



Westby Cooperative Creamery Well-Positioned As Leader In Organic Fermented Dairy Products

Westby, WI—Westby Cooperative Creamery is seeing good growth in Cottage cheese and other fermented dairy product production, driven by a change in consumer habits.

Westby Co-op has 140 members; 105, in particular, are supplying organic milk which is driving the growth of the cooperative's products.

Westby makes organic, as well as small batch conventional Cottage cheese, sour cream and yogurt for ingredient, retail, and for the foodservice marketplace, said Pete Kondrup, general manager of the cooperative.

"Our members produced 130 million pounds of milk last year, which is about 27 million pounds of product," Kondrup said. "We also have some other outlets for our milk and we contract for some organic cheese makers."

He said about 14 million pounds of that production goes into Cottage cheese, while the remainder of the production is split "almost exactly" between sour cream and yogurt products. The co-op also makes some French Onion Dip.

Westby has its own branded label for the Upper Midwest region where people have grown up with the products and have come to recognize the label as a standard of quality, Kondrup said.

Kondrup believes the cooperative is the biggest organic Cottage cheese manufacturer in the US.

"We do a lot of private label manufacturing which, depending on where you go, are national and regional products," he said.

He said 80 percent of the Cottage cheese the co-op makes goes into retail while the majority of the remainder goes into bulk industrial products.

"We make Cottage cheese for a company with national distribution. It's a clean label with no stabilizers. It's something they can differentiate themselves," Kondrup said. "They have been very successful in the marketplace. We'll be increasing our production as they continue to grow. Organic Cottage cheese has really grown in the retail segment."

Another area of growth for the co-op's Cottage cheese is in the ingredient sector.

"We make a lot of Cottage cheese that goes into prepared lasagnas and cheese blintzes," Kondrup said. "We do a lot for egg bakes. Our Cottage cheese is a key ingredient in these products."

Cottage Cheese Trending

Kondrup said that Cottage cheese consumption, at least for the co-op's products, has gone up over the last few years, especially on the organic side of things.

"We don't really market the product because we do a lot of private label but there are national and regional brands doing some really good stuff promoting Cottage cheese as a healthy, high-protein, keto-friendly, trendy, product," Kondrup said. "They're getting younger people to try it."

He said there is also ample evidence showing that Cottage cheese and other fermented dairy products aid in digestive health.

"We try to help marketers by pushing the protein and health aspects. We make for a national brand who is trying to go towards the younger demographic and market it that way," he said.

Emily Bialkowski is the sales and marketing manager at Westby Cooperative Creamery.

She said the Westby consumer understands the nutritious quality of Cottage cheese.

"Cottage cheese is a healthy product. It's great nutritionally and it is a great protein," she said.

Through the company's social media sites, Westby learns who is visiting and what questions visitors have.

"They are primarily mothers asking questions about the nutritional aspects of our products," Bialkowski said. "There are certain groups of people that really look to it for the health aspects both for themselves and for their kids."

Bialkowski also is finding that there is regional appeal to Cottage cheese.

"The East coast and Midwest use Cottage cheese as a ingredient and as a healthy snack, whereas the West Coast consumer uses it more as an ingredient," she said.

Kondrup said dinner at the table is far different than it used to be and by making Cottage cheese more mobile and convenience-friendly it is making it trend better as of late.

"Sitting at the table having dinner isn't as it used to be," Kondrup said. "Now kids are going in every direction and Cottage cheese, up until recently, hasn't really been a portable product. Smaller size and more convenient packaging is playing a part of the growth we're seeing."

He said that households being smaller than they use to be is another reason smaller size packaging is key to growth.

Westby offers its Cottage cheese in anywhere between 8-ounce cups to 24 ounce containers. And while they don't do a lot of restaurant business, they provide 5-pound containers.

"The restaurant segment isn't really too big for us. It's really competitive and they are not as interested in organic Cottage cheese as retail," he said.

The cooperative offers their Cottage cheese in plain, strawberry, blueberry, and pineapple in single serve size packaging.

"We also do a whipped Cottage cheese that has really no curd identity because we have a customer wanting that," he said. "It's popular in certain parts of the country. It's kind of a spreadable cottage cheese."

When yogurt became much more popular, it kind of hit the cottage cheese segment the most, Kondrup thought.

"Cottage cheese is more of a savory flavor and I think maybe kids are getting more of the sweet through yogurt. Adding flavors to Cottage cheese is helping those with a sweet tooth."

Yogurt Business

Kondrup said all of the cooperative's organic- and conventional-milk yogurt production is used as an ingredient.

"We don't do any retail yogurt. We got out of that. The pricing was just too outlandish. We weren't making any money doing it. It was hard keeping your foot in the door."

For the industrial marketplace, the company offers their yogurt in 40-pound boxes as well as 2,500-pound totes.

"We have customers use it as an ingredient for dressings and other products," he said. "Some of it goes into yogurt dips. We've really seen some nice developing markets for our yogurt. We have a customer that freeze-dries it for infant snacks."

New Pouch Filler Helps Sour Cream's Growth

With the tremendous growth of Mexican cuisine, Westby's sour cream has seen an equal amount of growth in bulk and retail sales.

"The trends in Mexican foods are way up and sour cream is benefiting from it," Kondrup said.

"Salsa is now the number one condiment and where there is salsa, typically you see sour cream. Sour cream sales over the last couple of years have gone up. Sales are really improving. Seems like we are getting more orders all the time."

In 2021, Westby put in a new pouch filler that has helped growth of their product.

"It's been pretty successful. It seems to be growing," Kondrup said. "Consumers like the convenience and we've been lucky with our formulas. Separation isn't as much in the pouches. Consumers like that."

The co-op offers their sour cream in 8- and 16-ounce packaging.

"We offer our sour cream in private and our own label. But, our own label isn't a big part of the



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plan. When you do private label you don't pay slotting fees," Kondrup said. "When it comes to sour cream, that's a huge benefit."

On the retail side, most of the co-op's Cottage cheese buyers are also buyers of their sour cream.

"On the ingredient side that doesn't happen," Kondrup said. "They are just looking for a particular item and don't want the other offerings."

Members See Bright Future

Since 1903, the Westby Cooperative Creamery has been producing high-quality cultured products under the same principle since day one – "small production batches and top quality milk make for a great product."

"I don't see any reason not to be excited by the Cottage cheese market. We have some really good customers who are excited about selling more. The products we are making are award-winning quality products. This place is set up perfectly to continue that tradition."

— Pete Kondrup,
Westby Cooperative Creamery

"We're nicely positioned. I like what we are doing. We'll be a viable manufacturer for many years," Kondrup said. "We have been looking at expanding our building and increasing our Cottage production because we have good demand for that and could make more of it than we are currently."

Growth means members either will have to increase their production or the cooperative will

need to add new members, which hasn't been happening enough to warrant expansion.

The cooperative supplier members come from all over Wisconsin and parts of Minnesota.

"We've lost members but we haven't lost a lot of milk," said Kondrup, who is retiring sometime in April after 18 years as general manager. "The farms, while not getting much larger, are producing more higher-quality milk."

According to Kondrup, the board is very progressive, open to ideas, but mostly, they are proud of its size and believes in the sustainability message of the co-op.

"When I first came here we didn't do anything organic," Kondrup said. "I just happened to run into somebody I knew who was looking for organic milk products. I went to the board and said there was some potential here. It wasn't a hard sell convincing the conventional farmers and it has proved to be a great success."

A Westby milk producer has probably around 75 cows and crops the land. They are a family operation, Kondrup said.

"We are a good avenue for the multi-generational family farmer," he said. "The members want to keep this thing going for the smaller farmers."

The co-op has some farms with over 200 hundred head but that would be near their largest member.

"We've been approached by bigger producers," Kondrup said. "The board really hasn't been interested in that kind of size, right now."

The co-op keeps investing in the operation. It recently spent over \$6 million on new upgrades to the facility.

Westby added new make equipment and packaging equipment like the pouch filler. It will add robotics to the operation to increase production and help in the labor area.



And the co-op is finishing up an addition to their new whey operation by investing in a UF system and RO polisher that will take care of the products' acid whey.

Kondrup doesn't envision the co-op changing course any time soon.

"I don't see any reason not to be excited by the Cottage cheese market. We have some really good customers who are excited about selling more," he said. "The products we are making are award-winning quality products. This place is set up perfectly to continue that tradition."

We are here to get our members the best return on their milk and we feel that's in the products we make, Kondrup said.

"I think a major key to future growth is to stay with organics," Kondrup said. "And keep partnering with companies who want specialty products. Cottage cheese and the other products made the

way our customers want them made, the way no one else will make them. Smaller batches, different flavors, different sizes."

The biggest concern for the long-term success of the cooperative, according to Kondrup, are the trends in farming.

"They work really hard. We are seeing the next generation of farmers moving away from this profession. The biggest question is where will our milk come from in 10 years."

He said he is seeing some modernization on the farm, a few adding robots, but admits, most have not moved in that direction yet.

"It's still a very positive business we have grown here," Kondrup said. "We have a bright future. We have positioned ourselves in a way where the next generation of Westby leaders can continue this very long tradition well and into the future."

For more information, visit www.westbycreamery.com.

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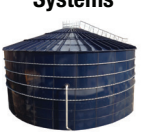
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