



Parkers Farm Seeing Sales of Its Cold Pack Cheese Food Nearly Double; Quality, Value Come Standard

With the continuing consolidation of the cold pack cheese food industry over the last ten years, Parkers Farm of Coon Rapids, MN, has seen a 40 percent growth in sales and has landed a major account that will take the company nationwide.

Parkers Farm started manufacturing cold pack cheese food in 1977. Through the years, the company had been providing mostly private label products to retail and foodservice operations in the Midwest.

"When we started making cold pack we really concentrated on private label for other cheese manufacturers and retailers," Rick Etrheim who, besides being president of the company, owns it with Ron Etrheim, vice-president and Don Twiford, secretary-treasurer.

Today, in addition to cold pack, Parkers Farm has grown its product line to include bagel spreads, pimiento spreads, con queso and jalapeno nacho dips, fresh salsas and peanut butter.

But what the company started with 27 years ago, continues to drive the company today, Etrheim said.

"I guess we take the path of least resistance," Etrheim said. "So, other than adding new flavors, it's been basically our cold pack that's been carrying our business."

And Etrheim says it's the same process of making that cold pack that helps build relationships and eventually establishes new business.

"Because we are indeed a cold pack cheese food company, we've had to stay within the standard of identity for the product."

Standard of Identity

There is a standard of identity for cold pack cheese food that deals with the cooking, moisture content, fat

requirement, and natural cheese content.

"We've chosen to stay at that standard of identity because that is where we started and we feel that is what makes a quality product," Etrheim mentioned.

Etrheim believes there is quite a lot of confusion between cold pack cheese food and cheese spreads.

"We're regulated by the FDA on what we have to maintain; which is less than 44 percent moisture, milk-fat content, etc.," Etrheim said.

"We take naturally aged Cheddar cheese and blend it with cream, and other dairy ingredients and make it spreadable, all without the aid of heat," he said.

Etrheim said that cheese spreads and spreadable cheeses are outside the standards of identity because most are above the maximum moisture content allowed.

"By calling it a spreadable cheese you can get around the moisture contents, The more water you have in it, the less solids," Etrheim said. "We're not talking 60 percent moisture, but you find 46 to 47 percent moisture. That will affect the quality of the product."

So where has providing a quality product and staying within the standards gotten Parkers Farm?

"We have been averaging between 25 and 30 percent growth the last few years and this year we'll be about 49 percent growth."

In order to continue to serve the company's existing customers the way they are accustomed, Parkers Farm has had to expand its production schedule, purchase an adjoining parcel of land and building, install coolers and storage and "forging ahead to continue to produce our quality line of products to keep up

with the needs of our customers."

And by adding a day or two to production, Parkers Farm has been able to land a major account that will take its products nationwide.

"We have gained some major, major distribution," Etrheim said. "We are now in some of the largest retail outlets in the US with our branded label. We're geared up and have added shifts to serve this new national account and any new accounts we can get."

Labeling

Etrheim said 60 percent of its business was private label. That has changed with the new national account, he said.

"Our tremendous amount of growth has been in the branded product and we're not really doing anything different in terms of our product. Our growth is really coming out of the consolidation of the industry, and what others are doing to their products," Etrheim said.

Etrheim believes many retailers are overlooking the private label aspect of cold pack cheese food and cheese spreads.

"A lot of them (retailers) overlook cold pack or spreads, but together it is a \$176 million category," he said. "What I'm trying to do is to convince retailers that they need a private label cheese. Private label is a huge item. It's one of the highest private label items out there."

Products

Parkers Farm cold pack comes in nine flavors, including Sharp Cheddar, Port Wine, Swiss with Roasted Almonds, Horseradish, Sharp Cheddar with Toasted Onion, Sharp Cheddar with Garlic, Swiss and Sharp Cheddar, Smoked Sharp Cheddar and Sharp Cheddar with Bacon.

The company is also experimenting with new specialty cheeses to reach a wider audience.

The flavors come in eight and 16 ounce cups for retail operations, and five and a half and 11.5 pound foodservice sizes.

Merchandising and Education

Parker Farms is always looking at new ways to merchandise its products as a way to grow the category.

"You've got to promote the product, demonstrate the product, you've got to make an investment in the product. We feel we have a quality product so if you expose it to people it will sell."

Etrheim says for years he thought most of the company's cheese was

sold in the Midwest and on the East Coast until he recently started looking at the tracking statistics.

Now he credits merchandising and the baby boomers for the company's growth outside of those areas.

In addition, the company is educating consumers that because the cheese has a low melting point it can be used to macaroni and cheese or anywhere the consumer wants to add a melted cheese to a meal.



It's in the Cheese

Parkers Farm buys most of its natural cheese from a 40 pound Cheddar block supplier in Minnesota.

The company gets the cheese to specifications and doesn't jump around from supplier to supplier. Moreover, he says he doesn't buy juniors or off-grades because the company doesn't cook the cheese.

"The quality of the cold pack all starts with the quality of the natural cheese. If there is an off flavor in the cheese, there will be an off flavor in the cold pack."

Parkers Farm says it ages the Cheddar block for at least 100 days prior to converting it to cold pack.

"We try to get four to six months' age on the product before we use it," Etrheim said.

Parkers Farm looks for quality of the natural block, consistency and properties. The most important thing that the company tries to get out of the cold pack is mouth feel.

"We need cheese with certain body to it; a certain pH so it will break down and be smooth and creamy. It's the same with all the other ingredients that we buy. We spec for viscosity and the like," Etrheim said.

"Our cold pack cheese will continue to age in the cup because we don't cook the product," Etrheim said. Not cooking the product also extends shelf-life. Open code dating on the product is one year but they can get more in the two year span, Etrheim said.

"I think our success has been quality and value. We try to provide a quality product at a reasonable price and I think that has been part of the keys to our success."

For more information on Parkers Farm and its complete line, call toll free 1-800-869-6685.



Donald Twiford, Richard Etrheim and Ronald Etrheim are the owners and operators of Parkers Farm, while family and extended family help run the 27 year-old cold pack cheese food company.