working with Natural Farms staff, criteria for the selection of products and producers were established.

In collaboration with HomeGrown Wisconsin, it was determined that interviews with chefs would be the first step to help identify the actions to take with this proposed market channel. (The results of this survey are incorporated into the report below. There is also a stand-alone report available that summarizes the findings of the survey with chefs in Milwaukee and Chicago regarding their use and needs for artisanal and specialty dairy products.)

Identify producers and products for Natural Farms. Using the criteria established with Natural Farms, artisanal and specialty dairy producers were approached about selling their products through Natural Farms.

Gather required materials and assure specifications are met for the Natural Farms pilot. Specifically, Cultural Landscapes needed to:

- a. Identify appropriate products.
- b. Secure samples, where required by Natural Farms.
- c. Assure that producers had adequate volume, required units and packaging.
- d. Solicit sell sheets and photos from producers.
- e. Arrange for shipping, as needed.
- f. Help establish pricing.

Facilitate and support implementation of pilots with partners, Natural Farms and HomeGrown Wisconsin. In the case of the Natural Farms pilot, Cultural Landscapes, LLC repeatedly solicited producers to obtain all of the information, prices, images and other materials necessary to facilitate the sale of their products through Natural Farms and the participation of their company in the catalog supplement.

As part of the implementation of the pilot with HomeGrown Wisconsin, Cultural Landscapes LLC conducted a survey of chef/customers of HomeGrown Wisconsin to help the cooperative determine if distributing Wisconsin specialty and artisanal dairy products was feasible. After conducting the survey and discussing results with HomeGrown Wisconsin it was determined that the proposed idea was not feasible and the HomeGrown Wisconsin pilot terminated at that point. Appropriate follow-up was initiated, as originally planned and indicated in the addendum to the revised work plan (see October 4, 2004 document).

Conduct regular review of progress using tracking system established with distribution partners, as relevant. The grant deadline only allowed for review of progress after 30 days of sales at Natural Farms.

Make adjustments in any part of the process, with producers and distribution partners, as needed.

Produce final report evaluating the process.

INITIAL DEFINITIONS AND ASSUMPTIONS

The first thing that comes to mind when discussing distribution is warehouses, trucking firms, and shipping networks. In fact, distribution of artisanal and specialty dairy products is actually a much broader set of activities. Distribution actually includes a far more diverse set of activities that result in products being delivered from producer to the end user. Distribution includes a wide array of direct and indirect marketing options that producers engage in. Among these options for distribution are: the direct sale of products in various venues--at farmers' markets, through the Internet, to restaurants, to hotels other food service institutions, to retail stores, and indirect distribution by wholesale companies, distributors, brokers, marketing agencies—or otherwise accomplishing the sale and/or movement of product from the place of production/preparation to the customer.

WHAT DISTRIBUTION SYSTEMS LOOK LIKE TODAY

Observations. The first stage of the project had two major objectives. First was to get a better picture of the range of means by which individual businesses manage to get their products out to the end users. This research stage of the project was also focused on getting a sense of the players and venues that comprise distribution networks for this set of businesses. For both objectives, the strategy employed was to interview several people in the specialty and artisanal dairy industry in Wisconsin (and a few beyond the state) to ask them about how they go about product distribution. Several major observations emerged from this investigation:

Observation #1). **The patterns of distribution of artisanal and specialty dairy products today are haphazard, disordered and even chaotic.** Producers commonly used the words 'chaotic' and 'haphazard' to describe the system of distribution that they operate in. A single cheesemaker's products end up at a single store or to the same city through multiple routes or distributors. Even producers based in similar regions ship through different channels.

An example: Bill Rock, a cheese distributor in southern Wisconsin, described how Woodman's grocery stores carry multiple products from Cedar Grove Cheese. Bill knows the sources of the products and the distributors. He was able to say that three different sets of products arrived from Cedar Grove to the same Woodman's store by three different distributors and individual routes.

Irregular patterns such as this seem to be standard in this industry—based on conversations with several distributors, producers and marketers of artisanal and specialty dairy products. And in fact, these chaotic channels of distribution we have observed in Wisconsin are mirrored in the artisan and specialty dairy industries in California, Vermont and New York states. When interviewing colleagues in these other states about the systems of distribution used by artisanal and specialty businesses, they describe their networks similarly. A colleague in Vermont described the major rationale:

Distribution of artisanal cheeses is primitive from a systems approach because these businesses are (literally) all over the map. The location of these farmstead cheesemakers out in the countryside is by happenstance, not by design. So a systems approach will not work--their distribution needs will not fit nicely into an organized systems framework or a single distribution center.

Observation #2) **The ideal situation for producers is to establish distribution channels for their products that incorporate sales/marketing along with distribution.** While there are cases of producers who have a customer already and simply seek the means to transport product to that customer, the most common need is for full assistance that incorporates marketing, sales and shipping as a full distribution package. In several interviews with businesses and distributors, people were critical of a plan for a 'distribution center' that did not incorporate marketing and sales with the shipping services.

Observation #3) **Each individual business has its own customers, multiple channels of distribution and carriers or shippers.** Almost every business has its own approach to sales, marketing and transporting product because of the unique combination of factors that influence each business's means of distributing its products (see **Factors**...below). Below are examples that illustrate three different approaches used by three different artisan/farmstead businesses in Wisconsin:

Anne Topham sells her goats milk cheeses at one outlet only: the Dane County Farmers' Market. She sells her cheeses there during the market season, which coincides perfectly with her calendar of cheese production. This one channel is perfectly adequate for her distribution needs at this time for her business.

Mike Gingrich, of Uplands Cheese, uses FedEx for distributing almost all of his cheese. He does not have to identify a shipper and buy into his route. He does not need a broker or marketing firm or other 'middleman' to represent his product, consolidate it with others and get it to customers. Mike maintains direct contact with his customers and control over all aspects of production, marketing, sales and shipping of his products. His product has a high enough margin that the costs of FedEx are reasonable. Though his cheese is made in summer when cows are grazing, it is aged, and most of it is shipped during the cooler times of the year, thus minimizing risks that can result from shipping without refrigeration during warmer weather.

When Crave Brothers Cheese first started in business, most of their products were sold and distributed by Dan Carter Inc. with Crave Brothers handling limited local sales on their own. Now the company works with Roth Kase. Roth Kase handles marketing, sales and distribution for Crave Brothers, freeing up the Craves to produce cheese and manage other aspects of their business. It also benefits Roth Kase by having expanded the selection of products they can offer to their customers and further diversifying their income base.

Observation #4) **It is difficult for people to change their established channels of distribution.** For many businesses, existing systems have been in place for years—even decades (in the case of some businesses). These systems are based on trust between individual people. Once people have a reliable means of getting their product to market, it is very difficult to convince them to make a change—even if that change may have monetary or other benefits to the person's business.

John Jacobs has encountered this challenge in developing his distribution logistics business. In fact, John describes this as the major impediment to the growth of his business. John explains that he has been able to show people how shipping through him can actually save their business money, but people are still reluctant to let go of old systems and make a change.

Steve McKeon, of Roth Kase, explained that getting people to buy into a new distribution system would be very challenging. His experience suggests that it is very difficult to change peoples' business practices.

FACTORS THAT AFFECT DISTRIBUTION CHOICES

There is a constellation of factors that determine the channels of sales and distribution that are used by a producer or manufacturer. These multiple factors (see below) lead to the diversity of strategies and distribution choices made by producers and manufacturers of artisanal and specialty dairy products. Each business possesses a unique set of characteristics that lead them to the set of choices they make. Below is a brief discussion of some of the variable that influence the sales and distribution choices made by artisan businesses.

Customers. Without a doubt, this is the number one influence on the type of distribution a producer uses. The location of customer is the primary factor that influences distribution

choices. For customers that are nearby, the producer can often manage distribution without outside assistance. If the distance between the customer and producer is too far for the producer to 'hand deliver', there is a chance that the customer can help. Some customers can offer a producer shipping with their own trucks or through the customer's contacts and business relationships. If not, the producer must navigate his/her way into existing distribution networks to find someone who:

- Accepts their type of product.
- Will handle the volume they need to distribute.
- Can get the product there at the time desired.
- Will involve a cost that the producer can afford to pay.

Volume. The volume of product can greatly influence shipping options and costs. A large specialty cheese manufacturer may be shipping large enough quantities of product to fill entire trucks, opening up a world of options for shipping. Smaller-scale producers often need to resort to creating their own infrastructure for distribution. Examples:

Vermont Butter and Cheese is large enough to have its own truck for transporting product to customers in New York Boston and in smaller towns throughout the region.

Roth Kase uses other companies for transportation, but the company has its own warehouse and full-time person to manage distribution and warehousing issues.

Debra Dickerson, in California, distributes several artisanal and farmstead cheeses throughout the U.S. She recommends that farmstead businesspeople with less-than-truckload volume for shipping take the time to note what refrigerated trucks pass through their neighborhood and then get in touch with those businesses to see where they go and if the need someone to help pay for the route. She claims that the formation of distribution channels for 'the small guy' relies on this type of creative pursuit of distribution options.

Type of product. The product type and value of the product can affect distribution decisions. Some products may have specific requirements for distribution simply based on the nature of the product and its requirements to avoid spoilage or for maintaining shelf life. For example, soft-ripened cheeses require lower temperatures and more air circulation than other types of cheeses. This will influence decisions regarding both the packaging materials and the shipping environment.

A higher end product with a high margin offers the producer a broader set of distribution options than a product that leaves lower margin to cover distribution costs. This is because there is the option to expend more money in seeing the appropriate answer(s) for distribution.

Connections/relationships. Since manufacturers and producers of artisanal and specialty dairy products create their own channels of distribution, many rely on existing relationships. Indeed, (as mentioned before) particularly with specialty companies, there is resistance to changing to a new trucking company or opportunity—even if that new opportunity could result in decreased costs to the business. If people have relied on a particular individual or company to assure that their products are delivered on time and in good condition, they have confidence in that distributor and see no reason to make a change to someone new for shipping.

PILOT PROJECTS

The original project proposed conducting a full feasibility study of a centralized distribution facility. After completing the initial research phase of assessing the existing distribution systems in the industry, it was determined that it would be more beneficial to test a few distribution channels that were identified in the research process. Three project pilots were pursued as the means to test potential new channels of distribution for specialty and artisanal dairy producers and manufacturers in Wisconsin.

Selection of Pilots and Pilot Partners

Selection of pilots was based on multiple criteria. These criteria were that pilots would:

- 1) **Build on existing networks and businesses.** It was clear from the earlier, research phase of the project that pilots should build on existing infrastructure rather than creating a new entity. This is principally because of the inherent challenges involved with convincing dairy producers and manufacturers that a new system of distribution could serve their needs.
- 2) **Have the potential to expand to include a larger number of producers and products.** While small-scale projects can serve the interests of a limited number of businesses, the goal here was to test a system that could expand to fulfill needs for multiple businesses in the state.
- 3) **Have the potential to be used as models to serve the needs of other industries in the state and elsewhere.** While this effort was aimed at aiding the artisan and specialty dairy industry, the intent was to initiate pilots that could teach us something about these particular distribution channels that would be of use to other industries or groups of producers in Wisconsin and beyond.
- 4) **Could be launched within the brief period of the ADD grant.** Realistically, the pilots could only be adequately assessed if they were implemented and examined during the period of the grant, though it is understood that further progress or failures could clearly occur at any time during the pilots or afterward.

The pilot distribution partners were identified by expressions of interest in collaboration among the multiple professionals who were interviewed in the earliest research phase of the project. The partners identified were: 1) Natural Farms; and 2) HomeGrown Wisconsin. Larry's Market, specifically Steve Ehlers, was also identified as a partner for cooperating on the pilot with HomeGrown Wisconsin.

Description of the pilot projects.

Three pilots are being tested in this project. The first pilot is a cooperative effort with a regional natural foods distributor, Natural Farms. The other two pilots are testing distribution of artisanal dairy products to chefs with the cooperation of HomeGrown Wisconsin—one in Milwaukee and another pilot with chefs in Chicago.

Natural Farms Pilot

Evan McAteer, the cheese buyer at Natural Farms, expressed interest in developing a new program to feature artisan and specialty dairy products. While Evan was extremely interested in developing a program for this type of product, he had never had the time needed to devote to identifying new producers and getting their products into the Natural Farms catalog. Natural Farms is a fairly new company, a natural foods distributor, and though apparently doing well, they still struggle with the challenges of limited personnel, capital and other constraints. Cultural Landscapes, LLC had known Evan when he was the dairy buyer at North Farm, and became adequately familiarized with Natural Farms, their current line of dairy products and the customer profile they serve.

Cultural Landscapes, LLC became an agent for new producers to sell their products to Natural Farms. The first task was to identify new producers with products that were complementary to those dairy products already selling through Natural Farms while still fitting in with the Natural Farms image and overall program. Specifically, new producers for Natural Farms were required to meet the following criteria:

- 1) Be a Wisconsin producer of artisanal or specialty dairy products.
- 2) Have a high quality product with consistently good quality production.
- 3) Have products that fit appropriately with the Natural Farms image.
- 4) Did not duplicate products that were already in the Natural Farms catalog.
- 5) Could provide samples.
- 6) Produced adequate volume to meet the demands of Natural Farms customers.
- 7) Could deliver product packaged in appropriate units.
- 8) Had professional packaging that made a good presentation.
- 9) Could deliver a sell sheet.
- 10) Had appropriate pricing for the Natural Farms catalog.

The subsequent tasks in for Cultural Landscapes in carrying out the Natural Farms program were to:

- 1) Contact appropriate producers to determine if they were interested in participating in the Natural Farms program.
- 2) Reach an agreement between individual vendors (the selected Wisconsin artisan and specialty companies) and Natural Farms concerning specific appropriate products from each producer.
- 3) Obtain information from producers on unit sizes, correct product names and packaging.
- 4) Obtain information from producers to develop a positioning statement for their company that could be used on the Natural Farms website and in the catalog supplement.
- 5) Draft positioning statements for those companies who did not have them or work with appropriate people at those companies to get the statement drafted.
- 6) Obtain appropriate images, other graph materials and text from companies for the catalog supplement.
- 7) Layout test, images and graphics for supplement pages for new and some existing Natural Farms vendors.
- 8) Submit supplement pages to vendors and obtain their approval of page layouts for the catalog supplement.
- 9) Obtain approval from Natural Farms for pages to be included in catalog supplement.
- 10) Confirm prices, orders and dates for getting product to Natural Farms for early 2005 roll-out of specialty dairy supplement to catalog.
- 11) Discussions and testing of images and text with webmaster at Natural Farms to upgrade web pages for existing artisanal and specialty dairy vendors from Wisconsin and create pages for new vendors.
- 12) Print 500 copies of the catalog supplement and deliver to Natural Farms to distribute to their customers (delivered to Natural Farms the second week of February 2005).

- 13) Follow sales of new and existing products in the artisan and specialty dairy catalog to determine the potential of this channel of distribution for these and potential new vendors.
- 14) Make adjustments in any part of the process, with producers and distribution partners, as needed.
- 15) Produce final report for DATCP.
- 16) Continue to track sales progress at Natural Farms.

Milwaukee and Chicago Chef Pilots with HomeGrown Wisconsin

Cultural Landscapes, LLC was approached in the fall of 2004 by the General Manager of HomeGrown Wisconsin to explore opportunities to market Wisconsin artisanal and specialty cheeses to chefs in Chicago and Milwaukee who are current customers of HomeGrown Wisconsin.

This was an attractive opportunity as a pilot. Chefs are clearly the people who initiate food trends in the U.S. HomeGrown Wisconsin then would assure direct sales to these chefs. HomeGrown Wisconsin has an established relationship with an impressive list of high end chefs in Chicago, and more recently, in Milwaukee.

Most importantly, they deliver produce to these chefs, on a weekly basis, in a refrigerated truck. A cooperative effort with HomeGrown Wisconsin could be an excellent opportunity for Wisconsin's artisanal and specialty dairy businesses.

Cultural Landscapes, LLC recommended conducting interviews with these chefs to determine the feasibility and exact nature of such a project. The interviews were designed to obtain information from chefs about their current use and knowledge of artisanal and specialty cheeses. The goal was to determine if and how a program could be developed to sell Wisconsin products to these (and other) chefs.

1) Methods used.

The names of chefs interviewed came from a few sources (and will remain confidential). Most were chef/customers of HomeGrown Wisconsin that were recommended by the cooperative's General Manager, Suzanne Rubinstein. Some of those recommended by Suzanne had expressed interest in finding new artisanal cheeses (when asked by Suzanne). An additional two chefs were added by explorations through Steve Ehlers (a DBIC board member and co-owner of Larry's Market in the Milwaukee area) and his contacts. (While Steve Ehlers had initially expressed interest to Dan Carter in working with Cultural Landscapes, LLC on this distribution project, he later decided that it was not a good time to get involved with distribution to chefs, and he was retained as an advisor to the project).

Eight chefs were interviewed November and December of 2004, three in the Milwaukee area, five in Chicago. All interviews took place by telephone. Calls to set up appointments were made to chefs. In some cases, chefs took the time during the initial call to answer the questions. In other cases, appointments were made to talk by phone at a future time. In several cases, repeated appointments were made because chefs were not in or available at the time of the previously-scheduled appointments. In the interest of completing the study in a timely manner, four chefs were excluded from the study because they failed to be available for appointments twice or more. A fifth was excluded due to internal problems in the restaurant.

Telephone interviews were typically about 10 minutes long. In three cases, chefs had a lot to say and/or were interested in learning more about cheesemakers and the efforts of Cultural

Landscapes to facilitate artisanal dairy sales to them. These conversations lasted 30-40 minutes.

Each introductory phone call and interview began with a very brief explanation of the purpose of the interviews (above). The chefs were asked questions from a written questionnaire (see Appendix A). After the questionnaire, they were asked if they had additional comments and/or suggestions that would help in facilitating introduction of artisanal dairy products from Wisconsin to chefs. They were also asked if they had any questions for the interviewer.

2) Limitations of the study.

While the information obtained in the interviews is rich and will be useful for planning, it is important to remember that there were only eight interviews conducted. This group may or may not be representative of a larger group of chefs. Two practices will be useful when/if attempts are made to extrapolate from this study: 1) Considering the general characteristics of the restaurants (the restaurant 'profiles') being compared; and 2) Communicating thoroughly with any chef that might participate in future stages of a pilot to be sure that understandings/assumptions that emerged from this study applies to those individual chefs.

SUMMARY FINDINGS OF CHEF INTERVIEWS

The Good News.

There were positive findings with respect to identifying opportunities for sale of Wisconsin artisanal cheeses to these chefs:

- 1. All chefs interviewed were extremely interested in having access to new artisanal cheeses (ie. ones that they had not previously tried).**
- 2. Chefs reported that their customers are calling for more artisanal cheeses.**
- 3. Most chefs give some visibility to producers by naming the product and producer on the menu or in other written materials, and/or sharing producers' stories, when possible (if customers express interest).**

The Bad News.

The major challenges revealed through these chef interviews are that chefs want:

- 1. Only very unique and specialized cheeses.**
- 2. New cheese varieties on a regular basis.**
- 3. Low volume (ie. less than 3-5 lbs of any variety at a time).**
- 4. Payment by credit card.**

3) General comments.

All chefs interviewed work for very high end restaurants. Those chefs recommended by HomeGrown Wisconsin work for or own restaurants that focus on fresh, seasonal and (when possible) local or regionally-produced goods. A few restaurants focus on providing organic

products to customers, whenever possible. Most chefs interviewed were executive chefs or the highest level chef at the restaurant (some do not use the term 'executive').

Chefs are very busy people. Their pace of work is rapid. While they work long hours at the restaurants, there are actually only tiny windows of opportunity to speak with them. Available times vary, depending on the size of the restaurant and the number of sous-chefs or other kitchen help the chef has. Timing in reaching them also depended on whether or not the restaurant serves lunch and dinner or only dinner. Two chefs who were contacted at the restaurant asked to be interviewed at home on their day off.

As mentioned above, five chefs did not keep their interview appointments and three of those were never interviewed. This challenge to actually having an interview with chefs, however, appeared not to be a reflection of their interest in artisanal cheeses.

4) How they currently use cheeses.

Chefs describe two ways that they use artisanal cheeses: 1) Cheese plates or cheese courses; and 2) Cheeses cooked into a prepared dish, typically a savory dish. Most use artisanal cheeses for both.

Cheese courses (or cheese trays, boards or trolleys) can be of various types. Few offer plates strictly of cheeses (ordered in plates of even numbers of cheese varieties: 2, 4, 6 or even 8 cheeses on a plate). The trend today, and a source of pride for chefs, appears to be the individualized plates that chefs create, combining cheeses with a variety of accoutrements. Accoutrements can be simple, like roasted nuts or sliced fruit. Or accoutrements may be more complicated preparations, such as souffles or croissant with fillings, alongside or including cheeses.

In every case, cheese boards change over time. In some cases, the cheese selection changes on a monthly basis. For others, it's when the current cheese runs out. Still others may change the selection within the course of a week if they have enough different cheeses in supply. Clearly the preference is to change cheese offerings as often as possible.

Cheeses incorporated into dishes. Most cheese use outside of cheese boards is in savory dishes—main dishes, salads, with soups, etc.

In the case of one restaurant, the chef always has a cheese salad. The salad changes weekly. The week of the interview it was a comte salad. For the next week, a feta salad was planned. In these salads, cheeses are incorporated into salads of vegetables, fruits, meats and all combinations.

5) What cheeses they would like in the future.

When asked what types of cheeses they are looking for or would find attractive, chefs' responses all included the adjective 'unique'. These are high-end restaurants. They want the ingredients they use to be fresh (and not just with respect to shelf life)—that is they want an ever-changing selection of new cheeses that will 'wow' their customers, keep them raving and bring them back. Many comment that they'd like to find more obscure cheeses. Many have return customers and want/need to assure they have new cheese selections on the board at all times.

A few very high-end chefs made a point to emphasize that they do not want to be serving the same cheeses that other restaurants have on their cheese trays or boards. Others—when asked—have no problem with repeating the cheeses that other restaurants use. They feel that their 'use'

of cheeses (presentation, pairings, etc.) is unique enough that this is not an issue. One chef also said that if it is a popular cheese, customers ask for it, and so it is a good thing to have cheeses that customers find in other restaurants.

Among chefs interviewed, there was consensus in a preference for:

- Artisanal cheeses. None of them ever even mentioned the term ‘specialty cheese’. Several made a point of saying that they are not interested in cheeses that are ‘mass produced’.
- Unique and special. These chefs were almost unanimous in saying that they want any cheese that is unique or special—that they’d like to try high-end artisanal cheeses. “Anything unique,” was the most common response when asked what they want.
- Local. For several of these restaurants, serving locally-produced products is the niche that they fill in Chicago or Milwaukee.
- A variety of milks. Most chefs interviewed (especially those with cheese boards) use a combination of cheeses. Non-cow’s milk cheeses are very popular among this group of chefs. Part of the reason is because they want their cheese boards to have a wide variety of cheese types, flavors and textures. Part of that variety is including sheep and goat milk products.
- Special interest items. Some chefs had their own preferences for cheeses—others simply emphasized that ‘anything unique’ would satisfy.

6) Visibility offered for cheesemakers.

The larger, better established restaurants that have the capacity to hold larger numbers of cheeses tend to have wait staff with a strong interest in the cheeses, the producers of cheese and a few details about cheese production and/or characteristics.

In several restaurants, chefs discuss cheese offerings with servers at pre-service meetings. Chefs will provide servers with a list of the cheeses available for the evening (or the weekend, the week). This information for servers—and customers—includes the names of the cheese and the producer and the type (species) of milk used. When asked, they say that their servers provide brief stories about the cheeses and cheesemakers—if they have the information and if the customers express interest.

For some restaurants, their niche is making a connection with the farmers. In these restaurants, chefs tend to be a bit more understanding of the financial needs and limitations of farmer-cheesemakers. They produce a handwritten piece for servers that describe the cheeses they are serving. This may include the cheesemakers’ story. Chefs claim that many of their restaurant’s clientele are interested in the stories behind these products.

“Our customers expect the servers to know as much as possible. They take a huge interest in the cheese and the cheesemaker.”

7) Sources of information on cheeses.

The single most important source of information about new cheeses cited by chefs was ‘Word of mouth’. They get calls from chef friends or try something new when at another restaurant.

A few chefs cited trade and general publications as a source of information about cheeses and new cheese varieties.

May call a distributor or a cheese shop (like Murray's) and ask for samples and literature on new and interesting cheeses.

8) Sourcing and paying for cheese.

Most chefs source cheeses through distributors. Very few also buy directly from producers.

Restaurants tend to use credit cards for purchases. One chef talked about a desire for more possibilities for Internet payment of cheeses.

Payment schedules vary widely. Some restaurants pay Net 40 or Net 60. Payment schedules vary depending on the restaurant, but also for different purveyors by the same restaurant. Some chefs are able to invest resources in obtaining ingredients from a wide variety of sources. One of the larger restaurants stated that they work with more than 120 purveyors to get the food ingredients that they use in the kitchen. This restaurant has 25-30 different cheeses (for multiple uses) in their kitchen at any given time.

9) Demand for cheese.

An important preference among chefs is to have a (seemingly) endless supply of new cheeses (ie. ones they have not tried before) on a regular basis. The desire for something new ('fresh') on a regular basis that enables them to distinguish what they put on the table from other restaurants is very important to them. They believe that this changing selection of cheeses appeals to regular patrons. They feel it is not good to repeat too often or with too many types of cheese.

The frequency of purchase varies and appears to be generally correlated to the size of the restaurant, the space available for cheese storage and the size of the pieces of cheese that they buy.

Volume of cheese desired. Among the most established restaurants with the largest cheese boards, their preferences are to start with purchases of only ½ lb at a time--of a single variety of cheese. Servings on a cheese board are less than an ounce. Few restaurants can handle or want pieces more than 4-6 lbs. When asked what size a piece of cheese they would prefer of a new cheese variety, one chef of a small restaurant replied:

'Oh God no—don't send a wheel!'

Other chefs do buy wheels and then move on to another cheese when the wheel is gone. (There was some suggestion that it may be difficult 'find use for' a whole wheel of cheese. Once gone, they may or may not get back to buying that cheese again (depending on its relative popularity)—or it could take months or more to get back to a cheese—if at all. It would depend on what else comes their way.

10) Challenges or issues

Several issues will need to be addressed in any pilot that attempts to appeal to chefs that have this set of preferences for artisanal cheese:

Cost of artisanal cheeses. Even within this group of high-end restaurants there are strata (among them), based on their ability to pay. Some chefs raised the issue of the cost of high-end cheese, stating that they could not afford to buy much volume of a particular cheese or too many different types since the costs are high for their return. These tended to be smaller and newer establishments. Others did not raise the issue of cost on their own. When asked about cost, only two chefs commented that they were willing to pay whatever it cost to get unique, artisanal cheeses.

Consistency in presentation and quality. Among all the chefs interviewed, the issue mentioned most frequently was that of consistency of product. Chefs recognize that a cheese changes as it ages and have no problem with this as long as the taste is still good. Their comments refer more to experiences where the quality of the cheese was diminished---and the producers sent the cheese to them anyway. Nearly all the chefs interviewed cited this as an issue with past purchases in the cheeses achieving consistent flavor and texture.

Care and storage of cheese. Keeping cheese is an issue for most chefs interviewed. Few have much space for cheese storage. Most have little knowledge about curing or caring for cheeses, and so buy in small enough quantities that the cheese is not in their kitchens for long.

Small volumes desired. Many cheeses produced as wheels are too large for most chefs to purchase whole. Smaller wheels (5 lbs and less) are more desirable to a few of these chefs. Still others want less. One chef only buys ½ lb of any individual cheese at a time, stating that the increments of cheeses sold is important:

“This needs to be catered toward the needs of a restaurant. Space is a concern. And we need variety.”

Education. Chefs have limited sources of information about cheeses and little time to invest in identifying new ones. Chefs in restaurants in the Milwaukee area also spoke about the limited customer base for high-end cheese offerings. All expressed the need for new sources of information about cheeses and cheesemakers.

CONCLUSIONS & FOLLOW-UP TO PILOTS

1) Natural Farms

Conclusions from the Natural Farms Pilot.

Natural Farms chose to wait to distribute the Wisconsin Artisan & Specialty Dairy Catalog Supplement to all of their customers during the first week of April 2005 when they distributed their own new spring catalog.

Evan McAteer, the dairy buyer for Natural Farms reports that he is very pleased with sales resulting from the new Cultural Landscapes-Natural Farms Program within the first 30 days of sales for the program. Among the biggest sellers during the first month of sales were Cedar Grove's havarti, jalapeno cheddar and their grass-fed cheeses. The two cheeses from Crave Brothers, mascarpone and farmers' rope cheeses, sold very well as did Roth Kase's gruyere slices and wedges, Buttermilk blue crumbles and Buttermilk Blue wedges.

Cedar Grove's Butterkase did not sell as well as anticipated. Familiarity with the cheese variety may be a factor; education or promotion (especially sampling) could aid the sale of this cheese.

Grazed cheddar from the Wisconsin Dairy Graziers' Cooperative has not shown good sales in the new program to date. Evan cited price point as an issue. The higher cost of this cheese may have been a challenge as customers did not understand or perceive the added value of this pasture-based cheese. When asked, Evan agreed that educating customers about the pastured-based nature of the cheese could help. Linda Caruso is developing some promotional opportunities for Wisconsin Dairy Graziers' Cooperative to try and aid sales of their cheese. Evan sent samples to 3-4 stores and Linda will follow up with visits to those stores to help store buyers better understand the products.

Evan further reports that he needs to place new orders with the new vendors as supplies are low in the warehouse. For his next orders to the new vendors, Evan will double what he purchased from them in the first order.

It is important to note that this sales program is barely 30 days old at this writing. Evan McAteer notes that the typical lag time from distribution of the new catalog to sale of items from that catalog is 4-6 weeks. In part, this results from the fact that about 60% of Natural Farms' sales come from web, while the other 40% come from customers who buy from their print catalog and place orders only once a month. Thus an estimated 40% of Natural Farms' customers have yet to place orders since the new products became available.

Another important note is that the conclusions regarding sales resulting from the Cultural Landscapes-Natural Farms Program as reported on above are based on a subjective assessment from Evan McAteer, the Natural Farms dairy buyer. A quantitative evaluation of sales is not possible at this time and may not be available for some time. Natural Farms does not currently have in place a tracking system that accurately tracks sales information for individual cheeses or vendors. While their intention was to install such a system in the first quarter of 2005, a larger institutional change is occurring at Natural Farms: beginning June 1, 2005, Natural Farms will merge with Roots & Fruits, a distributor based in the Twin Cities.

Natural Farms is an excellent sales channel for producers. Assuming Evan stays there and the new ownership structure doesn't change the producer-friendly style of their distribution (willingness to work with producers, picking up product! And other features) Natural Farms makes distribution easy for producers. Scheduling with any business can be challenging—perhaps more with a company that has capital challenges and limited hands. The wait from February to April distribution of the catalog supplement was unanticipated, but perhaps to be expected. Each producer will have to evaluate Natural Farms on their own.

Follow-up to the Natural Farms Pilot.

Cultural Landscapes, LLC will continue to have informal contact with Evan regarding both progress with sale of items that were included in this pilot as well as the status of their merger with Roots & Fruits. Assuming no big changes occur in the functioning or personnel at Natural Farms, and that producers continue to give positive reports regarding their sale of products and interactions with Natural Farms, this is clearly a sales channel worth recommending to other producers. This can be done through appropriate DBIC channels.

Evan also asked to be contacted as we encounter new dairy products to add to his dairy inventory.

2) Chicago and Milwaukee chef pilots.

Conclusions from the Chicago and Milwaukee Chef Pilots.

The set of desires expressed by chefs for artisanal cheeses—the types of cheeses, amounts desired and frequency of purchase are very clear—at least for the group of chefs interviewed for this study. These chefs don't waver in what they want. Not a single one of the chefs interviewed expressed an indication of how their requirements might affect (or limit) the possibilities of working with the very type of farmstead that produces unique, labor-intensive products that so attract them. None appeared to be the least bit aware of any challenges or incongruence in their preferences with the abilities of the small cheesemakers to meet their (the chefs') preferences for small volume and frequent, changing supply.

The ideal set-up is a specialty purveyor right in Chicago (and perhaps in a few years—in Milwaukee). This purveyor would have access to a wide variety of artisanal producers and products. This person would also need to be an affineur or hire one. Any business arrangement designed to serve the artisanal cheese needs of chefs would require the above-described set-up. Without adequate knowledge of and attention to cheeses, there would be too many risks of inadequately aged and handled products.

This purveyor would need to sell enough volume and at adequate margin that they could split up wheels and sell any size piece desired. Such a purveyor would require plenty of capital so they can stay in business living off of the credit card payments of chefs.

It is not likely that HomeGrown Wisconsin can offer or create this set of services for now or in the immediate future. The advantage of working through a distributor for cheese producers is that HomeGrown Wisconsin would pay the cheesemakers and take care of collecting payment from chefs. The financial feasibility of this operation would challenge most existing entities except those few specialty distributors that currently exist in Chicago.

HomeGrown Wisconsin had strong desire to provide cheese to their chef/customers. Yet they had a somewhat unrealistic idea of what technical expertise in cheese would be needed and how challenging the business end of the operation could be.

The results of the study point to the need for cheese educational—both familiarity with new American original cheese varieties and a better understanding of the capabilities and limitations of farmstead and artisanal producers.

Follow-up to the Chicago and Milwaukee Chef Pilots.

While the potential for collaboration with HomeGrown Wisconsin did not materialize at this time, Cultural Landscapes, LLC has engaged in several follow-up activities that address some of the needs identified in the interviews conducted for the pilot.

As a follow-up to the chef pilot, Cultural Landscapes, LLC has initiated a program to support cheese education, for chefs and other audiences, and is cooperating with the Dairy Business Innovation Center on an initiative to strengthen cheese education--to chefs and to a broader audience.

A) Facilitate connections between chefs and Wisconsin artisan and specialty dairy producers. Cultural Landscapes, LLC arranged for the participation of three Wisconsin dairy artisans in Slow Food Southeast Wisconsin's 'Farmer-Chef Connection'. This took place on March 1, 2005 in Waukesha, Wisconsin. The event consisted of a panel discussion

focusing on farmer-chef issues. The major event was the opportunity for producers to be available at tables for tasting of their products by chefs and others attending the event. Arrangements were made for Crave Brothers, Northern Meadows and CC Jersey Crème to attend. CC Jersey Crème was unable to attend at the last minute and Stillmeadows took their place. When arranging for their participation in the event, Cultural Landscapes, LLC let these producers know that the pilot project would reimburse them for the mileage they would incur for attending as well as the \$25 rental fee they would pay to have a table at the event.

A second means of facilitating connections between chefs and cheesemakers was providing the chefs that were interviewed for the study with contact information for the website developed by Dr. Suzanne Pingree, called cheeseforager.com. This website serves to introduce the cheeses and cheesemakers of Wisconsin and provides the public with contact information to order their products and speak directly with cheesemakers. Since one of the holes identified in services for chefs is a source of information about cheeses and cheesemakers, this website can serve a basic educational need in the absence of other forms of contact.

B) Cheese education forum and information exchange. Cultural Landscapes, LLC and DBIC sponsored a one-day session, on April 8, 2005, to bring together key individuals involved with cheese education in Wisconsin and beyond. The purposes of the meeting were to:

- 1) Create an opportunity for an exchange of information among professional cheese educators concerning:
 - a. Key organizations and individuals conducting cheese education.
 - b. Audiences for cheese education.
 - c. Formats and venues used.
 - d. Main messages or purposes of cheese education initiatives.
- 2) Familiarize relevant DBIC team members with the efforts of cheese educators;
- 3) Discuss areas where cheese educators might be able to strengthen their individual efforts through discussion and/or cooperation;
- 4) Explore how DBIC could support these important efforts.

Participants in the forum included:

- Dave Leonhardi from the Wisconsin Milk Marketing Board
- Regi Hise of Foodtrends
- Suzanne Pingree of UW-Madison and cheeseforager.com
- Dana Tanyeri representing the American Cheese Society (and DBIC) and
- Kathy Guidi from Artisan Cheese marketing in Ontario, Canada.
- DBIC team members who participated were: Andrea Neu, Dan Carter, Jane Carter. The forum was organized and chaired by Laurie Greenberg of Cultural Landscapes, LLC.

Among the important outcomes of the meeting was that participants became more aware of the cheese education efforts being conducted by others. An important outcome resulting from the forum and exchange of information around a table was to diminish concerns competition and territoriality among cheese educators. Participants walked out of the meeting commenting that while cheese education is the focus for each of them, each plays a different and complementary role by addressing cheese education at different depths, for different purposes and different sectors of the industry and with widely variable audiences and venues.

B) American Cheese Society session on professionalizing cheese education. One outcome of discussions initiated with Kathy Guidi and Regi Hise was the identification of a need to help strengthen the status and raise the bar on expertise required of cheese educators. Since the American Cheese Society is the one forum we have for discussions among professionals across the U.S. and Canada, we approached the organizers with a proposal to

organize a session at the July 2005 meeting to open this discussion to a broader audience. Artisan Cheese Marketing, Cultural Landscapes, LLC and the Dairy Business Innovation Center will organize the following session at the annual conference of the American Cheese Society in July 2005:

Fromager in North America: Professional status for cheese expertise

Target Audience: Retailers, Distributors, Restauranters, Enthusiasts

Kathy Guidi, Artisan Cheese Marketing, founder of the Cheese Education Guild

Laurie Greenberg, Dairy Business Innovation Center

While a “sommelier” is well known as a person with extensive expertise in wines, “fromager” or “maitre fromager” are less established in North America. A panel will look at models used by other professions for training and granting the designation of professional status, and the advantages this has offered their industries.

Group discussion will then focus on existing and possible future opportunities to grant accreditation to cheese professionals. Questions like: what should “fromager/maitre fromager” status imply? What curriculum content, depth of study and testing should be required to achieve and maintain professional status? Who should be involved in the certification and governance of the program? And how would “fromager/maitre fromager” status influence cheese appreciation and sales within the cheese world?

GENERAL CONCLUSIONS AND LESSONS LEARNED

Many businesses and organizations seek answers to distribution problems. Individual distribution choices are unique and highly variable from one geographic location and industry to another making it difficult to make specific recommendations. However, there are a few generic lessons that can be extracted from these pilot studies. These are offered as considerations:

- 1) **Define ‘distribution’ broadly.** Distribution can be defined broadly enough to include trucking, a broker with distribution connections, FedEx or direct marketing to consumers at a farmers’ market. Many systems have evolved that get a product from producer to the person who consumes the product. Try to broaden, rather than limit, your options.
- 2) **Study the existing system.** A thorough understanding of existing distribution channels can save a lot of time and money. Consider conducting a simple study that surveys a good cross-section of businesses. How do existing businesses address distribution challenges? What has worked for them and why? What new options do they wish were available to them? Who else could point out new or potential channels of distribution for you? Are there other industries that could provide models or be willing to cooperate in distribution? How would you describe the system you have studied? What the most logical, the most common and the most interesting stories you heard?
- 3) **Offer services through a number of channels.** If you are designing distribution systems for your own business or for others, look at similarities and differences among distribution systems from one business to the next across the industry. Very likely they will vary considerably. Don’t assume you can rely on a single channel or outlet. Diversity in sales and distribution averts business risk.
- 4) **Relationships are important.** Getting your product to the customer is has to be done right the first time. If you find someone who you can trust to get it there, why

would you switch to someone else? This is how most people feel about their existing distributors. Take this into account when proposing new distribution opportunities.

- 5) ***Build on what already exists.*** The most conservative approach in proposing new sales and distribution opportunities is to start with businesses that have systems in place. Learn from them. See if they are open to change, or to taking on new products or markets before opting to create a new entity that faces the challenges of #4 (above).
- 6) ***Tie distribution to sales.*** The simplest and most logical distribution system is one that is already connected to your customers. Start at the customer. Try to incorporate sales, marketing and trucking in the same plan. See if you can interest customers in products from neighboring businesses to make the shipping worth their while.
- 7) ***Make marketing and distribution planning a part of early business planning.*** Too often marketing and sales are an afterthought—especially for small businesses that have so many tasks to juggle. Try to incorporate distribution planning by offering training opportunities in these areas.

**APPENDIX A. Questionnaire for Telephone Interviews with Chefs
November 2004**

Current cheese use:

What cheeses do you like and use now?

How do you use them?

- Cheese course, cheese board or plate?
- In Preparation.

What are your current sources of cheese?

What are your current sources of information about cheese.

Future interests:

Are there any types of cheese you are looking for?

In what volume and with what frequency would you buy cheese?

Is price an issue for you with artisanal cheese?

Any other issues or challenges we would need to address? (Including concerns based on past experience.)

Any other issues? Questions you'd like to ask?