

**In This Issue:**

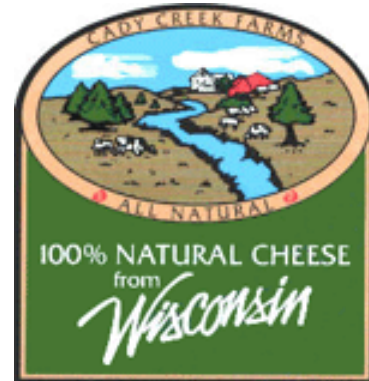
1. Cady Creek Farms Launches Specialty Line of Montera Cheeses
2. DBIC Monthly Message: Adapt to Survive Economic Downturn
3. Getting Started In Goat Dairying? New Guide Offers Help
4. Industry News
5. Upcoming Important Dates

---

---

## **1. Cady Creek Farms Launches Specialty Line of Montera Cheeses**

Cady Creek Farms is rolling out its new Montera line, Jack-style cheeses with specialty olives and antipasti added for distinctive flavor. The line, two years in the making, is featured in four varieties: Kalamata Olives, Caprese Tomato, Greek Olive Medley and Roasted Florina Pepper. The cheeses are made at Cady Cheese Factory in Wilson, Wis., which is owned by Dale and Wendy Marcott. The cheeses are marketed by Cady Creek Farms, a partnership between the Marcotts, Pete DeMars and John Landmeyer.



Cady Creek worked with the Dairy Business Innovation Center in bringing the new specialty cheeses to market. The DBIC helped the company develop the brand's name – Montera is the name of a small Spanish city on the Mediterranean and also is the name for a matador's hat. The DBIC also helped Cady Creek design new packaging for the product, with stylized writing and new images, designed to invoke thoughts of the Mediterranean.

"The DBIC really helped us focus on how we wanted to present the brand to the world and what we wanted to project," says Nancy Rand, director of the company's deli sales.

The Montera cheese line will be offered in the deli department in a deli horn format at higher-end grocery stores in Wisconsin and Minneapolis. It is also being rolled out in Chicago as well as markets in California, Oregon and Washington. The cheese is currently available in mini deli horns. Cady Creek is in the process of preparing the product for the grab-and-go deli case and will roll out new packaging at the Fancy Food Show in January.

Congratulations to Cady Creek Cheese from the DBIC and its partners on this product!

---

---

---

---

## 2. DBIC Monthly Message: Adapt to Survive Economic Downturn



This month, we hear from **Tom Johnson**, DBIC Artisan Business & Market Strategy Specialist. Tom talks with Midwest cheese retailers,, who weigh in on the state of the artisan cheese market. He says, **“Cheesemakers must adapt to survive the economic downturn.”**

How is the economic downturn affecting America’s artisan cheesemakers? It’s a question on many people’s minds, but one that defies easy answers. Sales data for the cheese industry at large are promising. The *Milwaukee Small Business Times* recently reported that Wisconsin’s cheese exports are up a whopping 47 percent in the first nine months of 2008. But data about artisan cheese sales are more elusive. Cheesemakers rarely share precise numbers, although some talk quietly of rising inventory levels.

Retailers on the front lines of artisan cheese sales say customers continue to visit their stores, but are more cautious with their purchases. That finding suggests consumers are adjusting buying habits as the holidays approach. “People are still buying \$25/lb cheese,” says Greg O’Neill, co-owner of Chicago’s Pastoral Artisan Cheese, Bread and Wine. “But they might cut it a little thinner, or buy one fewer piece.”

Ken Monteleone, owner of Fromagination in Madison, has observed a similar trend. “For our customers, price is not the most important factor,” Monteleone says. “If customers like the cheese, they’ll still buy it, regardless of the price – but instead of buying a third of a pound, they might buy a quarter pound.”

Many retailers of artisan cheese are rethinking strategies to adapt to changing consumer behavior. Monteleone is carrying fewer imports and is being more cautious as a buyer. Murray’s Cheese in New York is emphasizing value in its 2008/2009 gift guide promotion, “14 new cheese and food gifts from \$25.” A well-known retailer in Chicago recently removed a sign informing customers that they would not cut anything less than a quarter pound.

Among retailers, the topic frequently returns to the size of the individual sale. “People are still looking for product, but downsizing the size of the purchase,” says Steve Ehlers, owner of Larry’s Brown Deer Market outside of Milwaukee. “This is true of gifts as well. They’re still buying, but they’re spending less.”

When serving customers, Ehlers said he tends to support the products and price categories that generate the most positive customer feedback. “When I get resistance from a customer for a \$25/lb cheese, I say how about this one for \$15/lb?” says Ehlers. “In the future, I’ll be looking for more mid-priced cheese.”

If Thanksgiving is any indication, sales at high-end cheese shops will hold up through the holidays. Despite smaller individual tickets, both Pastoral and Fromagination enjoyed higher sales leading up to the November holiday. O’Neill says he and other retailers are less concerned about the holidays than about what lies beyond. “People will do the things they need to do for the holidays,” O’Neill says. “But after that, nobody knows.”

O’Neill says concerned cheesemakers can help themselves weather the economic storm by taking a hard look at costs up and down the supply chain, from labor to packaging, and adjusting prices when savings are possible. “We’re mindful of price points, says O’Neill. “If we’re getting a break from the producer and can take the price down, we will.”

O'Neill adds cheesemakers should be aware of psychological price thresholds and do what they can to avoid crossing them. "We've had some cheeses that traditionally retailed in the teens, and are now in the twenties, and some that were in the twenties that are now in the thirties," he says. "When people see those psychological thresholds crossed, they raise their eyebrows."

Ehlers agrees that long term, cheesemakers will have to look at their cost structure and do what they can to get prices down. "Some cheesemakers are not very realistic about price," Ehlers says. "I've carried their products because there's been a demand for them. But as the demand disappears, we won't be able to do that. I think for the foreseeable future, the days of the \$40/lb cheese are limited."

Monteleone says cheesemakers might need to adjust their business strategies to thrive in tougher times. He suggests cheesemakers create unique events or experiment with creative ideas beyond price to attract customers. "In tough times, you have to be even more unique," he says. "You need to look at your business model differently than you have in the past. You have to make sure you're doing what made you successful, but also use partnerships to endure the tough times that lie ahead."

For Ehlers, it's even more basic. "The successful cheesemaker will be a smart business person who looks at his costs and does some marketing," says Ehlers. "That means taking a look at your labels, calling the customers, putting a half pound extra in the package for samples." Ehlers says he is amazed at how poorly some artisan cheesemakers understand the basics of running a good business. Those who fail to adjust, he says, will face the possibility of going out of business. "We're calling the cheesemaker and ordering their cheese," Ehlers laments. "They never call you. It's stunning. The people who take care of business will come out stronger through all of this."

---

---

### 3. Getting Started In Goat Dairying? New DATCP Guide Offers Help

The Wisconsin Department of Agriculture, Trade and Consumer Protection has released a new guide, "Starting a Dairy Goat Business," for anyone looking to get into one of the state's fastest growing agriculture sectors.

"We worked with author-experts who donated their time, including a producer, veterinarians, financial analysts, a researcher, lender, and a designer," said Jeanne Meier, coordinator of the Grow Wisconsin Dairy Goat Initiative. "The guide covers everything from an initial personal assessment to marketing, and in between -- herd health, milk quality, working with processors. It's a wealth of information from several lifetimes of experience."



Other topics included in the free 104-page guide include: researching the industry and determining feasibility, identifying a support team, assessing farm land, determining labor needs, practical facilities financing the farm, writing a business plan, cull, kids and breeding stock, and exit strategies. To receive a copy of the guide, contact Jeanne Meier, [jeanne.meier@wisconsin.gov](mailto:jeanne.meier@wisconsin.gov), 608-224-5121.

Wisconsin leads the nation in the number of dairy goats, with about 33,000 head. In 2006, the most recent year for which statistics are available, Wisconsin dairy goats produced about 27.6 million pounds of milk worth \$7.57 million.

---

---

## 4. Industry News

- ❖ **Crave Brothers Expands Operation:** Crave Brothers Farmstead Cheese, Waterloo, Wis., expects its new, 20,000 sq. ft. expansion to be operational by January. The construction addition will more than double the current facility and includes new double-O vats, two Mozzarella lines, expanded packaging capability and a cold storage room. Another planned expansion in 2009 will include whey protein concentrate, cream cheese and Ricotta production. The farm, which recently installed a methane digester to produce electricity, is in the process of expanding to 1,000 dairy cows. Crave Brothers currently produces fresh Mozzarella, Mozzarella rope cheese, gourmet Mozzarella pizza cheese, fresh cheese curds, Mascarpone, and its signature farmstead cheeses, Les Frères and Petit Frère.



- ❖ **Grazing Research:** The Center for Integrated Agricultural Systems at UW-Madison is wrapping up five years of grazing research and has just released a new series of grazing publications. View the center's latest research summaries and briefs at: <http://www.cias.wisc.edu/>
- ❖ **Congratulations to DBIC Board Director Sam Miller:** Sam Miller, Senior Vice President of Ag Business and Food Banking at M&I Bank, is the new chair of the American Bankers Associations Ag and Rural Bankers Committee. Miller has 24 years of agricultural banking experience, is a charter member of the Dairy Business Innovation Center Board of Directors, and is also a member of the Wisconsin Dairy 2020 Council. Miller reported during the November DBIC Board meeting: "It is an honor to represent those bankers who support the local, national and global economy by continuing to meet the needs of the agribusiness community."
- ❖ **Wisconsin Cheese Exports Set Record:** Wisconsin cheese exports set a record value of \$75 million for the first nine months of 2008, a 47 percent increase from the first nine months of 2007, according to Wisconsin Governor Jim Doyle. Total dairy exports grew by 39 percent, up from \$126 million to \$176 million in the first nine months of the year, compared to 2007. Overall state agricultural exports increased 7 percent to a record \$1.5 billion during the first nine months of 2008. The state's agricultural exports were driven by growing consumer demand in Canada, Mexico, Japan, China and Korea for dairy products.



---

---

## 5. Upcoming Important Dates

- **Dec. 10: Arlington Dairy Day. Arlington, Wis.**

The 12th Annual University of Wisconsin-Arlington Dairy Day is an opportunity for dairy producers and service industry professionals to learn how University of Wisconsin research can help increase dairy herd profitability, health and productivity. Arlington Dairy Day is sponsored by the UW-Extension Dairy Team and the UW-Madison Department of Dairy Science. The program showcases the latest dairy-related research findings from various departments of the UW-Madison College of Ag & Life Sciences. Brochures with registration form, map and program details are available from your county UW-Extension Office. Registration fee is \$35 per person at the door and includes lunch.



- **Jan. 8-9: Third Annual Wisconsin Local Food Summit. Wisconsin Rapids. Wis.**

Producers, consumers and advocates of local food are invited to network and discuss their visions for the local food movement in Wisconsin at the state's third annual local food summit, to be held at Mead Hotel in Wisconsin Rapids. Kate Clancy, one of the nation's leading authorities on food systems, with expertise in sustainable agriculture, food policy, food systems planning, organic food, and related topics will be making the keynote address on Jan. 8. More info: <http://wisconsinlocalfood.wetpaint.com/page/3rd+Annual+Wisconsin+Local+Food+Summit,+January+2009>

- **Jan. 22-23: 11th Annual Midwest Value-Added Conference. Rochester, Minn.**

Plan now to spend two days filled with agricultural and business information, education and networking at the Midwest's largest value-added conference. Visit the tradeshow, exhibit your products, and attend two action-packed days of speakers and break-out sessions. For a complete list of all events and to register, go to <http://www.rivercountryrcd.org/valad.html>

---

---

*The Dairy Business Innovation Center offers technical assistance to dairy producers and processors in developing value-added dairy products, business planning and market development. For more information, visit [www.dbicusa.org](http://www.dbicusa.org) or contact Jeanne Carpenter at 608-358-7837, email: [Jeanne@wordartisanllc.com](mailto:Jeanne@wordartisanllc.com).*