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## **1. Wisconsin Specialty Protein Facility Breaks Ground in Reedsburg**

Wisconsin Specialty Protein, LLC, the first facility in the country to process whey specifically from organic goat and sheep's milk cheese, as well as from organic and rBST-free cow's milk, broke ground in Reedsburg today.

The \$14 million venture is expected to create 20 full-time jobs and build on the success of specialty cheesemakers in Wisconsin. According to CEO Tera Johnson, the facility will be environmentally friendly, preserving wetlands on the site, and will obtain a Leadership in Energy and Environmental Design certification from the U.S. Green Building Council, a nonprofit environmental organization.

"The plant's only air emissions will be steam," Johnson said. "The facility will feature extensive heat recovery, as well as the filtering and reuse of water, passive solar design elements, environmentally friendly building materials, minimized site paving to preserve green space, and rain gardens for storm water management."

Wisconsin Agriculture Secretary Rod Nilsestuen praised the innovative project at the July 9 groundbreaking ceremony. "Whey used to be a costly disposal problem for cheesemakers. Today it is a valuable food ingredient. An entity like Wisconsin Specialty Protein shows we can't do things the same old way. Together, our processors and producers are moving Wisconsin to a new generation in dairy."



*Tera Johnson, pictured center, is joined by a host of local and state dignitaries, including Agriculture Secretary Rod Nilsestuen, at the groundbreaking of Wisconsin Specialty Protein on July 9.*



*An artist's rendering of the future Wisconsin Specialty Protein plant, expected to be completed in 2009.*

Wisconsin Specialty Protein is believed to be the first stand-alone plant in the country to produce specialty organic whey with the entire process occurring under one roof. The 21,000 sq. ft. facility is being designed and built by Consolidated Construction Co., Inc. of Appleton. Construction is expected to be completed in the spring of 2009.

Wisconsin whey exports skyrocketed 160 percent in 2007 and dominated record dairy exports with 99.5 million pounds valued at \$79.8 million - a record, Nilsestuen said. The market is driven by demand from Canada, China and Asia.

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## 2. DBIC Monthly Message: Explore the Marketplace First



This month, we hear from **Andrea Neu**, DBIC Client Services & Brand Positioning Director. Andrea discusses how important it is to “**Explore the Marketplace First.**”

Creating a new value-added cheese or dairy product is a huge challenge, a lot of work, entails trial and error, and ultimately provides a great deal of satisfaction. The real challenge is to be sure there is in fact a niche in the specialty cheese marketplace for the product(s) you are creating!

In other words, do your homework and explore the marketplace you plan to target for sales of your precious products. Scope out specialty retailers' cheese centers and delis, chefs' menus, specialty distributors' product listings, website offerings from other artisan cheesemakers, specialty food catalogs—to check out your potential competition or find actual voids in these places for the product you plan, or have been striving, to create.

All of this upfront research will, in the long-run, save you time and money, and help prepare you for the Brand Development and Product Positioning work that will also be needed before you are ready to launch a new product. This is not simply a packaging and labeling exercise, but a market intelligence exercise that will help you develop the marketing plans and tools needed to succeed within this competitive marketplace.

### Some initial steps to begin market exploration are:

1. Determine the geographic markets in which you want to introduce your new product(s)—e.g. cities; farmer's/green markets.
2. Visit three or four specialty retailers and one or two upscale supermarket cheese departments in each market you plan to target.

3. Observe the type of consumers shopping in those departments/shops—are they upscale consumers; male and female shoppers; women with children; what age groups?
4. Take notes on products similar to your new product category; how are they packaged, displayed; are they in the deli service case, the self-service case; merchandised as a whole wheel and cut & wrapped by the store? What are brand and product names you will be competing with, and what brand image are they building—imported; American artisan; farmstead; locally produced?
5. How are these competitive products priced —cost per pound/or unit at retail? Can you compete on price and quality? Purchase and sample these products!
6. Is there a void or open niche in the cheese or product category you plan to make and market?
7. Talk to cheese shop managers or merchandisers, if available and willing to give feedback. Ask if there is a need and interest in your product category.
8. Visit several restaurants to check out their menus and talk to chefs if they have time and an interest in providing feedback on their dairy product needs and possible use of your proposed product(s).
9. Ask these potential buyers if they are interested in receiving samples for evaluation when you are close to perfecting your cheese. And how do they want the product delivered or sent to them? Will they accept store-door delivery or do they only work through a distributor?
10. Build a network of the most helpful and interested contacts and also learn from your peer network and their experiences in the marketplace.

### **Your Recipe for Success**

Be sure to research several of your geographic target markets using the steps and questions above. It may seem like a lot of time and energy to spend in the early days of your new business venture, taking you away from your product development, but it will be the foundation for your business and marketing plan.

The reality is that a good cheesemaker would never consider crafting a new cheese without a basic recipe or make-procedure to begin exploring and creating a new cheese. And basic market intelligence through exploration is also critical for success in the specialty cheese and dairy product marketplace — it's your "recipe" to find and maintain a market for your value-added dairy products.

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## **3. New Arlington Facility Marks Renewed Investment in Dairy Research**

The DBIC team often talks with clients, buyers and consumers about Wisconsin's unique \$20.6 billion dairy industry. One of the best examples of how Wisconsin supports its renowned dairy infrastructure is the University of Wisconsin's new \$5.1 million dairy research facility at the Arlington Agricultural Research Station. In fact, the university will hold a ceremony for this integrated dairy modernization project, located 20 miles north of Madison in rural Arlington, at 10 a.m. on July 30.



The completion of the new Arlington dairy research facility is actually Phase 2 of a three-part project, representing a renewed investment in dairy research on the part of the state. Phase 1 was creation of a heifer-raising research center near Marshfield, completed in 2005. Phase 3 will be an upgrade for the dairy research facilities on the UW-Madison campus, scheduled to be considered for funding in the 2009-11 biennial budget.

Statistics show there may be fewer dairy farms in Wisconsin than 20 years ago, but many farms are increasing herd size and producing more milk than

their predecessors. Wisconsin dairy cows are nearly four times more productive on average than their ancestors from the 1930s, which has allowed dairy farmers to more than double the total amount of milk produced in the state. Today, Wisconsin dairy farms produce upwards of 24 billion pounds of milk a year, or more than 2.82 billion gallons. The DBIC thanks the University of Wisconsin for its commitment to helping grow profitable milk production in our state.

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## 4. Industry News

### ❖ **Klondike Cheese Earns Business Award:**

Klondike Cheese Company, Monroe, Wis., is the recipient of the 2008 Butland Family Owned Small Business Award from the U.S. Small Business Association. Owners Dave, Ron and Steve Buholzer (pictured from left to right) were recently honored at the 23rd Annual Small Business Awards Breakfast in Pewaukee, Wis. Klondike Cheese was judged on its success as measured by sales and profits, increased employment opportunities, potential for long-term business success and economic growth, and voluntary efforts to strengthen family-owned



businesses within the community. Klondike Cheese Company is a third generation, family-owned and operated business that has manufactured cheese since 1925. It buys 340,000 pounds of milk daily from 85 family-owned farms and markets 25 million pounds of cheese annually, including Feta, brick, Havarti and Muenster. Congratulations to Klondike Cheese from the DBIC and our partners.

- ### ❖ **Farmer Chef Connection Launches New Website:** An educational website designed to facilitate effective working relationships between Wisconsin farmers, chefs and professional food buyers was launched this week at <http://www.wibuylocal.org/>. Reference material collected over the past five years is organized into separate sections for three basic target audiences: farmers, chefs and local food system advocates. The site's goal each month is to feature a different specialty topic from two different angles – a) for the person who grows the food and b) for the person who prepares it. It also includes an overview of Farmer Chef events held in southeastern Wisconsin since 2003.

- ❖ **Brick Street Market Opens in Delavan:** Wisconsin's newest artisan cheese shop enjoyed a successful grand opening last week, as shoppers descended on Brick Street Market in downtown Delavan, Wis. Owner Laura Jacobs Welch successfully brings Wisconsin artisan cheeses and high quality specialty foods to individual customers in a small market atmosphere.

<http://www.brickstreetmarket.blogspot.com>



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## 5. Upcoming Important Dates

For a complete listing of upcoming events, visit: [www.dbicusa.org](http://www.dbicusa.org) and click on Calendar of Events

- **July 15–17: Farm Technology Days. Brown County, Wis.**  
Wisconsin Farm Technology Days is the state's largest outdoor agricultural show. The annual three-day event showcases the latest improvements in production agriculture, including practical applications of recent research findings and technological developments. The 2008 Show will be held at Country Aire Farms in southern Brown County. Budd and Lone Gerrits along with their sons, Mike and Tom and their families, will host this event. For more information, visit [www.wifarmtechnologydays.com](http://www.wifarmtechnologydays.com).
- **July 23–26: American Cheese Society 25<sup>th</sup> Annual Conference. Chicago, Ill.**  
Register now for the 25<sup>th</sup> annual American Cheese Society Annual Conference and cheese competition. The conference includes both cherished annual events such as the Festival of Cheese, as well as new events such as Meet the Cheesemaker. Three full days of educational workshops and networking opportunities await you. More info: <http://www.cheesesociety.org/index.cfm>
- **Sept. 30 - Oct. 4: World Dairy Expo. Madison, Wis.**  
This five-day international dairy event showcases the finest in dairy genetics and the newest technologies available to the dairy industry. You'll see North America's top dairy cattle compete for honors in seven breed shows. Also take advantage of free education seminars on dairy management and other industry issues. Visit: <http://www.worlddairyexpo.com/gen.main.cfm>
- **Oct. 11: Summer Goat Field Day. Orfordville, Wis.**  
The Wisconsin Department of Agriculture's Value-Added Dairy Initiative invites you to attend a goat farm field day on Oct. 11 at the Ethel and James Jenson farm in Mt. Horeb. Field days are a great opportunity to ask questions, share information, and learn how different farms operate. The event is free to the public but advance registration is required. For more information and to register, call 608-224-5121.

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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).

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