

CHEESE MARKET NEWS[®]

The Weekly Newspaper Of The Nation's Cheese And Dairy/Deli Business



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PIZZA PERSPECTIVES: ANY WAY YOU SLICE IT



Pizza executives discuss pricing, use, marketing of cheese

MADISON, Wis. — Cost, freshness and consistency are just some of the factors pizza makers consider when sourcing cheese. When it comes to a key ingredient in one of America's favorite foods, what other ways can the dairy and pizza industries collaborate to make the best product possible?

In the debut of *Cheese Market News'* exclusive "Pizza Perspectives: Any Way You Slice It," we survey executives from an array of pizza operations across the United States on

these issues, as well as food safety, menu labeling regulations, packaging and use of cheese in marketing.

We thank each of our participants for taking time in the midst of busy schedules to provide responses.

"Pizza Perspectives" panelists include:

- Donette Beattie, vice president of supply chain, Toppers Pizza, Whitewater, Wisconsin
- Dan Collier, president, PizzaMan Dan's, Ventura, California
- Joe Fugere, founder and CEO, Tutta Bella Neapolitan Pizzeria, Seattle
- Adrian Kalambokidis, owner, Adrianos Brick Oven, Glenwood, Iowa
- Shahpour Nejad, founder and CEO, Pizza Guys, Cordova, California
- Claes Petersson, chief food innovation officer, Pizza Hut U.S., a subsidiary of Yum Brands Inc., Louisville, Kentucky
- Tony Troiano, president, J.B. Alberto's Pizza Inc., Chicago

Tell us a little bit about your company ... how many restaurants do you have and what makes you unique?

Beattie: Capitalizing on the booming better pizza category and fueled by the passion of Founder and President Scott Gittrich and a team of experienced industry veterans, Toppers Pizza has formulated the perfect recipe to appeal to both pizza enthusiasts and savvy investors. Headquartered in Wisconsin, Toppers is one of the fastest-growing better-pizza chains in the United States. The brand has doubled in size over the last three years and completely sold out three states based on growth spurred by both existing franchisees and established multi-unit operators. Now with nearly 80 restaurants in 14 states and with territories immediately available across the country, Toppers is on its way to becoming a nationwide brand. Toppers is committed to quality and consistency throughout the

system, and plans to maintain corporate ownership of 25 percent of all locations while the brand expands to continuously improve on best practices and product development.

Collier: PizzaMan Dan's has eight restaurants in Ventura County, California. Our menu offerings are pizza, hot wings, subs, calzones, appetizers and desserts. Our pizza is consistently voted the best in local reader polls, and we sell more hot wings than any other restaurant in Ventura County. Each restaurant seats 80-120 people, has a fresh salad bar, beer and wine, and more TVs than a sports bar. Our one-number phone center and online ordering provide the highest level of delivery service in the market.

Fugere: Tutta Bella Neapolitan Pizzeria is a family of five neighborhood restaurants in and around Seattle. We also operate D'Asporto, a food truck created from a converted shipping container, and outfitted

Turn to PANEL, page 12 ⇨

U.S. milk production totals 17 billion pounds in Feb.

WASHINGTON — Milk production in the 23 major milk-producing states during February totaled 15.65 billion pounds, down 1.0 percent from February 2016, according to data released this week by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's *Milk Production chart on page 23*.) However, production was 2.5 percent above last year after adjusting for leap year.

January revised production, at 17.00 billion pounds, was up 2.7 percent from January 2016. The January revision represents a decrease of 4 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,801 pounds for February, 32 pounds below February 2016 (not adjusted for leap year). The number of milk cows on farms in the

Turn to NASS, page 23 ⇨

Demand for 'clean' labels spreads to pizza sector

By Alyssa Mitchell

MADISON, Wis. — As consumer demand for clean labels, natural ingredients and transparency in food manufacturing continues to grow, pizza and cheese companies are seeing increased demand for these preferences in the ingredients they use to create an American favorite.

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CHEESE OF THE MONTH

Provolone

Provolone offers distinctive flavor for various applications

Editor's Note: "Cheese of the Month" is Cheese Market News' exclusive profile series exploring various cheese types. Each month, CMN highlights a different cheese in this feature, giving our readers a comprehensive look at production, marketing, sales and in-depth aspects of each profiled cheese type. Please read on to learn about this month's featured cheese: Provolone.

By Stephanie Awe

MADISON, Wis. — Provolone, like Mozzarella, is a pasta filata — or "spun curd" — style of cheese that originated from the Naples area of southern Italy.

Pasta filata means that the cheese curd is partially melted and stretched before it is molded, cooled and brined. Because the cheese is partially melted, it is easy to form into shapes, says David McCoy, managing director, Dairy Insights LLC, Muskego, Wisconsin.

When making Provolone in the United States, the vat typically is set to about 95 degrees Fahrenheit with a mixed culture of *Streptococcus thermophilus* and *Lactobacillus*, McCoy says. Calf or kid lipases may be added to accelerate the cheese's flavor development, and, following a short ripening period, the coagulant is added and the vat is allowed to set. After coagulation, the vat is cut and slowly cooked to 104 to 108 degrees Fahrenheit before the whey is drained from the curd and allowed to continue acid development.

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GUEST COLUMNISTS



CMN Exclusive!



Perspective: Dairy Markets

Eric Meyer is president of HighGround Dairy*, Chicago, a firm which specializes in dairy hedging, risk management and market analysis services. He contributes this column exclusively for *Cheese Market News*®.



Perspective: Industry Issues

Anuja Miner is executive vice president of the Council of State Restaurant Associations. Previously, she served as vice president, membership services, for National Milk Producers Federation and as executive director of the American Butter Institute. She contributes this column exclusively for *Cheese Market News*®.

For second year, pizza input costs remain historically low. Can it last?

For those attending this year's Pizza Expo in Las Vegas, there is reason to celebrate for a second straight year. Food ingredient costs to make a pizza are at multi-year lows and based on short-term (and some long-term) outlooks, it appears commodity prices are poised to stay at relatively low levels for some time. So while you bask in sun this week, celebrate the strength of the pizza industry and discover innovative ways to bolster your menu and market your operation, realize that these good times were not so great just a few short years ago. It was not in the distant past that flour prices were twice what they are now, California was in a years-long drought impacting tomato and other vegetable prices, and Chicago Mercantile Exchange (CME) spot cheese prices got within a stone's throw of \$2.50 per pound.

First, the good news. Reflecting in the rear-view mirror can be a challenge in today's fast-paced environment, but it's always good to understand where prices have been to demonstrate where they can

get to in the future. The extremely hard part is timing when the tide will turn and the market will change for the worse. Flour prices have been in a four-plus-year bear market as wheat prices peaked in September 2012 and have trended lower ever since. Today's Chicago Board of Trade wheat price is less than half of where it was four years ago though futures a year from now project an increase of 17 percent — a lot, but still more than 44 percent below the 2012 highs.

I am no expert in the produce markets, but I would have to imagine that the wet winter in California will go a long way to help fruit and vegetable production this coming year unless the rains do not stop. According to USDA's Economic Research Service Food Price Outlook released in January 2017, farm-level fruit prices are down 4.7 percent from January 2016 and vegetable prices are off by nearly 40 percent from the prior year. Expectations are for 2017 fruit and vegetable prices

Turn to MEYER, page 7 ⇨

Ties that bind: Dairy and restaurants

When people think about enjoying pizza, they often envision their favorite pizzeria and the employees that greet them to serve their deliciously cheesy meal. Pizzerias are just one example of the ties that bind the dairy and restaurant industries. Our reciprocal relationship allows both of our industries to succeed and thrive to provide the best possible products for our guests.

We are not only tied by our efforts to produce the best dairy products and best dining experiences, but also by the myriad of public policy issues that affect how our industries operate, provide for consumers and foster the best work environment for our employees on a daily basis. Restaurants employ 14.7 million people making us the second largest private sector employer. There are also more than 1 million restaurant locations across the country with projected sales over \$798 billion. Immigration, healthcare and labor are all issues that are on the minds of our employers and employees across the country. When I took on the role of executive vice president of the

Council of State Restaurant Associations (CSRA), my main goal and objective was to strengthen the relationship between the State Restaurant Associations (SRA), CSRA and the National Restaurant Association (NRA). I am helping guide the communication strategy, which addresses the needs and concerns of the SRAs by working closely with the state associations and national members to advocate on behalf of the industry.

Prior to joining the Council of State Restaurant Associations, I served in various roles with the National Milk Producers Federation as well as the American Butter Institute. The dairy industry has played a pivotal role in my career, and the links between the two industries are obvious. Both industries have employers and employees who work tirelessly to provide the best food and service to their customers. Making the transition from working with suppliers to operators has only exemplified the obvious reciprocal relationship that these two important industries have and continue to maintain.

Cheese Market News' pizza issue is a great opportunity to lay out these ongoing ties between our two industries. Our annual "What's Hot" survey placed artisan cheese at No. 18 on the list of the top 20 food trends for 2017. MilkPEP estimates that 15.1 percent of the total volume of fluid milk and cheese sales move through foodservice. Research from the Wisconsin Milk Marketing Board (WMMB) shows that restaurants continue to influence cheese utilization within the foodservice market. Cheese-centric menus at restaurants are continuing to drive cheese sales.

"Four menu categories, in particular, impact the new uses for natural, process, and specialty cheeses: sandwiches, burgers, pizza and salads," according to Allen Hendricks of WMMB. Eighty-four percent of consumers prefer a sandwich with cheese to one without, and Mozzarella tops the list of most popular pizza toppings.

In 2013, the National Restaurant Association launched the Pizzeria Industry Council to engage the operator community and address the concerns and issues specific to pizza operators. The group is modeled after the NRA's Fast Casual Industry Council formed in 2009. The industry councils address priority issues of

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NEWS/BUSINESS



DFA reports \$13.5 billion in annual sales at meeting; focuses on dairy pride for members

KANSAS CITY, Mo. — More than 1,500 members and guests gathered in Kansas City this week for Dairy Farmers of America's (DFA) 19th annual meeting. This year's meeting emphasized what sets the cooperative apart and the ideals and values that matter most to members, leaders and employees.

The meeting kicked off with the chairman's report, delivered by Randy Mooney, chairman of DFA's board of directors, who operates a dairy farm in Rogersville, Missouri. Mooney, who also serves as chairman of the National Milk Producers Federation (NMPF), talked about the importance of the dairy community working together as well as the cooperative's ongoing efforts with trade negotiations and regulatory issues impacting the dairy industry.

An overview of DFA's business was delivered by President and CEO Rick Smith. His presentation highlighted DFA's financials for 2016 as well as how the cooperative strives to take advantage of positive market trends, while also protecting its members from unpredictable market risks.

DFA officials reported 2016 net income

of \$131.8 million, compared to \$94.1 million of net income for 2015. The increase was attributable to higher sales volumes, overall operating efficiencies and lower commodity input costs. The record earnings also were buoyed by the acquisition of the remaining 50-percent equity interest in DairiConcepts, a manufacturer of cheese, dairy ingredients and dairy flavor systems with eight facilities across the United States.

DFA's net sales totaled \$13.5 billion for 2016, compared to \$13.8 billion in 2015. This decrease is primarily a result of lower milk prices, the co-op says. The U.S. annual average all-milk price was \$16.24 per hundredweight in 2016 compared with \$17.12 per hundredweight in 2015.

"Being owned by dairy farmers, we are always working to strengthen our milk marketing business and to bring value to our dairy-farmer members," Smith says. "While 2016 was a year of challenges for many of our farmers, DFA itself continues to grow and remains focused on continuing our investments in new and existing plants, as well as progressing on our strategic initiatives."

Smith also discussed how DFA remains focused on growing its commer-

cial businesses in order to better serve and provide value to members. CMN

MINER

Continued from page 4

specific industry segments and underscore the importance of collaboration within the diverse restaurant industry to reach common goals.

Changes in attitudes about food safety and freshness as well as clean and healthy living have helped with the farm-to-table movement, which promotes serving local food at restaurants and at school cafeterias through direct acquisition from the producer. And what better example of this than dairy products, which are served all across this country in every restaurant you step into. Farm-to-table also means knowing where your food comes from and embracing sustainable agriculture, fair trade and treatment of animals. Eating habits and growing demand of today's consumers also have changed the way restaurants list their menu items. New restaurants with big blackboards listing the day's farm suppliers are popping up around the country.

As I near my one-year mark at CSRA, I continue to build, foster and promote the best interests of the state restaurant associations, providing a medium for the exchange of experiences and opinion; broadening the restaurant industry's understanding of the importance of state restaurant associations; providing a network of cooperation among restaurant association executives; and establishing and maintaining good working relationships with professional and business organizations and governmental officials for the purpose of promoting our industry, our member associations and the public interest.

I am also working to ensure that state restaurant associations continue to benefit from cooperative and coordinated efforts in membership, education,

governmental affairs and other services and relationships with the NRA, the National Restaurant Association Educational Foundation and their affiliated organizations.

The dairy industry and the restaurant industry have many differences, but also many similarities. The most important ones are being successful in the changing environment, growth of competition in both industries, and the changing appetites of a new generation. CMN

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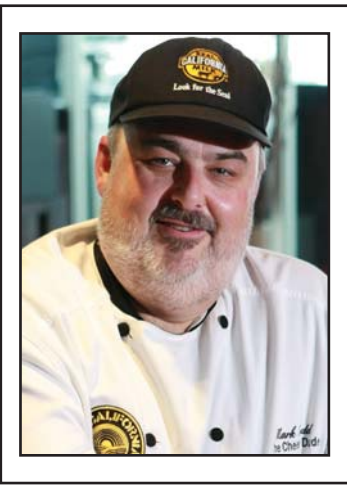
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**Perspective:
Dairy Marketing**

Mark Todd is consulting chef for the California Milk Advisory Board. He contributes this column exclusively for *Cheese Market News*®.

**What's old is new again:
Flatbread pizza's star continues to rise**

Flatbread is the backbone of virtually every ancient culture's cuisine. The technique of taking basic ground seed meal, mixing with salt and water, and cooking on a hot flat rock goes back well beyond recorded history. Naan, pita, tortilla, matzo, lavash and countless other iterations were eaten every day — the very concept of flatbread taps into our deep cultural food memories. So, it seems almost inevitable that this current trend in modern pizza takes the dish back to its roots.

In a special Flatbread Pizza profile prepared by Technomic for the California Milk Advisory Board from their 2016

Pizza Consumer Trend Report, it was not surprising to see that more than a quarter of all consumers, and more importantly 37 percent of the coveted 18-35-year-old demographic, would order a flatbread pizza. One in five believe they are "higher quality" and "taste better" than traditional pizza.

The one thing virtually all flatbreads share? A distinct lack of flavor. That is why humans have conventionally topped their flatbread with flavorful and nutritious items like meat, dairy products and herbs. Dairy has played an integral part in shaping these dishes for thousands of years. In the Middle East, Labneh, Feta, Halloumi and more have been featured. In Europe, traditional melting cheeses, as well as crème fraîche, Mascarpone and more were used as both a topping and a sauce. A classic example is the French Tarte Flambé, which features crème fraîche as a creamy, mildly tart counterpoint for the densely sweet, earthy flavors of caramelized onions and the satisfying smoky/salty deliciousness that is bacon.

In the modern world, pizza has become more than just a way to make flatbread taste better. It has evolved into culinary Velcro. Virtually anything edible can, and probably has been, used as a topping. With the explosion of ethnic and international cuisines, Beef Bulgogi, Thai Curry Chicken and Smoked Salmon now sit comfortably beside Pepperoni and Italian Sausage on menus all over the world. Breakfast, lunch and dinner. Appetizer, main and dessert. Midnight snack. Every day, every time, every bite, is the right time for pizza, and flatbread is a rising star fueling growth beyond traditional pizza operations.

The one commonality? They virtually ALL use dairy in some form. Why? Consumer demand. People everywhere consider dairy products an essential ingredient for a great pizza.

The dramatic rise in the number of new cheeses available to consumers and operators has greatly increased the possibilities for innovation in pizza recipes while sticking to a familiar and popular basic format. California alone produces more than 250 varieties and styles of cheese, many unique and available nowhere else in the world. And this doesn't include other dairy products, which I'll get to later. Innovation could be as simple as adding one or two very flavorful cheeses as options like Aged Provolone or Pepper Jack. Monterey Jack is a perfect cheese for menus because it melts and flows better than almost any cheese and it is now available in a myriad of flavors, from Portabella Mushroom to Habanero pepper. Jack even comes in an aged version that is as nutty as any cheese on the market and can challenge a Romano or Parmesan for grating rights!

This proliferation of new specialty cheeses combined with a wide variety of quality ingredients on flatbread-style crust and a really hot oven are ingredients

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Turn to TODD, page 7 ➔

GUEST COLUMNISTS



CMN Exclusive!

MEYER

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to decline by up to 8 and 12 percent, respectively, versus 2016. Lean hog futures also are 44 percent lower than their 2014 peak. Hogs briefly achieved a 14-year low in October 2016 but have rebounded dramatically over the past six months, though still well below long-term averages.

Block cheddar prices (the price of which pizza cheese varieties are based) at the CME achieved a weekly high above \$2.40 per pound three times in 2014 (twice in March, once in September that year) and achieved a record annual high of \$2.11 per pound. Since September 2014, there have been 123 consecutive weeks of sub-\$1.93 averages, or nearly two and a half years. This past week's block average will likely come in somewhere close to \$1.40 per pound, or 44 percent below the 2014 highs.

From a dairy perspective, the 2017 outlook remains murky. Ten consecutive months of global milk production declines

(June 2016-March 2017) helped drive cheese prices higher during the fourth quarter last year only to see them plummet over the past month. A mild U.S. winter, rebounding milk production across the globe and lackluster domestic cheese demand growth has helped push prices close to 2016 lows. Milk remains abundant in cheese-producing regions (the Midwest and Southwest in particular) and if demand does not reach expectations, it could be a long year for the nation's dairy farmers, keeping prices below the 5-year average for much of the year.

But it is very hard to fade Americans' — or global consumers' — growing appetite for cheese. Low prices drive innovation and the long-term demand growth outlook remains healthy. According to the website worldometers.info, Asia's total

population (including both China and India) represents nearly 60 percent of the world's total. Yet per the Pizza Power Report published by PMQ Magazine, the Asia-Pacific region only represented 8.2 percent of the world pizza market (in total sales) in 2016. The 2014-2016 pizza sales growth rate in North America was just more than 3 percent while the Asia Pacific region was 17.7 percent higher. That is an enormous demand growth opportunity unfolding right before our eyes.

Do not let the good times cloud your judgment to prepare for when prices turn higher. The next drought or flood is right around the corner and let us not forget that the emerging markets in Asia have suddenly gotten quite the appetite for pizza and dairy products. The next bull market will be here in food

commodities before we know it. CMN

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**These observations include information from sources believed to be reliable, but no independent verification has been made and therefore their accuracy and completeness cannot be guaranteed. Opinions and recommendations expressed are the opinion of the authors and are subject to change without notice. The risk of loss in trading futures contracts or commodity options can be substantial, and investors should carefully consider the inherent risks of such an investment in light of their financial condition.*

TODD

Continued from page 6

in the success of one of the superstars of the rapidly growing fast-casual segment, Southern California's Blaze Pizza.

As a culinary staple, many times operators have more dairy in house than they offer on their pies. If you have Blue cheese or Feta for salads, why not offer them on pizzas as well? Mascarpone can be used straight or flavored as a base sauce for many "white" pizzas. If you have sour cream in house, you have an excellent base for a plain or flavored drizzle to give a signature flair in presentation, as well as adding more flavor, and thereby more satisfaction for guests.

And for adding easy authenticity to Latin flavor combinations — a continuing hot trend — Hispanic cheeses offer an affordable option for operators. These cheeses are perfectly created for use on flatbread applications as some can be melted, some can be grated and others resist melting altogether and can be crumbled on either hot or cold applications. They can easily be swapped out in salads or other dishes.

Because dairy is such an excellent flavor carrier, it can be used to deliver tastes either savory or sweet, delicate or bold, simple or complex. That gives operators the opportunity to offer both a great main course pizza, a salad pizza as an appetizer, or a sweet pie for dessert! Flatbread with Mascarpone, candied nuts, toasted coconut and shaved dark chocolate are an incredible taste and texture combination. All it takes to cash in on this hot trend is to use a little imagination, and the right dairy products, to offer your customers exactly what they are looking for — flavorful, healthy and satisfying flatbread pizzas. CMN

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- 1st Place: Flavored Feta (Odyssey Mediterranean)
- 1st Place: Brick, Muenster (Brick)
- 1st Place: Lowfat Cheeses (Odyssey Fat Free Feta in Brine)
- 1st Place: High Protein - Cow's Milk Yogurt, Flavored (Odyssey Greek Yogurt Vanilla)

2016 American Cheese Society Cheese Contest

- 1st Place: Odyssey Reduced Fat Feta
- 1st Place: Odyssey Tomato & Basil Feta
- 1st Place: Brick
- 1st Place: Odyssey Greek Yogurt French Onion Dip

2016 World Championship Cheese Contest

- 1st Place: Havarti, Flavored (Dill)
- 3rd Place: Flavored, High Protein Yogurt, Cow's Milk (Odyssey Peach)
- 4th Place: Feta, Flavored (Peppercorn)

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In The
Spotlight:

International Pizza Expo

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Pizza Expo offers cheesemakers opportunity to help restaurant owners differentiate menus

By Rena Archwamety

LAS VEGAS — The annual International Pizza Expo began in 1985 and has grown steadily over the years, attracting pizza shop operators and suppliers of pizza ingredients and equipment from all over the world. This year's show, March 27-30 at the Las Vegas Convention Center, is the largest ever with about 500 exhibitors, more than 1,300 booths and more than 7,000 pizza operators.

"The attendance has increased every year. Ten years ago, we were really excited about cracking 5,000 attendees. Today we'll crack 7,000. As their business grows, pizzeria operators learn more in three days at the show than they will in an entire year in the shop," says Pete Lachapelle, vice president of Pizza Expo and publisher of *Pizza Today*, which both were purchased a year and a half ago by Emerald Expositions.

Lachapelle adds that the educational seminars at Pizza Expo are the main draw of the event, and this year's expo will feature about 100 different seminars.

Among this year's seminars and other highlights are a special pizza baking demonstration by Tony Gemignani and Graziano Bertuzzo, each of whom has won pizza competition titles in both the United States and Italy, and a seminar by Gemignani on authentic cheese applications used on Detroit, St. Louis, coal-fire, Neapolitan, New York and other popular

styles of pizza. The show's keynote speakers are celebrity restaurateur Gabriel Stulman, whose Happy Cooking Hospitality group currently operates five hit restaurants in New York City, and Michael Lastoria, founder of &pizza, which currently operates more than 20 restaurants in off-the-path neighborhoods in Washington, D.C., Baltimore, Virginia and soon New York City.

In addition to running Pizza Expo and *Pizza Today*, Lachapelle five years ago started the School of Pizzeria Management, which offers in-depth management courses for an extra fee in the days leading up to Pizza Expo.

"It's been interesting watching the school grow over the last four years. Here's where you can go to learn everything from how to identify food costs and measure ingredients, to how to open up your next pizzeria. Operators can bring their financial statement, sit down with industry experts and find their hidden profits," Lachapelle says. "It's been very, very well-received. It's amazing to hear the number of people who say, 'If it wasn't for Pizza Expo, I wouldn't be in business today.'"

The pizza industry is evolving, Lachapelle says, as many pizza operators are looking to grow into full-service Italian restaurants. Many others are looking to expand on the number of styles of pizzas offered in their restaurants. One of the pioneers of this trend, he says, is Gemignani of Tony's Pizza Napoletana in San Francisco.

"Neapolitan-style pizza, with a thin crust and baked in an extremely high-temperature oven, that style started booming and became really popular 7-8 years ago," Lachapelle says. "But many operators don't have these special ovens and we started promoting other styles that could be baked in their ovens. In the past if you had multiple styles, it was thin crust and deep dish.

"Today, we see grandma, New York-style, Detroit, St. Louis, Roman, Chicago deep dish and cracker crust pizzas, many of which are being baked in the same restaurant. Now they have more to offer the customer which differentiates them from their competition. One of the best examples I can think of is Jeff Smokevich's Blue Pan Pizzeria in Denver. He's got two ovens with a total of six decks. Each deck is set at a different temperature for five styles of pizza and one for bread.

Vendors at the Pizza Expo now are promoting the different styles of ovens and different crust ingredients for these various styles, and Lachapelle

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In The Spotlight:

International Pizza Expo



EXPO

Continued from page 8

says he sees a huge opportunity for cheesemakers to do the same. This year the Pizza Expo includes 46 exhibitors that produce or distribute cheese, and many of these are large-scale Mozzarella and Parmesan suppliers. With the trend toward diverse, specialized pizzas, Lachapelle believes smaller, more specialty-style cheesemakers could find success at the Pizza Expo as well.

“Cheese guys know flavor and spend time making sure it tastes just right. They also know how to blend, what cheeses go with what cheeses,” Lachapelle says. “I would think a supplier who knows how to best blend Cheddar with Colby or other cheeses would have a huge opportunity. Large suppliers can’t change formulas quickly, but smaller suppliers can and could approach a regional distributor with a cheese blend they think will work. I think it’s the next frontier for pizza. ... I could see a pizzeria based on cheese flavors alone. I think that would be a huge success.”

There are opportunities for all sizes of cheesemakers to promote their products at the Pizza Expo, particularly among the various pizza making competitions held each year. For example, Lachapelle says, Galbani is offering more than \$2,000 worth of prize money and products for anyone who uses its cheese in one of the competitions and wins. The competitions also draw pizzeria operators who are looking for new ideas for their menus, so cheesemakers can set up a booth or mingle with attendees in the area to suggest cheeses and blends to try on the menu.

“Cheese should have much more of a representation than they do,” Lachapelle says. “It’s not just Mozzarella and Parmesan anymore. Today, the consumer wants more, so you can find out where your cheese can fit into that equation by going to the expo.”

• Pizza & Pasta Northeast

This fall, Lachapelle and Emerald Expositions will be launching a brand new trade show, Pizza & Pasta Northeast. Scheduled Oct. 17-18 at the Atlantic City Convention Center in Atlantic City, New Jersey, the new show will focus on regional pizzerias and Italian restaurants and include a schedule of pizza and pasta demonstrations by top chefs, seminars and workshops given by industry leaders, and special presentations from keynote speakers. More information is at www.pizzaandpastaexpo.com.

“I don’t want this to be a little Pizza Expo,” Lachapelle says. “It will include pizza, but I want it to be more of a restaurant show. Many pizzerias are taking the next step into

becoming a full-blown restaurant and embracing pasta. It’s mainly a regional show. The Northeast is the home of independents.”

Lachapelle notes that in the Northeast, there are 29,000 Italian and/or pizza restaurants — an \$18.5 billion market comprising almost 30 percent of the entire country’s revenue for that segment.

Because of the number of independent restaurants, this show, he says, could present an even better opportunity for smaller cheese suppliers. Currently, the show is about 80 percent sold out, but given the interest, more booths can be added to the show floor, Lachapelle says of the 300-booth event.

“They could come down from upstate New York or Vermont, and can talk to operators who can start using their product that afternoon,” Lachapelle says. “The focus will be from Maine to Virginia. The smaller suppliers the better. I would think a cheese supplier would be in heaven if they took it seriously to go after business. Northeast would be an easier introduction to the industry than Pizza Expo.”

Lachapelle adds that often at the smaller shows, he doesn’t see manufacturers as often as distributors. Both cheese suppliers and distributors, he says, will have a great opportunity at Pizza & Pasta Northeast to share their expertise and help create new recipes.

“I think there is far more opportunity than they think” Lachapelle says. “If you want to see it, go to the Pizza Expo, but for those who are smaller, I think the Northeast show would be a very good place to check out.” CMN

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CHEESE OF THE MONTH: Provolone

PROVOLONE

Continued from page 1

“In these general steps, Provolone is similar to Cheddar and other cheeses,” McCoy says, noting another step is needed for pasta filata cheeses. “At the end of the make, drained curd is cut into large ribbons, milled, then melted in hot water and stretched much as taffy is pulled.”

Finally, the cheese typically is molded, cooled in fresh water and brined before it is aged. Alternatively, Provolone also may be smoked by hanging it in a smoke house or dipping the cheese in a liquid smoke flavor, McCoy says. While young Provolone has a mild, milky taste, its flavor becomes more picante — or strong — as it ages.

The manufacturing process in the United States for Provolone is similar to the process for Mozzarella. However, Provolone does not require pasteurized milk like Mozzarella does — but if the milk is not pasteurized, the cheese must be cured at a temperature of not less than 35 degrees Fahrenheit for at least 60 days, according to FDA's Code of Federal Regulations.

According to FDA's regulations, both Provolone and Mozzarella must have a milkfat content of at least 45 percent but vary on moisture requirements. While Provolone has a maximum moisture standard of 45 percent by weight, low-moisture Mozzarella must range from more than 45 to 52 percent moisture, and higher moisture Mozzarella must range from more than 52 to 60 percent moisture.

• Retail sales

Provolone retail volume sales increased 6.9 percent in the last 52 weeks as of Feb. 19, 2017, continuing on a five-year positive trend (fixed weight only, total U.S. multi-outlet and convenience stores), according to Information Resources Inc. (IRI) data courtesy of Dairy Management Inc.

Provolone holds a 1.7-percent share of total natural cheese within the fixed weight cheese category in U.S. multi-outlet and convenience stores, according to the IRI data.

Almost 96 percent of retail Provolone cheese in the United States is sold as sliced (fixed weight only, total U.S. multi-outlet and convenience stores). Only 0.9 percent of Provolone is sold as String, but it is growing likely due

to its “on-the-go,” convenience factor, the data says.

Smoked Provolone makes up nearly half of Provolone retail sales, up 5.7 percent in the latest 52 weeks as of Feb. 19, 2017.

Provolone cheese volume sales grew over the last 16 months as of Feb. 19, 2017, and price per volume has declined. The lowest average price per pound was \$5.55 in July, with prices remaining under \$6.00 per pound from summer through the winter 2016-2017 season, the data says.

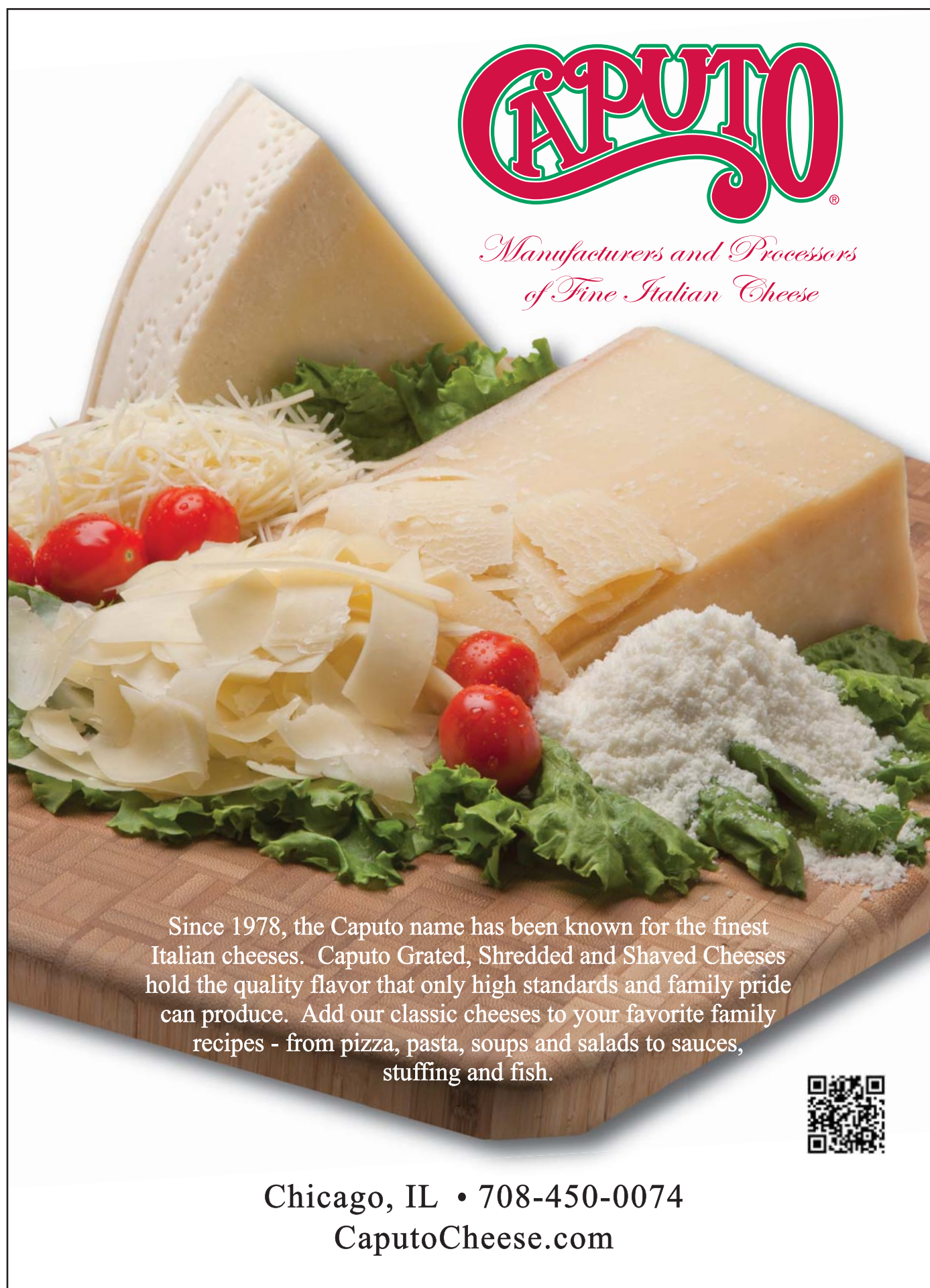
In the latest 52 weeks as of Feb. 19, 2017, Provolone cheese private label had a 52.3-percent share among total Provolone sales (fixed weight only, total U.S. multi-outlet and convenience stores), down 2.3 percentage points from 2012. Additionally, Provolone private label offers consumers about a 24.2-percent price per pound savings, costing \$4.95 per pound compared to \$6.54 per pound for national brands, according to the data.

• Marketing tactics, applications

Although there seems to be a growing acceptance of cheese with more flavor, Provolone has not benefitted from this trend, says Errico Auricchio, president, BelGioioso Cheese Inc., Green Bay, Wisconsin, which sells half of its Provolone to foodservice and the other half to retail.

Most consumers see mild Provolone as a bland flavor filler for sandwiches, where a “real” mild Provolone offers its own flavor and aroma. Aged Provolone


Turn to USES, page 11 ⇨



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Pizza Hut unveils Grilled Cheese Stuffed Crust Pizza

PLANO, Texas — Pizza Hut has announced a new mash-up combining two of the “most beloved foods of all-time” — grilled cheese and pizza.

The Grilled Cheese Stuffed Crust Pizza features Cheddar and Mozzarella stuffed in and baked onto the crust. To finish off the grilled cheese crust, it is topped with toasted breadcrumbs and melted butter. A large one-topping Grilled Cheese Stuffed Crust Pizza is available for \$12.99.

“The Grilled Cheese Stuffed Crust Pizza is the perfect combination of a classic grilled cheese and traditional pizza,” says David Timm, chief marketing officer, Pizza Hut. “The result is a delicious, flavorful and indulgent pizza that packs a punch of a gooey, cheesy, crunchy grilled cheese.”

The Grilled Cheese Stuffed Crust Pizza can be topped with any combination of a number of Pizza Hut's ingredients and customized with a choice of five sauces and three drizzles.

The Grilled Cheese Stuffed Crust Pizza is available for dine-in, carryout or delivery at participating Pizza Hut locations nationwide. For more information, visit www.pizzahut.com or blog.pizzahut.com. CMN

For more information please visit www.caputocheese.com

CHEESE OF THE MONTH: Provolone

USES

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has a much more pronounced flavor that is appreciated by older generations, Auricchio says, noting that the cheese needs to continue being introduced to younger people.

BelGioioso believes the cheese has a promising future and that it has potential to be rediscovered for its distinctive flavor.

“Using BelGioioso Provolone in a pizza or sandwich recipe will greatly increase its flavor profile,” says Jamie Wichlacz, marketing public relations manager, BelGioioso.

In an effort to promote Provolone and help it gain popularity, BelGioioso has included a list of recipes for the cheese on its website, such as Antipasto Platter with Sharp Provolone, Grilled Eggplant Panini with Sharp Provolone and Mild Provolone Lasagna. Traditionally, its best application is eating it sliced in sandwiches, Auricchio says.

In light of the bold flavors and unique ideas that customers seek, Foremost Farms USA, Baraboo, Wisconsin, has in recent years added varieties of blended shredded cheese in 5-pound bags that include mixtures of Provolone, Mozzarella and colored Cheddar cheeses. These primarily are sold to foodservice outlets and will be showcased at the Wisconsin Milk Marketing Board’s booth at the International Pizza Expo next week in Las Vegas.

Papa John’s named official pizza partner of NHRA

GLENDORA, Calif. — Papa John’s International Inc. has been named the official pizza partner of the National Hot Rod Association (NHRA).

This partnership builds on Papa John’s involvement in the sport of NHRA Drag Racing, which began last season with its sponsorship of Top Fuel racer Leah Pritchett and Don Schumacher Racing. Pritchett showcased her gold and black dragster at five races during the season beginning in Seattle. The paint scheme mirrors the famous 1971 Chevy Camaro Z28 that founder “Papa” John Schnatter sold in 1984 to keep his restaurant out of bankruptcy.

As the official pizza partner of NHRA, Papa John’s will have a yearlong presence onsite at all 24 NHRA Mello Yello Drag Racing Series events and on FOX Sports broadcasts.

“Papa John’s is proud to be the official pizza partner of NHRA. As the only QSR brand in the sport, we look forward to connecting with fans at races throughout the country,” says Schnatter, founder, chairman and CEO, Papa John’s. “Leah and Don Schumacher Racing became members of our pizza family last year; this season we are officially welcoming NHRA to our pizza family.” CMN

“Consumers are looking for bold flavors, and Provolone is one tool or option that restaurants have to offer something unique or different,” says Abigail Merz, senior director of sales and marketing, Foremost Farms, adding that the cheese does well on pizzas, lasagna, salads and cheese trays.

Foremost Farms also recently developed an extended-length Provolone for industrial customers, offering them improved efficiency when working at the operational line, Merz adds.

At Dairy Farmers of America (DFA), Kansas City, Missouri, growth for Provolone varieties mostly is seen in the foodservice sector.

“Foodservice is definitely our biggest growth area, as customers are switching from process cheese to higher flavor

profile cheese in subs and sandwiches as well as adding variety to pizza components,” says Jason Hawkins, chief operating officer of ingredients, DFA.

DFA’s Provolone, traditionally used for sandwiches and subs, also can be used to add flavor in pizza applications and in veal and chicken Parmesan as well as French onion soup, Hawkins says.

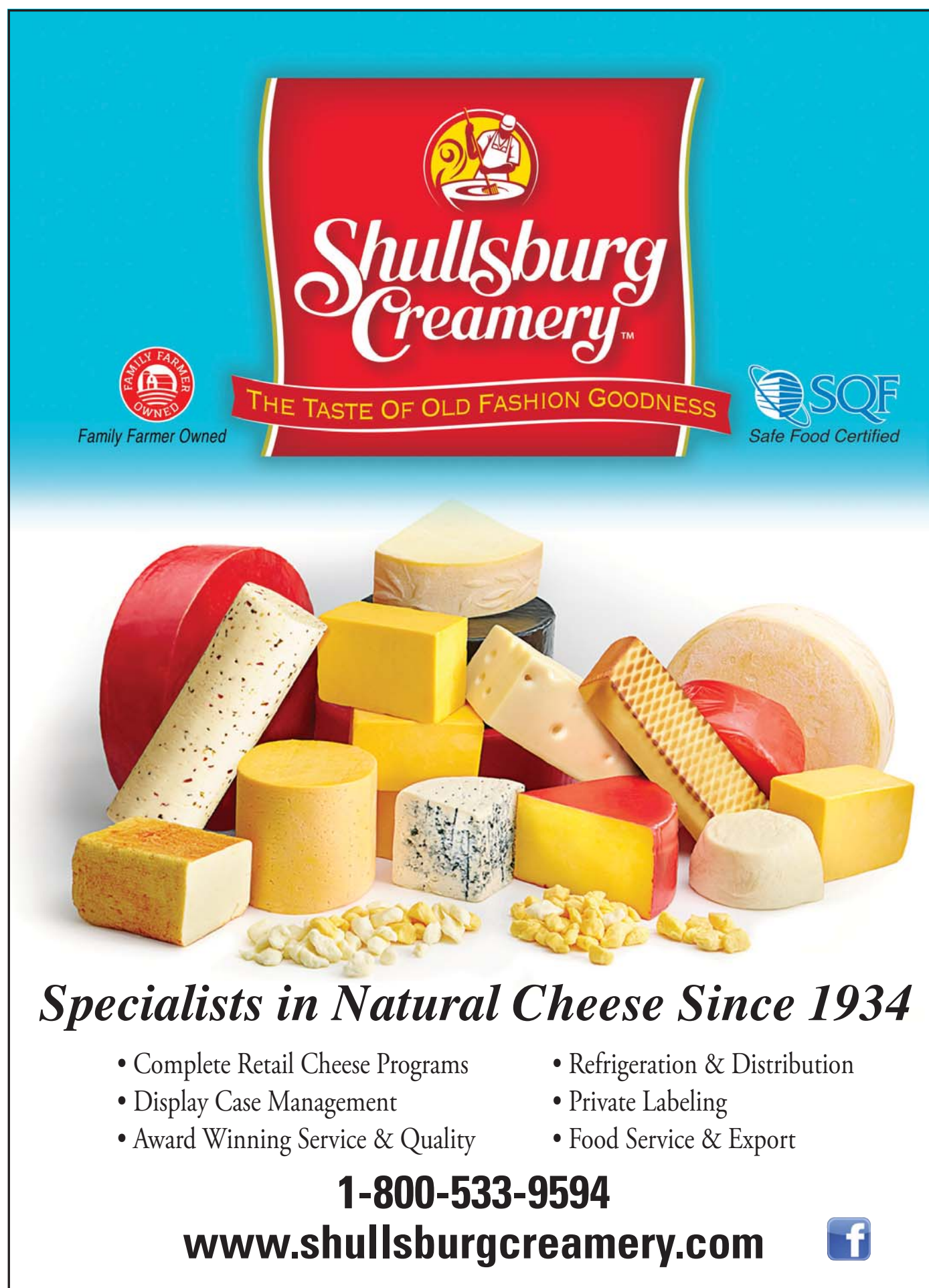
To market its Provolone, DFA uses a nationwide broker network for both private label and branded varieties. The cooperative also participates in various food shows to help promote the cheese, Hawkins adds.

Noting that not all Provolone varieties have the exact same flavor, Scott Stocker, CEO, Shullsburg Creamery, Shullsburg, Wisconsin, says the cream-

ery carries mostly Wisconsin-made Provolone, which can differ from traditional, Italian-style Provolone by offering a milder flavor.

In addition, he says some U.S.-made Provolone today is geared for foodservice because it is high volume. Because of this, Shullsburg, a smaller brand marketer that packages Provolone into different sizes and varieties, faces challenges attracting large manufacturers to make private label cheese. As a result, Shullsburg purchases the cheese in large sizes and does most processing in-house.

“The commoditization of Provolone is a good example of the direction of our Wisconsin cheese industry, as we need to compete internationally,” Stocker says. CMN



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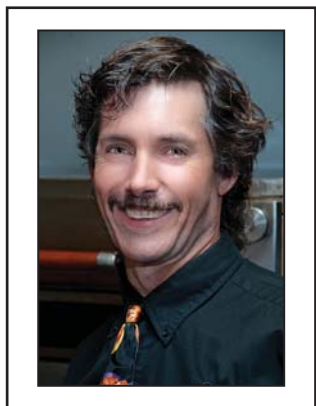
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PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



Donette Beattie
TOPPERS PIZZA



Dan Collier
PIZZAMAN DAN'S



Joe Fugere
TUTTA BELLA NEAPOLITAN PIZZERIA

PANEL

Continued from page 1

with an Italian oven, state-of-the-art lighting, a Berkel salumi slicer and Italian fixtures. We aspire to nourish lives by sharing traditions, authentic food and love. We hope to transcend conventional perceptions of the casual dining sector, by delivering world-class food and service.

Tutta Bella was the first pizzeria in the Northwestern United States and the 10th in the country to be certified authentic by the AVPN (Associazione Verace Pizza Napoletana) based in Naples, Italy. We also have a strong commitment to social causes.

Kalambokidis: We opened our first and only restaurant in October of 2015. What makes Adrianos Brick Oven unique is that we are located in a very rural part of Iowa and have found that many of the trendy ideas of today's pizza market either do not work or are very slow to catch on. We sell an amazing pizza with upscale taste and textures but find that what sells in our small town market is "good old meat and potato" style pizza toppings.

Nejad: In 1986, co-founders Shahpour Nejad and Reza Kalantari combined their knowledge of business and great pizza and founded the first Pizza Guys restaurant in California. We began franchising our stores in 1994, which led to the growth and development of 63 stores across three states. Our franchises are run by pizza lovers, families, entrepreneurs and customer-oriented businesspeople.

For over 30 years, we have been committed to two things: quality food and customer satisfaction. Our commitment is evident in our pizza dough, which is made from scratch every day; our high-quality ingredients, always fresh and locally sourced when available; and our customer service, exemplified by our friendly employees and great deals.

Pizza Guys is on the cutting edge of the technology in the pizza industry. We offer online ordering to make it easy for our customers to get their Pizza Guys pizza. Each Pizza Guys store also has a state-of-the-art POS system that provides store owners with the tools they need to analyze and run their business.

Petersson: Pizza Hut, a subsidiary of Yum Brands Inc., serves and delivers more pizzas than any other pizza company in the world. With easy order options including the Pizza Hut app, mobile site, Facebook and Twitter messenger and Amazon devices, Pizza Hut is committed to providing an easy pizza experience — from order to delivery. Founded in 1958, Pizza Hut has become the most-recognized pizza restaurant in the world, operating more than 16,400



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Turn to PIZZA, page 13 ⇨

PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



Adrian Kalambokidis
ADRIANOS BRICK OVEN



Shahpour Nejad
PIZZA GUYS



Claes Petersson
PIZZA HUT U.S.



Tony Troiano
J.B. ALBERTO'S PIZZA INC.

PIZZA

Continued from page 12

restaurants in more than 100 countries. Pizza Hut is also the proprietor of The Literacy Project, an initiative designed to enable access, empower teachers and inspire a lifelong love of reading. The program is rooted in the foundation set by the Pizza Hut BOOK IT! Program, which is the longest-running corporate supported literacy program, impacting more than 14 million students each year.

Troiano: We are a high volume, single store, carry out and delivery operation in Chicago. We've existed for 50-plus years in the highly competitive Chicago market and continue to grow. Our relentless focus on the customer, our high quality product and the culture we create within the operation separates us from the competition.

What are the biggest technical challenges you as a pizza company experience in dealing with cheese? What attributes, such as melting, browning or oiling off, could the industry continue to improve?

Beattie: An industry improvement that could provide a lot of value is innovation around packaging to improve/extend the shelf life of cheese and inhibit mold formation. In the distribution process, we sometimes see "leaks" or holes in packaging. Since the price of cheese can be volatile, it would be extremely helpful to have more durable packaging to ensure that we're getting the longest life out of the cheese that we invest in to provide the best product possible.

Collier: We use a blend of 40 percent Mozzarella, 40 percent Monterey Jack, 10 percent Cheddar and 10 percent Provolone cheeses. Our biggest concern is to avoid a greasy pizza, so we use a low-moisture, part-skim Mozzarella. We shred our cheese from block. We are pleased with the melting and browning, and moisture results of our current process which we have used for 30 years.

Fugere: We have both external and internal issues with technical challenges. Some of those occur in the

Turn to MELT, page 14 ⇨

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PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



MELT

Continued from page 13

production facility, others have to do with internal inventory management of a highly perishable product.

Since we use an artisan fresh Fior Di Latte product, our commitment to quality and freshness is paramount and provides a challenge with logistics externally. Internally, we need to be expert at forecasting our usage because as our cheese ages, quality is greatly compromised.

Kalambokidis: One of my biggest technical challenges in dealing with cheese is trying to find or make a dairy-free cheese that is satisfying to my many lactose intolerant customers.

We are also always looking for better tools for dispensing soft cheeses such as Ricotta and cream cheese onto our pizzas following baking.

Our base cheese for the majority of our pizzas is a 50/50 blend that we are very satisfied with its melting and browning with very little oiling off.

Nejad: Consistency with proper aging and moisture control is the biggest issue for us. Too much moisture will affect the melting and browning and too old of a cheese will create too much oiling on pizzas.

Petersson: Cheese is one of the most important things at Pizza Hut, and we're constantly looking at how we can improve the flavor and quality of our pizza cheese since our goal is to have the best tasting pizza on the planet! We have to design our cheese to go through our ovens at high and low altitude, at high and low humidity and through several different makes and models of ovens, so we are constantly testing and evaluating and retesting different components. The biggest technical challenge we face is actually the cooking platform as opposed to type or form of cheese in addition to the constant need to secure the large volume of cheese needed to make sure we're satisfying our customers.

Troiano: Consistency is the most important issue for pizza operators. The biggest challenges we face with cheese

are spotting and run off. To address these challenges and maintain consistency, we keep an eye on production dates and use cheese that is 18-28 days old.

How does your company deal with cheese price volatility? How could the cheese industry better support you in this area?

Beattie: Cheese price volatility is an issue that Toppers faces, I think even more than some brands, because of our commitment to using only fresh, never frozen, Wisconsin cheese. We understand that the market changes and we're not willing to sacrifice quality by freezing/storing cheese to take advantage of low markets. It would be great to have access to experts, perhaps via monthly webinars to help us understand fundamentals affecting the cheese markets so we can make informed decisions on our cheese purchasing strategy from month to month.

Collier: Cheese represents 30 percent of our overall food cost. We generally ignore the cheese market with regard to pricing our menu. Our pricing is done around an analysis of our

competitors and our overall food cost. When the cheese price soars, it comes directly off the bottom line and we just "hang-on" and take the financial hit.

Fugere: We fend off price volatility by establishing contract pricing with our vendors whenever possible. Industry-wide, I believe there is a need and appreciation from pizzeria owners when there is increased transparency with every step of the distribution/logistics supply chain. This is especially true of imported items, where currency exchanges and shipping adds complexity to the equation.

Kalambokidis: In our one-and-a-half years of operation we have ridden out the cheese price volatility and kept our pricing the same. We have had to monitor our employees very carefully as I have found that if employees are left to their own devices, they will top a pizza to their own likings rather than to the specifications of the establishment.

Nejad: We just deal with it as it changes but we put aside a small budget for extreme volatility times. The industry can help us when the cheese

Turn to PRICING, page 15 ⇨

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PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



PRICING

Continued from page 14

prices are low, not to dispose and waste any milk, instead give us some rebate incentives and we will sell more pizza and products containing cheese.

Petersson: Pizza Hut is exposed to financial market risks associated with interest rates, foreign currency exchange rates and commodity prices. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies, which may include the use of financial and commodity derivative instruments to hedge our underlying exposures.

Troiano: Cheese price volatility is always a concern for pizza operators. Quick increases in cheese prices do not allow us to adjust pricing accordingly. Because of pre-printed menus, we cannot fluctuate our pricing to accommodate quick increases. To compensate during volatile times, I typically do shorter printed menu runs to build in flexibility to address price increases. Our pricing is always set at a block plus with our distributors allowing us to know where we should be every week and avoid surprises. That said, we could benefit from early awareness of price increases allowing for planning beyond week to week.

What new trends are you seeing when it comes to using cheese on or in pizza? Are there any new side dish trends featuring cheese?

Beattie: We are seeing that our fans continue to love our fresh Mozzarella, which is the base for our pizzas and Topperstix. We are always working on layering in cheeses that seem to be trending flavors. For example, our new Sausiagio pizza features fresh Asiago cheese to complement other flavors like sausage and onions on that product. We also use Asiago cheese on our Three Cheese Garlic Stix and Pepper Jack cheese on our Smoky BBQ Chicken pizza.

Collier: We do not currently see any new product trends pertaining to cheese that will affect our pizzerias. The challenge, and purpose of cuttings (comparing one brand to another), is to always provide a flavorful cheese. We have discovered that many cheeses tested just don't have the flavor.

Fugere: Anything with Burrata is HOT! This includes pizza toppings as well as side dish/antipasti applications.

Kalambokidis: I think in the years to come and with people caring more and more about what they put into their bodies, it will be important to develop products that cater to the lactose-free and vegan consumer. I would love to be able to offer a completely "vegan" pizza with all of the wonderful taste and textures of a traditional pizza.

Nejad: We always follow the trends,

and yes, we use cheese as much as possible for those new trend innovations.

Petersson: We like to think we started the trend of using cheese in unique places with pizza. When Pizza Hut invented Stuffed Crust in 1995 it changed the pizza game, increasing sales for the company by \$300 million in its first year. Over the past 20-plus years, it has also become a platform for global innovation, such as Marmite Stuffed Crust in Australia and Cheese Jalapeño Stuffed Crust in Oman, as well as a multi-billion dollar business for

Pizza Hut. Most recently we launched a Stuffed Garlic Knots Pizza as a limited time menu option in 2016 but kept the stuffed garlic knots on the menu as a side dish. We also have a whole team always looking into the next big idea!

As an industry, we see the pizza category innovating with more flavorful cheese, bolder cheeses like Gorgonzola, Blue, Asiago, Romano, smoky, Gouda, etc. And experimenting with combinations of three cheeses or six cheeses and ensuring there's a story behind that cheese, for example using Wisconsin

cheese specifically. Cheese is an endless opportunity for both pizzas and side dishes and as people continue to travel more and broaden their exposure to new cheese flavors, you'll start to see more of this throughout our menus and others.

Troiano: The move in the pizza industry is for more exotic cheeses such as burrata, fiore di latte Mozzarella, aged and unique cheeses. Being a delivery and carry-out operation, we are limited to products that travel well and therefore maintain a focused menu.

Turn to MARKETING, page 16 ⇨



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2015

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PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



MARKETING

Continued from page 15

How important is cheese in how you market your company's products, both inside and outside your restaurants?

Beattie: Cheese is really the center of the Toppers Pizza world. Because we're on a mission to be the best pizza company in the world, we will never skimp on the quality of our product, especially the cheese. We insist on using 100 percent real Wisconsin pasta

filata Mozzarella cheese made in the age old traditional way. It's the base for our most signature products: pizza and Topperstix.

Collier: Cheese is an integral part of our menu. It is in our appetizers (Jalapeño Poppers, Garlic Cheesy Bread and Mozzarella Sticks), our subs and calzones. It is on our salad bar. It is in shakers on our tables. So all of our marketing takes advantage of showing off the cheese in the food photography. The marketing allowance provided by the California Milk Advisory Board was

small, but every little bit helps.

Fugere: I believe that all owners/operators (and guests) would agree that cheese is one of, if not THE most important ingredients in a pizzeria. It impacts almost every sense (visual, aromatic, taste, texture) and, along with dough, is often what separates a good pizzeria from a great one.

Kalambokidis: Pizza is made of three essential ingredients: crust, sauce and cheese. Everyone loves cheese so it is very important. The better cheese we have, the better end product.

Nejad: Cheese is always one-third of total food invoice for us and to have the best-tasting and best-performing cheeses is a must both inside and out. We shred our cheese fresh every day for the best quality and performance that our customers can taste and we market that in our advertising and marketing on the outside.

Petersson: Cheese is critical. There's no other way to put it. Everyone wants more cheese and cheese is most often the driver of the flavor on a pizza, similar to the heart in the body. People pick pizzas because of what flavors they like and cheese is often the biggest driver of that.

Troiano: It's important to separate yourself from the chains and other pizzerias and cheese is an important component. All of our print ads state that "We use REAL Wisconsin Cheese" which I feel resonates with our consumers.

Are there ways pizza operators and cheese manufacturers can better work together to ensure food safety and traceability, while at the same time minimizing redundant paperwork?

Beattie: It seems that better communication and collaboration between operators, manufacturers and distributors could improve the traceability and standard for food safety in the industry. We can always use more transparency and visibility into the product movement as it travels throughout the supply chain. I think innovation in technology to streamline communication and cut down paperwork between these silos would be useful.

Collier: I cannot think of anything to add regarding cheese food safety and traceability. As a pizzeria owner, I trust that doing business with reputable manufacturers and suppliers is enough.

Fugere: Taking advantage of state-of-the-art technology as well as old school food safety standards would be a significant move in the right direction. Often, the standards of excellence exist. The real opportunity is in the practicing and enforcement of these standards.

Kalambokidis: Since we are a very small operation and currently only use one main supplier, we track our products manually. As we grow and are in need of more efficient systems, we would be interested in how others are tracking as well.

Nejad: We have a very good system with our manufacturer and cannot think of anything better for now.

Petersson: Pizza restaurants, cheese manufacturers and the dairy industry itself can work very closely together to ensure safety and traceability but also to promote innovation and partnership. For example, we have a Dairy Management Inc. representative who is on site full time in our culinary



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Turn to SAFETY, page 17 ⇨

PIZZA PERSPECTIVES:

ANY WAY YOU SLICE IT



SAFETY

Continued from page 16

innovation kitchen at Pizza Hut and his role is to support the team, build trust in the dairy industry and help us determine new ways to incorporate more dairy and different kinds of dairy into our menu. This partnership is a win-win for both Pizza Hut and the dairy industry.

As it relates to food safety and traceability, one of the things Pizza Hut requires is our suppliers to have specific food safety and traceability standards built into their processes which can help minimize redundant paperwork. This includes both monitoring the raw ingredient, milk, but also the cheese itself. Before any supplier is on-boarded we make sure that they have the ability to meet our standards, and then they are regularly audited to ensure that the standards are being followed. Additionally, we include suppliers in regular discussions on how they are incorporating continuous improvement into the food safety processes and systems.

Troiano: As restaurateurs, we expect the products we receive to be fresh and wholesome. In the event that is not the case, a tracking system with lot numbers, etc. is important. Pizza operators, distributors and cheese manufacturers must commit to open lines of communication in the event of any product inconsistencies.

As menu labeling regulations come down the pipeline, how have you worked to integrate these rules in your business? Have you made product formulation changes?

Beattie: While we are always making an effort to be prepared for any regulations that may affect our industry, we have not made product formulation changes to our menu items. We believe that there is room in every person's diet for indulgence, and we have given power to our consumers throughout our build-your-own pizza concept. This allows customers to choose more or less cheese, thick or thin crust, more veggies or more meat as toppings. Additionally, our straight up pricing doesn't penalize consumers for wanting more ingredients by requiring that each cost extra.

Collier: We find that more and more customers want to know the ingredients in everything. We fall below the number of restaurants that California currently requires to post nutritional information; however, we may need to add ingredient and nutritional information to our website as a customer demand-driven service. We have not had to make any recipe changes as a result of new rules.

Fugere: It's nearly impossible to make formulation changes to hundred-year-old artisan cheese recipes and

techniques. However, we have learned that educating the customer on the difference between good fat versus bad fat, for example, and practicing the old world tradition of portion restraint have proven successful for us. We promote the benefits of following the spirit of the Mediterranean diet at Tutta Bella.

Kalambokidis: We have access to a computer program through our supplier that assists in determining calorie count and such that will be required. My understanding, however, is this will affect the chains and larger operations

more than our small mom and pop shop at this current time but we are preparing just in case.

Nejad: We have already started in this section by providing variance in formulation and looking for alternative cheese.

Petersson: We are proud to say that we make changes to our menu and to our food specifically based on consumer trends and requests but we always stay closely connected to what's going on with government regulations whether they are actually required or even just being considered. We typically make changes

on our own to be ahead of the curve but we always make sure we're in compliance with all government regulations.

Troiano: As an independent pizzeria owner, I have not felt the impact of menu labeling regulations as of yet. These regulations seem to have affected the chains more than independents. To that end, I have not made any product formulation changes, however offer healthier alternatives on my menu. I believe consumers tend to balance the need to be healthy and their desire for comfort food. Moderation is the key. CMN



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NEWS/BUSINESS



CLEAN

Continued from page 1

“As consumers redefine ‘healthy’ and look for foods with real, simple, familiar ingredients, pizza companies have taken a number of steps to meet consumer demand for ‘clean label,’ says Dasha Shor, manager of nutrition science and partnerships for the National Dairy Council (NDC).

A “Pizza Consumer Trend Report” published in 2016 by Technomic Inc. says that as the pizza category grows, demand is increasing for unique and better-for-you varieties.

According to the report, most consumers would like to see pizza establishments offer more all-natural

ingredients in line with growing demand for nutritional transparency in pizza.

“Operators will increase efforts to achieve cleaner menus,” Technomic says. “Cleaner ingredients will become ‘the new normal.’”

Karl Kramer, president and CEO of Whitehall Specialties, says the cheese company has seen an increase in requests for cleaner label products from both the industrial and foodservice sectors.

Whitehall Specialties makes Mozzarella and Provolone styles, along with Parmesan, Romano and Asiago varieties, for pizza applications in the industrial, foodservice and retail outlets, Kramer says. The company’s products are utilized on frozen pizzas as well as fresh in the cafeteria or piz-

zeria restaurants.

“We see a big consumer trend not only for cleaner labels but also for big, bold flavors and creative flavor combinations, especially with pizza toppings,” Kramer says. “With our focus on innovation and our formulations skills, we are able to deliver nearly any request, be it product performance, unique flavors, or improved nutrition and clean label initiatives.”

Kramer notes that customization is Whitehall’s specialty.

“We have definitely seen an increase in requests for cleaner label products and kitchen cupboard ingredient lists, and we are skilled at formulating our products accordingly,” he says.

Pizza companies indeed are taking note of the demand for clean labels

from consumers and in turn are sourcing ingredients meeting those expectations.

In June 2015, Papa John’s International Inc. announced a goal to remove 14 “unwanted ingredients” from its menus. In late 2016, Founder and CEO “Papa” John Schnatter announced the company had marked a “clean label” milestone with its fulfillment of that promise by the removal of artificial colors, artificial flavors, flavor enhancers, sweeteners and preservatives from its menus.

NDC’s Shor supports Yum Brands including Pizza Hut. She notes that Pizza Hut became the first national pizza restaurant to remove artificial flavors and colors from its core pizzas in May 2015 and is on track to meet the goal of removing all artificial preservatives from cheese.

In addition, the company has eliminated 2.5 million pounds of salt from its ingredients over the last five years, Shor adds.

She notes people increasingly want to know not just what is in their food and how it may affect their health and well-being, but where it comes from, how it is made and its impact on the environment.

According to Innova Market Insights Top 10 Trends 2017 report, “clean label has become the standard for the future” with “no additives/preservatives,” “organic” and “non-GMO” being among some of the prominent claims, Shor says.

• Menu transparency

As the pizza industry continues to grapple with menu labeling regulations, Technomic’s report says more consumers are demanding transparency in the pizza occasion; 32 percent of consumers in 2016, up from 25 percent in 2014, say it is important to know the nutritional content of the pizza they eat.

Shor notes that transparency in clean labeling — often implying foods are devoid of artificial colors/flavors and additives — and the menu labeling law are separate issues, as the menu labeling law is primarily concerned with nutritional attributes such as calories. What may be challenging is if consumers can differentiate between the two.

Still, providing nutritional content on menus may help pizza companies to drive repeat traffic and establish loyalty among those who eat pizza most often, the Technomic report says, adding that consumers also are now more willing than in 2014 to pay more for higher-quality ingredients.

Technomic also found that while consumers are somewhat concerned with health when eating pizza, it also is an accepted indulgence, and decadent and craveable options are particularly appealing among younger consumers.

“Menu balance will be key,” the report says. “Operators will promote better-for-you varieties and special-diet fare, along with healthier side options to appeal to those who seek to indulge in moderation.” CMN

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PEOPLE



Obituary

Dr. George August Somkuti

LANSDALE, Pa. — Dr. George August Somkuti, 81, died Feb. 25, 2017, at his home in Lansdale, Pennsylvania.

Somkuti was the former lead scientist of the Microbial Biotechnology Group in the Dairy and Functional Foods Research Unit (DFFRU), Eastern Regional Research Center (ERRC), Wyndmoor, Pennsylvania. He retired from USDA's Agricultural Research Service (ARS) in January 2014 following 37 years of service and continued as a collaborator with DFFRU.

A native of Hungary, Somkuti received his bachelor's of science degree in biology-chemistry from Tufts University and his doctorate in microbial biochemistry from Purdue University in 1966. He served on the faculties of Purdue and Duquesne Universities for five years and joined the antibiotic research program at Lederle Laboratories (American Cyanamid Co.) in 1973.

Somkuti joined ERRC in 1976 as a research leader in ERRC's Dairy Laboratory. In addition to fermentation and natural products research, he led a team in developing new enzyme technologies for lactose-free milk (LactAid). The research earned Somkuti's team the Federal Laboratory Award for Technology Transfer, The Institute of Food Technology Industrial Achievement Award and the USDA Dis-

tinguished Service Award.

In the following years, he served as lead scientist for the Microbial Biotechnology Group in DFF and initiated research on the molecular biology of thermophilic dairy fermentation bacteria.

Somkuti's research accomplishments spanned wide and were recognized through several awards he received, including the Award of Honor from the American Dairy Science Association (ADSA) in 2012.

In addition to his professional service to the ADSA, Somkuti and his wife, Aniko, were renowned for organizing and conducting the ADSA Foundation Auction, to which they donated several unique items such as butter molds, puzzles and bovine art collected from antiquing trips throughout Pennsylvania.

Somkuti is survived by his wife, Aniko, their son, Stephen, daughter, Lisa, and five grandchildren.

A celebration of Somkuti's life will be held March 31, 2017, at Saint Stanislaus Church in Lansdale, Pennsylvania.

In lieu of flowers, consider a tax deductible contribution to the Hungarian American Medical Association of America in support of The Dr. George A. Somkuti student research scholarship fund at hmaa.org/donation. CMN

NEWS/BUSINESS



House, Senate bills aim to provide flexibility on FDA food menu labeling regulations

WASHINGTON — Bipartisan legislation introduced in both the House and Senate aims to provide flexibility to help companies comply with FDA menu labeling regulations.

The Common Sense Nutrition Disclosure Act of 2017 was introduced in the House by Reps. Cathy McMorris Rodgers, R-Wash., and Tony Cardenas, D-Calif., and in the Senate by Sens. Roy Blunt, R-Mo., and Angus King, I-Maine.

FDA in November 2014 finalized two rules requiring that calorie information be listed on menus and menu boards in chain restaurants, similar retail food establishments and vending machines with 20 or more locations.

Immediate enactment of the new legislation would reconcile FDA's one-size-fits-all regulation ahead of its full compliance date of May 5, 2017, sponsors say.

According to the Food Marketing Institute (FMI), which supports the legislation, key provisions of the Common Sense Nutrition Disclosure Act include allowing the use of a menu or menu board in a prepared foods area; ensuring advertisements, signs and other marketing materials are not regulated as

"menus"; allowing use of a website or app as a means for compliance for ordered items, such as pre-ordered sandwiches, catering or delivery; protecting local food items only sold at a few stores; and securing enforcement and liability protections for good-faith compliance efforts and inadvertent human errors.

FMI says it is seeking passage of this legislation because, despite the supermarket industry's meetings, conference calls and conversations with FDA over the last six years, the agency did not fix these problems in its final rule or its guidance, which has led to complications, confusion and delays.

However, the legislation is criticized by Margo G. Wootan, nutrition policy director for the Center for Science in the Public Interest.

"Among all the things leaders in Congress could be doing, they're trying to deliver a big favor to the pizza industry, which wants its in-store menu boards to get a special exemption from menu labeling," Wootan says. She adds that bill also would "let restaurants manipulate serving sizes to make calorie counts look better," and let supermarkets move calorie labels to "inconvenient locations." CMN

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NEWS/BUSINESS 

CDFA secretary announces meeting April 4 on California FMMO recommended decision

SACRAMENTO, Calif. — California Department of Food and Agriculture (CDFA) Secretary Karen Ross last week sent a letter to dairy industry stakeholders on CDFA's progress in determining how the agency would accommodate the management of the quota program if California producers were to join the federal milk marketing order (FMMO) program.

USDA last month published its recommended decision for the establishment of a California FMMO. The recommended decision does not allow for quota to be incorporated in the pricing and pooling provisions of a California FMMO. Rather, it would necessitate quota to operate independently of a California FMMO as a stand-alone program, administered by CDFA. (See "USDA releases analysis on impact of California FMMO" in the Feb. 17, 2017, issue of Cheese Market News.)

CDFA issued a statement at USDA's public informational meeting Feb. 22 that it would review current legislative authority to determine if it allows California to administer a stand-alone quota program, independent of a pricing and pooling scheme, as it is currently constructed. "At this point there are certain

questions about how the quota program could be constructed that need to be answered before proceeding," Ross says. "As part of our commitment to industry self-determination, we would like your input on how to proceed."

Specifically, CDFA is looking for direction on the following questions:

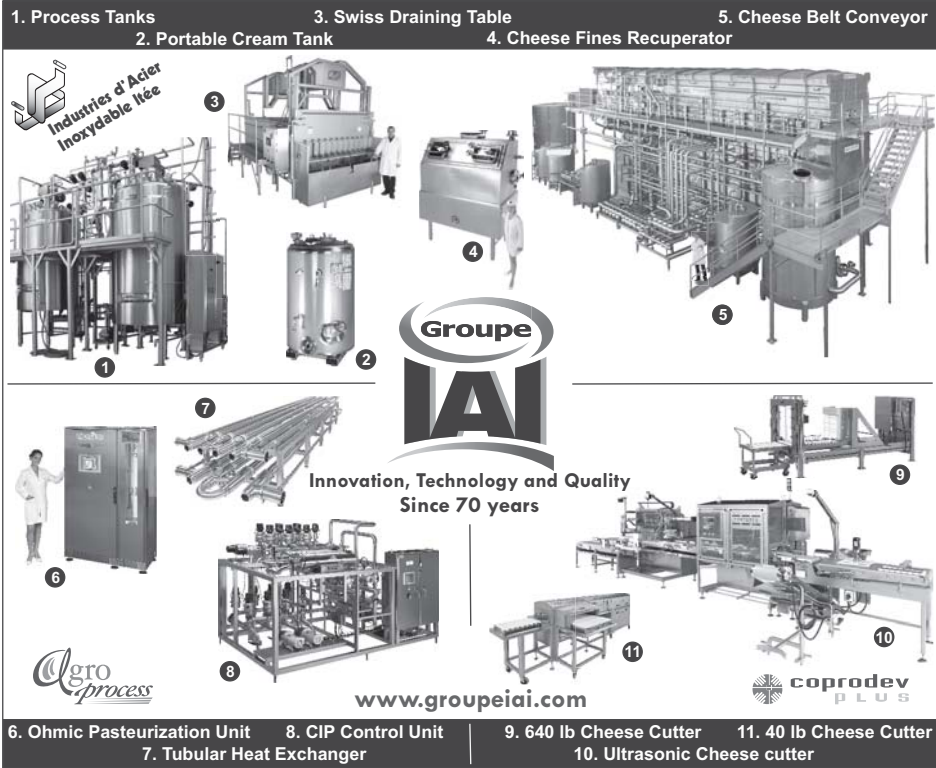
- Should all Grade A milk be subject to a quota assessment or only pooled milk?
- What is the best mechanism to gather the requisite data from handlers to calculate the necessary deduction as this will not be provided for under the FMMO?
- What is the process by which CDFA should collect, distribute and enforce quota payments?

CDFA is inviting the California dairy industry to a meeting to discuss its initial findings, gather input and listen to comments on the best path forward. The meeting will be held at 9 a.m. PDT April 4 at the Stanislaus County Ag Center, 3800 Cornucopia Way, Suite B, Modesto, CA 95358.

For more information, visit www.ams.usda.gov/rules-regulations/moa/dairy/ca. **CMN**

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● HELP WANTED 7 ● HELP WANTED 7

Director, Technical Services

The Wisconsin Milk Marketing Board (WMMB) is looking for a Director, Technical Services.

The Opportunity: We are looking for an individual to provide overall management of Technical Services activities that include support for Wisconsin dairy companies through the enhancement of technological capabilities, food safety program assistance and supply of critical technical and regulatory information to provide safe, high quality products for customers. Reporting to the Senior Vice President-Channel Management, the successful candidate will develop and implement annual plans, including resources, required for supporting the technology needs (product improvement, product development, manufacturing processes, and product quality and safety systems) of Wisconsin dairy companies.

Our Requirements: Qualified candidates must have at least 7 years of management and/or work experience with a focus on technology and food safety improvements. A working knowledge of the Wisconsin and U.S. dairy industry with focus on the processing sector is necessary along with knowledge and application of dairy food safety systems and regulatory compliance. Position requires professional, well-developed communication skills to effectively communicate with key personnel of dairy companies and regulatory agencies and to deliver technical information via workshops and other industry meetings.

A Bachelor's degree in dairy food technology, business administration or related field is required. Advanced degree such as an MBA and/or equivalent work experience directly related to cheese manufacturing technology, dairy processing and safety systems strongly preferred. Must be willing to travel frequently, up to 40% of time.

Qualified candidates only please apply.

Location/Compensation/Benefits: This position will be located in Madison, Wisconsin. Compensation consists of a competitive salary and benefits package that includes a company-funded 401(k) plan.

WMMB is an equal opportunity employer. Further information on this position can be found on the corporate website www.wmmb.com

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● HELP WANTED 7

Director of Foodservice Programs

The Wisconsin Milk Marketing Board (WMMB) is looking for a Director of Foodservice Programs.

The Opportunity: We are looking for a sales or marketing person with extensive foodservice skills to manage the WMMB foodservice programs to expand the distribution and usage of Wisconsin cheese. Reporting to the Senior Vice President-Channel Management, the successful candidate will develop plans and execute WMMB marketing programs for foodservice accounts. This position will also work closely with our Regional Marketing Managers (RMMs) in the planning and development of regional foodservice promotional programs and support activities on a national basis.

Our Requirements: Qualified candidates must have at least 5 years of program management experience and/or extensive knowledge of the foodservice industry, operators and multi-unit accounts, as well as distribution, marketing and sales. Position requires professional, well-developed communication skills to effectively communicate with foodservice operators and manufacturers/marketers, speak confidently in front of groups, and to direct the work of staff. Formal culinary training and/or culinary experience strongly preferred. Computer skills with a working knowledge of Microsoft Office products is essential. A Bachelor's degree in business, foodservice management, or marketing is required. Must be willing to travel frequently, up to 50% of time.

Qualified candidates only please apply.

Location/Compensation/Benefits: This position will be located in Madison, Wisconsin. Compensation consists of a competitive salary and benefits package that includes a company-funded 401(k) plan.

WMMB is an equal opportunity employer. Further information on this position can be found on the corporate website www.wmmb.com

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Human Resources Manager
Wisconsin Milk Marketing Board
8418 Excelsior Drive
Madison, WI 53717

Send faxes to: (608) 203-7343
Email: humanresource@wmmb.org

For more information please visit www.wmmb.com

● HELP WANTED 7

Due to our exceptional growth, we are seeking self-motivated people to fill the following key positions:



Quality Compliance Manager/SQF Practitioner

The Quality Compliance Manager is responsible for the development, implementation and maintenance of all Quality Programs.

Qualified candidates will possess:

- Bachelors Degree or equivalent experience working in a food manufacturing plant
- Additional Certifications and Training in SQF and HACCP
- 2+ years of progressive experience working with SQF requirements
- Experience with Customers, 3rd Party and regulatory audits

R&D/QC Technician

The R&D/QC Technician is responsible for helping develop new product concepts and improving existing procedures and process formulations.

Qualified candidates will possess:

- Bachelors Degree, Associate Degree in a food science or related field
- Experience with Customers, 3rd Party and regulatory audits
- General knowledge of process cheese or natural cheese manufacturing principles would be preferred
- Well-organized, ability to work independently as well as part of a team
- High commitment and self-motivation

Operations Manager/Quality Assurance

The QA/Operations Manager will be responsible for the daily operation of all production lines.

Qualified candidates will possess:

- Bachelors Degree or equivalent experience working in a food manufacturing plant
- The ability to troubleshoot & determine root cause analysis and corrective action
- Confidence in own capacity and judgment
- Ability to make decisions in a fast paced environment



These positions offer a competitive salary and benefit package. Interested applicants should include a cover letter and resume and may apply in person at H4489 Maple Road, Colby, WI 54421 or online at www.welcomedairy.com/employment.html

● HELP WANTED 7

● CHEESE/DAIRY 12

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Sanitation Manager

Dairyfood USA, Inc., a SQF level 3 certified market leader in specialty cheese production for over 60 years, is currently seeking a Sanitation Manager responsible for supervising the cleaning of plant equipment within GMP guidelines, SOPs and regulatory standards. Based in our production facility in the heart of America's Dairyland, Blue Mounds, WI, this position reports to the Quality Assurance Director.

Ideal candidates will, at a minimum, have an Associate's degree in Food Science, Quality, Chemistry or Environmental Science; five years of operational experience in sanitation, with a minimum of three years in a management capacity or related experience. Working knowledge of FDA regulations, Good Manufacturing Practices (GMPs), sanitation processes/procedures and HACCP is a must.

The position offers a competitive salary and a comprehensive benefits package. Interested applicants should email a cover letter, resume and salary requirements to humanresources@dairyfoodusa.com.



Dairyfood USA, Inc.
2819 County Road F
Blue Mounds, WI 53517
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EVENTS



USDA announces meeting for National Organic Standards Board, invites public comments

WASHINGTON — The National Organic Standards Board (NOSB) will hold a public meeting April 19-21, 2017, in Denver.

The board meeting provides a forum for the organic community to provide input on issues concerning organic production and processing, according to USDA's Agricultural Marketing Service (AMS).

During the meeting, which is open to the public, the board will address several petitions about changes to the National List of Allowed and Prohibited Substances. The agenda of topics and current proposals are available on the meeting webpage at www.ams.usda.gov/event/nosb-spring-2017-meeting-denver-co.

The NOSB is accepting public com-

ments before the meeting. Written comments on the proposals can be submitted until 11:59 p.m. Eastern March 30, 2017, at www.regulations.gov.

The public is invited to provide oral comments during one of two sessions — at the meeting or during a webinar. The webinar will be held April 13, 2017, from 1-4 p.m. Eastern. Those interested in speaking at the meeting must sign up no later than March 30, 2017. Registration is not required to attend the meeting, only to provide oral comments, according to AMS.

For more information or to request copies of available materials, contact Michelle Arsenault, NOSB, USDA-AMS-

NOP, 1400 Independence Avenue, SW, Room 2646-So., Mail Stop 0268, Wash-

ington, D.C., 20250-0268; phone: 202-720-3252; email: nosb@ams.usda.gov. CMN

Cheesetopia Minneapolis commences April 9

MINNEAPOLIS — Cheesetopia Minneapolis, presented by Roth Cheese and Wisconsin Cheese Originals, will take place April 9, 2017, from noon to 4 p.m. in Minneapolis.

Each year, this traveling festival brings the best artisan and farmstead cheeses to a different American city, according to organizers.

The event provides cheesemakers with an opportunity to reach a targeted audience of foodies, chefs, buyers and

food editors, as well as sell their products, organizers add.

Participating cheesemakers at the 2017 event include Alemar Cheese Co., Mankato, Minnesota; Emmi Roth USA, Monroe, Wisconsin; and Vermont Creamery, Websterville, Vermont.

For questions, contact Jeanne Carpenter, executive director, Wisconsin Cheese Originals, at 608-358-7837 or at jeanne@wordartisanllc.com. For more information, visit www.wisconsincheeseoriginals.com/cheesetopia-festival. CMN



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Introduction to HACCP course is April 18-19

BURLINGTON, Vt. — The University of Vermont, Cornell University and the Vermont Department of Health have organized an Introduction to Hazard Analysis and Critical Control Points (HACCP) course, which will take place April 18-19 in Burlington, Vermont.

In the class, attendees will learn current HACCP regulations, its principles and how to design HACCP plans. Processors also will learn how to improve existing HACCP plans, according to organizers.

The class, following guidelines from the National Advisory Committee on Microbiological Criteria for Foods, has been accredited by the International HACCP Alliance (IHA). Attendees successfully completing the course will receive a certificate with the IHA seal, organizers say.

Early registration costs \$450 and ends March 31. Standard registration begins April 1 and costs \$500.

To register, visit <http://go.uvm.edu/haccp-training-reg>. For questions, contact Omar Oyarzabal at Omar.Oyarzabal@uvm.edu or at 802-524-6501 x452. CMN

Workshop for dairy economists to be held May 2-3

SAN DIEGO — The 24th Annual National Workshop for Dairy Economists and Policy Analysts will take place May 2-3, 2017, in San Diego.

This year's program, themed "Shaken, not Stirred," will hold sessions on the future of dairy trade and trade agreements, stress testing the U.S. milk production sector and other topics.

The one-and-a-half-day workshop will start at noon Tuesday, May 2, to accommodate travel, according to organizers.

Attendees are asked to register no later than April 28. The registration fee for the program is \$380.

For more details or to register, visit dairymarkets.org/workshops/2017SanDiego. CMN



NEWS/BUSINESS

Cheese in cold storage sets February record

WASHINGTON — U.S. natural cheese stocks in refrigerated cold storage Feb. 28, 2017, totaled 1.26 billion pounds, up 6 percent from Feb. 29, 2016's 1.18 billion pounds and up 3 percent from the 1.22 billion pounds in cold storage at the end of January 2017, according to data released this week by USDA's National Agricultural Statistics Service (NASS). This was a new February record for total cheese in cold storage, according to NASS.

Natural American cheese in cold storage totaled 774.1 million pounds Feb. 28, 2017, up 8 percent from Feb. 29, 2016's 716.4 million pounds and up 3 percent from the 752.2 million pounds in cold storage Jan. 31, 2017.

Swiss cheese in cold storage totaled

27.1 million pounds Feb. 28, 2017, up 10 percent from the 24.7 million pounds in cold storage Feb. 29, 2016, and up 13 percent from the 23.9 million pounds in cold storage Jan. 31, 2017.

Other natural cheese in cold storage totaled 456.3 million pounds Feb. 29, 2017, up 3 percent from 441.2 million pounds at the end of February 2016 and up 2 percent from the 446.5 million pounds in cold storage at the end of January 2017.

NASS reports butter in cold storage totaled 282.6 million pounds at the end of February 2017, up 20 percent from the 235.6 million pounds in cold storage at the end of February 2016 and 28-percent higher than the 221.5 million pounds in cold storage at the end of January 2017. CMN

Conventional dairy ads decrease 6 percent

WASHINGTON — The total number of conventional dairy advertisements last week decreased 6 percent from the prior week, and conventional cheese ads decreased 1 percent, says USDA's Agricultural Marketing Service (AMS) in its latest weekly National Dairy Retail Report released March 17.

AMS says national conventional varieties of 8-ounce natural cheese blocks last week had a weighted average advertised price of \$2.18, down from \$2.25 one week earlier and \$2.20 one year earlier.

Natural varieties of 1-pound cheese blocks last week had a weighted average advertised price of \$3.70, up from \$3.45 one week earlier but down from \$4.07 one year earlier, AMS says, while 2-pound cheese blocks had a weighted average advertised price of \$7.99, up from \$6.01 one week earlier and \$5.69 one year ago.

AMS says natural varieties of 8-ounce cheese shreds last week had a weighted average advertised price

of \$2.28, down from \$2.31 one week earlier but up from \$2.07 one year earlier, while 1-pound cheese shreds had a weighted average advertised price of \$3.27, up from \$3.07 one week earlier but down from \$4.22 one year earlier.

Meanwhile, national conventional butter in 1-pound packs last week had a weighted average advertised price of \$3.24, up from \$3.18 one week earlier and \$3.07 one year ago, AMS says. CMN

Prices mixed at Global Dairy Trade auction

KANSAS CITY, Mo. — The Global Dairy Trade (GDT) price index increased 1.7 percent, and average prices were mixed at the latest auction Tuesday on GDT, Fonterra's internet-based sales platform.

The average prices achieved across all contracts and contract periods for each commodity are as follows:

- Anhydrous milkfat: US\$5,799 per metric ton FAS (\$2.6304 per pound), up 3 percent.
- Butter: US\$4,910 per metric ton FAS (\$2.2272 per pound), up 4.9 percent.
- Cheddar: US\$3,406 per metric ton

FAS (\$1.5450 per pound), down 1 percent.

- Lactose: US\$913 per metric ton FAS (\$0.4141 per pound), down 2.7 percent.
- Rennet casein: US\$5,927 per metric ton FAS (\$2.6885 per pound), up 3.6 percent.
- Skim milk powder: US\$1,948 per metric ton FAS (\$0.8836 per pound), down 10.1 percent.
- Whole milk powder: US\$2,855 per metric ton FAS (\$1.2950 per pound), up 2.9 percent.

The next trading event will be held April 4. For more information, visit www.globaldairytrade.info. CMN

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Milk Production — February 2017

	Feb. 16	Feb. 17	Pct. Chg.	YTD 2016	YTD 2017 *	Pct. Chg.
Arizona	413	410	-0.7	824	835	1.3
California	3,299	3,122	-5.4	6,731	6,535	-2.9
Colorado	303	313	3.3	623	650	4.3
Florida	216	208	-3.7	444	434	-2.3
Idaho	1,125	1,095	-2.7	2,304	2,292	-0.5
Illinois	156	152	-2.6	320	316	-1.3
Indiana	334	331	-0.9	686	690	0.6
Iowa	395	399	1.0	812	829	2.1
Kansas	262	272	3.8	533	564	5.8
Michigan	849	859	1.2	1,745	1,790	2.6
Minnesota	773	768	-0.6	1,587	1,598	0.7
New Mexico	591	637	7.8	1,180	1,316	11.5
New York	1,144	1,146	0.2	2,359	2,407	2.0
Ohio	436	424	-2.8	905	893	-1.3
Oregon	208	196	-5.8	425	405	-4.7
Pennsylvania	864	858	-0.7	1,773	1,785	0.7
South Dakota	200	202	1.0	412	422	2.4
Texas	826	928	12.3	1,661	1,923	15.8
Utah	159	160	0.6	332	337	1.5
Vermont	216	212	-1.9	446	445	-0.2
Virginia	142	137	-3.5	292	285	-2.4
Washington	532	502	-5.6	1,087	1,041	-4.2
Wisconsin	2,374	2,323	-2.1	4,889	4,857	-0.7
					32,649	
23 STATE TOTAL	15,817	15,654	-1.0	32,370	32,649	0.9
EST. U.S. TOTAL	16,904	16,695	-1.2	34,597	34,822	0.7

Note: Production reported in millions of pounds. Source: National Agricultural Statistics Service. *YTD figures include preliminary current month plus revised previous month.

NASS

Continued from page 1

23 major states was 8.69 million head, 66,000 head more than February 2016 and 3,000 head more than January 2017.

Milk production in the entire United States during February is estimated at 16.70 billion pounds, down 1.2 percent from February 2016, according to NASS. However, production was 2.3 percent above last year after adjusting for the leap year.

Production per cow in the United State averaged 1,782 pounds for February, 33 pounds above February 2016.

The number of milk cows on farms in the United States was 9.37 million head, 56,000 head more than February 2016 and 4,000 head more than January 2017. CMN

NEWS/BUSINESS



Dairy stakeholders testify on risk management, safety net programs in next farm bill

WASHINGTON — At a hearing this week on the next farm bill, dairy industry stakeholders testified on the importance of strengthening dairy safety net programs and risk management for farmers and processors.

Jim Mulhern, president and CEO of the National Milk Producers Federation (NMPF), says improvements to the Margin Protection Program for Dairy (MPP) must be a top priority for lawmakers as Congress begins deliberations on the 2018 Farm Bill.

In testimony at this week's hearing, Mulhern told House Ag Committee members that MPP is failing to live up to its intended role as a viable economic safety net for farmers. He says a series

of changes is needed to restore dairy producers' confidence in the program.

MPP is designed to allow farmers to insure the gap between milk prices and the cost of purchasing feed for dairy cattle. Farmers can choose to pay higher premiums for additional levels of margin coverage, although a decreasing number have elected that approach as they saw the program underperforming, Mulhern says, noting MPP will continue to falter without action by Congress to "move it closer to the program it was originally supposed to be."

Mulhern shared with the committee NMPF's recommendations to improve MPP that NMPF's board approved earlier this month. (See "NMPF recom-

mends changes to Margin Protection Program" in the March 10, 2017, issue of Cheese Market News.)

Michael Dykes, D.V.M., president and CEO of the International Dairy Foods Association (IDFA), also testified at the hearing.

"First and foremost, the dairy industry needs better mechanisms for risk management — and that's on both the farm and processor side," Dykes says. He notes that processors also could benefit from better tools to protect against the negative impact of price volatility on the U.S. dairy industry.

"Just as farmers are now looking to improve the Margin Protection Program and the Livestock Gross Margin

insurance program, dairy manufacturers also need access to effective risk management tools in this farm bill," Dykes says. "Forward contracting has provided an important mechanism for manufacturers to directly contract with individual farmers or their cooperatives at a fixed price to reduce price volatility. This program should now be expanded to include all classes of milk and be made permanent."

Dykes says IDFA will work collaboratively with NMPF to improve risk management for both farmers and processors.

Both Dykes and Mulhern note that the global marketplace is critical for U.S. dairy growth.

"Exports are driving growth in demand for U.S. farm milk," Dykes says.

"First and foremost, the dairy industry needs better mechanisms for risk management."

Michael Dykes
INTERNATIONAL DAIRY
FOODS ASSOCIATION

Mulhern notes global dairy trade has expanded considerably in the last decade. He says the United States must preserve and enhance successful elements of its free trade agreements, such as its partnership with Mexico, America's No. 1 dairy export market.

The federal government also should work to rectify problematic issues such as Canada's protectionist attempt to undermine its trade commitments to the United States, and the European Union's attempts to co-opt the use of common food names like "parmesan" and feta."

"If we aren't in the game actively negotiating on these issues, we are ceding ground to our competitors and those looking to make it tougher for us to do business in their markets," Mulhern says.

Dykes notes that the Asia-Pacific region, already the world's largest market for food and agriculture, is expected to double by 2050.

"Reducing and eliminating tariffs and other restrictive agricultural policies in this region will allow our dairy industry to compete," Dykes says.

Meanwhile, a confirmation hearing was held Thursday for former Georgia Gov. Sonny Perdue, Trump's pick for U.S. Agriculture Secretary. If confirmed, Perdue will play an important role on issues affecting the U.S. dairy industry, IDFA says.

IDFA also is urging swift confirmation of Robert Lighthizer for U.S. Trade Representative (USTR), noting the importance of completing the administration's trade team for upcoming trade decisions. CMN

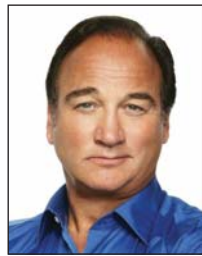
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