



Old School meets New School

If you sell milk to grocery stores only, your business is in trouble. You have to be where your customers shop. And that means dollar stores, home improvement centers and even the internet.

In the idealized Norman Rockwell world of my past, cheery milk truck drivers dressed in dairy-white uniforms delivered quarts of milk in glass bottles, pounds of butter and dozens of eggs right to mom's doorstep.

During my wonder years in Lancaster, Pa., a milkman made early-morning deliveries to the metal box at the back door of our home. He was but one of a caravan of provisioners who stopped in front of our house. Turkey Hill delivered ice cream and the Holsum truck offered bread and pastries. Renningers delivered groceries if mom didn't have the car. (We were a one-car family at the time. Imagine that.)

Today, some dairies still make home deliveries, and I see the green Peapod truck delivering groceries to my neighbor. But overall, shopping patterns have changed. Americans buy more food items at dollar stores and club stores than ever before. The traditional grocery store is losing share. The really cool kids go online to order pints of Crave chocolate milk in aluminum bottles from Amazon.com. Milk from the internet! In aluminum bottles! Can you believe it? Even the 1964 World's Fair didn't predict this.

In September, the Milk Processor Education Program, Washington, D.C., briefed the media on sales trends. It commissioned the Prime Consulting Group to analyze where milk is sold. Club stores and dollar stores are gaining share. Doug Adams of Prime Consulting Group said that dollar store operators want their stores to be the destination for the primary shopping trip. Milk sales in 2010 increased 19.2% from the prior year and increased 23.6% in 2011 to 77.5 million gallons. Club stores sell far more milk (285 million gallons annually) but their rate of growth (6.4% is less). Convenience stores sell 438 million gallons a year, but sales there are declining.

Food, drug and mass merchants account for 60% of fluid milk sales. Other retailers sell 17% and schools sell 7%. Foodservice outlets (restaurant and non-restaurants) sell most of the rest. Prime Consulting found that coffee shops sell more milk (179 million gallons) than full-service restaurants (102 million). That would have surprised me, except that I recently heard that Starbucks sells more milk than coffee. Limited-service restaurants sell the most (292 million gallons).

In the restaurant sector, "skim milk dominates thanks to coffee shops, where skim represented 56% of all milk," Adams said.

Healthcare and colleges/universities are part of what Prime Consulting calls the "non-restaurant" category. Healthcare (including hospitals and long-term care facilities) accounts for 161 million gallons and colleges 146 million gallons. See page 15 for more about this report. In next month's issue MilkPEP elaborates on the study.

The clean plate club

Mom always told us not to waste food, so we cleaned our plates. The Prime Consulting Study classified 2.1% of fluid milk as "shrink and excluded." Shrink means milk that did not sell through and had to be destroyed. "Excluded" are certain dairy products made from milk (like kefir) and sales from Alaska and Hawaii.

Waste happens in dairy processing. Pig farmers are happy to haul away milk and ice cream that doesn't make the grade. Paul Sellow of Harvest Power (harvestpower.com) is also happy to accept your food waste. His organization will turn it into natural gas or fertilizer.

Sellow told me Harvest gleans out-of-date food and produce from grocery stores and food waste from restaurants. Harvest separates the packaging from the food and uses anaerobic digestion to create bio-gas that is converted to compressed natural

gas for trucks at projects near Orlando, Toronto and Vancouver. Harvest also operates processing centers at 25 other locations that turn waste into fertilizer. If there are no pig farmers close to you, check out Harvest's services.

Green plate specials

We report on sustainable dairy processing practices throughout this issue. Crave Brothers, a dairy farm and cheese processor in Wisconsin, built its own anaerobic digester that converts manure to bio-gas. Associate editor Sarah Kennedy tells their story, beginning on page 36. Don't miss "10 big and little green ideas" on page 66. You'll read about anaerobic systems at other processing locations, packaging reductions and measurement systems.

Gail Barnes of the Innovation Center for U.S. Dairy kicks off our green coverage on page 12. She writes, "Whether processors, manufacturers and transportation operators already have established sustainability and sustainability reporting efforts, or are just looking to get started to respond to these growing requests, they can take advantage of new, free, science-based tools from the U.S. Environmental Protection Agency and the Innovation Center for U.S. Dairy."

Finally, Associated Milk Producers Inc. writes on page 98 how it reduced trucking miles by analyzing milk routes. It was a money-saving project that delivers a sustainability benefit — fewer miles means less diesel fuel consumed.

Amazon has not yet figured out how to deliver milk through the internet. But give it time. I'm waiting for the day when a cat can lap milk off the computer. Then it truly will be a laptop. ■

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