



SHARING FOOD CULTURE AND LIFESTYLE IN WESTERN PENNSYLVANIA

I S S U E T E N

*get fresh!*

Local Dairy Pours on Pure Taste

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S P R I N G 2 0 0 9



# pouring taste

story by Cynthia Navadeh, dairy photos by Heather Mull

**IT WOULD BE WRONG** to call the people at Turner Dairy “milk snobs.” Milk fanatics, maybe; milk lovers, definitely. They’re not disdainful or exclusive, as snobs are prone to be. Instead, they want everyone to share their appreciation of really fine milk, starting with the concept – new to some of us – that one brand of milk actually does taste different from another.

Just as awards are given for superior-tasting wine and chocolate and cheese, so they are for milk, and Turner Dairy has won many. In 2004, 2005 and 2007, its 2% white milk took first place at the World Dairy Expo in Madison, Wisconsin, the largest dairy-judging competition in the country. Its chocolate milk ranked first in 2004 and second in 2007.

National recognition is all very well, but can it help sell milk in the hometown market? Maybe, if Turner Dairy can convince shoppers to change their view of milk: to see it not as a mass-produced commodity but as a specialty food item, distinguished by quality and taste, for which it is worth driving a little farther and perhaps paying a little more.

### THREE GENERATIONS OF TURNERS

Turner Dairy Farms Inc.’s headquarters and processing plant stand on the Penn Hills property that Charles G. Turner rented to start the business in 1930. The company is still completely family-owned, and six descendants of the founder work full-time there.

The company’s recipe, so to speak, is simple: Purchase raw milk from reliable, nearby sources, then process and deliver it as fast as possible. The Turner Dairy herd, which used to graze on farmland behind the current plant, is no more; the last cow was sold in 1998. Raw milk, therefore, is trucked to the processing plant seven days a week from 51 family dairy farms scattered across Indiana, Westmoreland, Armstrong and Cambria counties. All are under exclusive contract to Turner Dairy,

and all have signed legal affidavits promising never to administer the controversial artificial growth hormones rBGH and rBST to their cows.

“We’ve been supporting local agriculture for three-quarters of a century,” says Chuck Turner Jr., president of the company and grandson of the founder. “We’ve had a handful of farmers with us since the 1940s. One family in Westmoreland County has worked for three generations exclusively with us.”

The farmers’ job is to supply extremely clean milk, and the dairy’s job is to keep it that way, Turner says.

“Bacteria cause ‘off’ flavors. Even when it (milk) is pasteurized, bad flavors don’t go away.”

Federal regulations allow 300,000 bacteria per milliliter in raw milk, 20,000 in pasteurized; Turner Dairy averages less than 10,000 and less than 100, respectively. Coliform bacteria, in particular, are allowed at 10 parts per milliliter, “but we’re always at zero,” says Turner.

Once pasteurized, the milk is never pumped; the company won’t expose it to machinery with moving parts, which are more vulnerable to contamination. Instead, it flows by gravity from the plant’s upper floor to the milk-filling line below, where it is piped into jugs, then shipped out. The dairy also runs its own small, in-house testing lab where milk is “stressed” to approximate its expiration date, then tasted daily to make sure it’s up to standard.

Quick turnaround is critical for freshness and flavor. Since the farthest farm is within 70 miles, the raw milk has a short trip to and through the processing plant.

“Within 36 hours of when we get it, it’s on the store shelf,” says Nicholas Yon, marketing director. “People today are not realizing what real food tastes like. When it travels too far, it tastes like nothing.”

## Trouble Looms in the Dairy Industry

The dairy industry is in for a difficult, volatile year. Profit margins for dairy farmers in the first quarter of 2009 "will be among the worst in decades," because of high corn prices, lower milk prices, the weak dollar and the bearish economic outlook, writes Ken Bailey, a Penn State university professor specializing in the dairy industry, in his most recent *Dairy Outlook* report.

"In prior years dairy farmers were surprisingly resilient to falling farm profits," the report says. "They were able to hold on by refinancing the dairy farm. However, with cash in short supply and bankers becoming more conservative, it's not clear that they will be able to weather the storm."

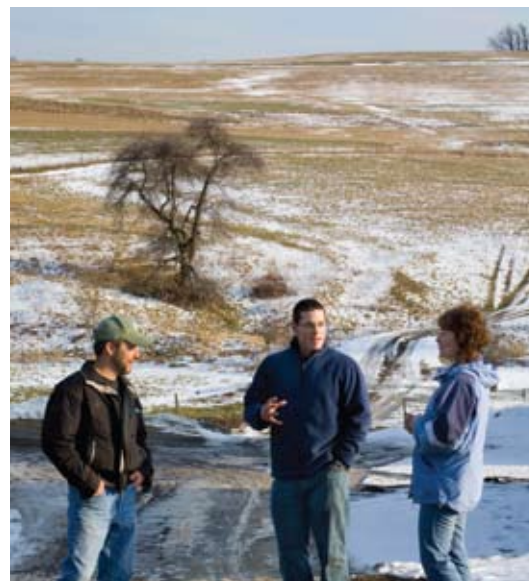
That will lead to a "very noticeable" reduction in cow herds in the first half of 2009, but by the second half, the market "will find itself short of milk. Add a little summer heat and look for the markets to react the other way and for market prices to suddenly boom."

In Washington, D.C., the industry is complaining to Congress.

"Dairy farmers will face a difficult year in 2009, as their prices drop, even while the cost of making milk is still high," the National Milk Producers Federation says in a statement. Dairy farmers do not set milk prices, and they receive only about 30 cents of every dollar that consumers spend.

"Hopefully, many retailers will reduce their prices for milk and other dairy foods, just as they raised store prices last year when farm prices were much higher."

**Top right: Sam and Mary Stoner talk with Nicholas Yon of Turner Dairy Farms. Stoner's Dairy, located in Latrobe, is a 2008 Pennsylvania Dairy of Distinction and supplies raw milk to Turner's.**



### fighting for shelf space

Besides milk in many varieties and flavors – whole, skim, super skim, 1%, 2%, chocolate, strawberry and vanilla – Turner Dairy sells whipping cream, half-and-half, cottage cheese, yogurt and 100 different drinks, including lemonade, orange juice and fruit drinks such as "Blue Bug Juice." Iced tea is a major product line, in regular, diet and flavored varieties. But the core business, about two-thirds of sales volume, is milk. (A privately held company, Turner Dairy doesn't disclose revenues or other financial information.)

Turner Dairy's market territory extends north almost to Erie, east to Altoona, west to Youngstown, Ohio, and south to the Pennsylvania-West Virginia border. Its 70 driver-sales reps cover 55 routes serving some 3,000 customers – grocery stores, convenience stores, hotels, restaurants and institutions. Students and teachers at 40 school districts in western Pennsylvania drink Turner Dairy milk. So do patients and staff at UPMC and customers at Eat'n Park. Turner milk is sold at outlets as disparate as Rite-Aid and Right by Nature, BP and Whole Foods, 7-11 and the East End Food Co-op.

Where you won't find Turner Dairy products is most chain supermarkets or big-box stores like Costco. Shelf space there is taken up by behemoths like Dean's, the nation's largest dairy distributor, by private-label house brands and by other regional dairies. For any grocery product, competition for retail shelf space is notoriously fierce. Some companies offer quantity discounts to get their products stocked, and incentives such as a "free fill" – a free first or second order – are not unheard of.

Turner Dairy refuses to offer incentives.

"We want to put our money into the product," Chuck Turner says. "We find retailers who understand they can make more money with our product because people want it. Somebody will switch stores because of milk. For iced tea,

people seek out Turner's. That's worth something."

But it's a tough sell, he admits. "A lot of retailers don't think that way. It's hard to convince them."

### building a brand

So Turner Dairy is trying to convince consumers instead. Its grassroots marketing strategy is aimed at building up the number of brand-loyal buyers who will pick Turner's out of a lineup in a refrigerated case, complain to a store manager if Turner's isn't there, or drive out of their way to get it.

Such discerning shoppers exist, but still too few.

"People still view milk as a commodity," Yon says. "We are trying to get people not to say, 'I need milk, bread and eggs,' but 'I need Turner's, bread and eggs.'"

One target market is the growing community of quality-conscious, "buy-local" food shoppers.

"People are starting to ask questions" about the food they eat, Yon says. "Average consumers who might have price-shopped before are going to farmers' markets."

To reach these customers, the company supports sustainable food conferences and special events, rather than running a lot of conventional ads.

"We try to do hands-on stuff, rather than spring thousands (of dollars) on a billboard," Yon says.

Such customers, it is hoped, are willing to pay a premium of 15 to 20 cents more per gallon for Turner's milk. (The stores, not the dairies, set retail prices for milk, though they cannot sell below the state-mandated minimum.)

Turner Dairy must be doing something right, for its sales were up in 2008, a trying year for the dairy industry as a whole. Despite the economic recession, the dairy will stick to its top-quality, top-taste strategy, says Chuck Turner.

"It can't be just a marketing gimmick. If it doesn't taste good, nobody's going to buy it again." •

## Pennsylvania Dairy Facts

Pennsylvania ranks fifth nationally in milk production, behind California, Wisconsin, New York and Idaho.

- Dairy is the largest part of the state's largest industry, agriculture. It generates \$1.6 billion in cash receipts annually, 42 percent of total agricultural receipts.

- There are 550,000 cows in Pennsylvania. The average cow produces 19,422 pounds of milk a year. That adds up to total annual production of 10.68 billion pounds of milk.

- Pennsylvania has more than 8,500 dairies, second only to Wisconsin.

– Center for Dairy Excellence

