

The Face of Ellsworth Cooperative Creamery (continued)

customer like they are our only customer because we know that when they have a good experience, they become lifelong customers. Customer service was improved by focusing on maintaining a clean and well-stocked store and providing happy team members to serve guests.

We improved store merchandising by dedicating time to organization and consistently producing high quality store-made items including our take-and-bake pizzas, snack packs, and fresh curds in their many flavors. We also brought in new vendors and merchandise that added to our already vast selection of cheeses and cheese related items. Another strategy we tested throughout the year was around promotions and promotional pricing. Through special product spotlights and sales we were successful in promoting new products and increasing the average dollar sale for each customer during their visit. As a result of our teams' efforts, Ellsworth is on track for a record year, with a year-to-date sales increase of 34%!

When Ellsworth Store Manager, Shelly Meyer, was asked about what she thought made this year so great, she responded, "The Ellsworth retail team really came together to make sure we delivered a consistent experience for our guests every day."

For our team in our Comstock retail store, the focus was on essentially the same priorities as Ellsworth: customer service, a consistent guest experience, and store merchandising. The team did a great job refining their production selection and upped their game with customer service.

Comstock has had their own record setting year recording a year-to-date increase of 27%. With the increase in demand for our products, the Comstock team met the challenge by consistently stocking the store and excelling in meeting our guests' needs.

In the face of the unprecedented pandemic, complex

public health restrictions, and supply chain issues, our team at both locations has gone above and beyond to maintain the retail store and ensure our guests have an enjoyable experience. In addition, we continue to grow our online presence with upgrades to our website and a new vendor for improved shipping so that everyone in the country has access to the freshest and best Wisconsin cheeses.

We're grateful for an amazing production team that has kept up with increasing demands and we excel at selling our products because the quality is so high – which all stems from our fantastic patrons at the farms. We know that our retail stores represent our patrons, so we take pride in our products because the quality of the milk they produce is superior, which in turn allows us access to the highest quality cheeses.

While not yet officially a third retail location, Menomonie has required a certain amount of attention this year. With the anticipated opening date of January 2022, our team has been working incredibly hard to finalize all the details for this store.

Some of the most special features at Menomonie include hot ready-to-go personal pan pizzas, hand dipped and soft serve ice cream, a special menu of deli sandwiches, and deep-fried cheese curds ALL YEAR. ROUND.

For the store's design, one notable detail will be the ten viewing windows for our guests to see and learn about the cheese making process by observing our cheesemakers while performing their craft.

John Freeman, Senior Manager of Retail Stores, explained, "I am incredibly excited about everything that we have accomplished so far this year. Our progress shows what we can achieve when the right people are united by our goals and are moving in the same direction together. I cannot wait to see what 2022 has in store for the Creamery's retail stores. I am honored to be a part of this team and the Ellsworth family."

We're heading into our busiest months for our retail stores and look forward to finishing 2021 strong. We are also excited for what is to come in 2022!



Quarterly Newsletter - November 2021

The Face of the Ellsworth Cooperative Creamery



At Ellsworth Cooperative Creamery our retail stores are about more than just selling our cheese. Each location performs several important functions related to testing products, collecting sales data, and building brand recognition, which supports our success in the broader retail and food service marketplace.

Still, our retail stores are important to the communities they serve, and each is a favorite destination for fans of Ellsworth Cooperative Creamery products. We headed into 2021 with some key goals for each of our locations and our retail store team has many successes to share from their efforts this year.

The Ellsworth Cooperative Creamery retail store located at our corporate headquarters is extra special to the community because of its long history and designation as "Cheese Curd Capital of Wisconsin." The majority of our patron orders stem from the Ellsworth retail location and special-order items including parade bags of cheese curds for events, meat and cheese trays for parties, as well as gift box orders during the holidays, are generated through this location.

Our team had two main priorities for the Ellsworth retail store for the year: enhanced customer service and store merchandising. We pride ourselves on treating every

Our retail store staff is committed to providing the best experience and value for our customers. As a result, we've grown a following of raving fans of all ages!

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Celebrating National Cheese Curd Day



National Cheese Curd Day is a holiday that was made for us! This year we celebrated in a big way with promotions at our retail stores and a surprise for fans during Ellsworth's high school conference title playoff game.

The weekend marked the end of the season for our Cheese Curd Wagons. We wanted to be sure everyone had their fill until next season and offered an unprecedented promotion for the day of 50% off deep fried curds and many in-store promotions. The specials drew a crowd and many smiles from customers!

Our hometown high school football team was working toward the championships. We know nothing fuels team spirit and hometown pride quite like cheese curds and made sure fans were well-supplied with 2oz snack packs for the big game leading to a big win!



Supply Shortages and You

By Paul Bauer, CEO, Manager
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You've seen the news stories related to supply chain issues and have surely experienced your own challenges at your homes

and farms since the pandemic first began. All unintended consequences of decisions made and actions taken that eventually trickled down through the entire economy. We had hoped to be past the worst of it by now. Unfortunately, that may not be the case.

At Ellsworth Cooperative Creamery we are currently experiencing 28 distinct shortages ranging from film to ingredients to gas. This has required us to become extremely resourceful on a near daily basis to keep production running.

We're fortunate to have a great purchasing department that's been proactive and creative in working with our suppliers to make sure we can get alternative supplies in the door to keep our plants operational. We're taking a long-range view to our most critical supplies. For example, we're sourcing multiple film options to ensure we not only have an adequate inventory, but

packaging that also meets our quality and shelf-life requirements.

These shortages are more than an inconvenience. They have resulted in the recent drop in cheese prices on the CME. According to market analysts, due to a large processor not being able to run product there was a sell motive within the market. The cheese dropped 30 cents which equates to an approximate \$3 drop in your milk price.

Another shortage that is causing a negative impact on markets, and challenges for us at Ellsworth

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Cooperative Creamery, is the shortage of export containers in the United States. When we can't get powder or cheese to exit,

that builds inventory, which again causes pressure on the industry to have surplus blocks and barrels, which causes a negative downward spiral for the cheese market.

When does this end? Unfortunately, this may be the new normal. Supply chain issues and shortages, combined with growing labor shortages, will lead to many challenges and headaches in the coming months and years for us as a cooperative, as farmers, and as consumers. We all must be aware of these changes and be prepared to adapt because it is doubtful to be resolved anytime soon.

The Complexities of Milk Costing

Ellsworth Cooperative Creamery Accountant, Katie Brant, shares her insight into the complexity of milk costing. Chances are you've shared these same frustrations.

As I start to learn about milk costing, it is a far more complex process than I imagined. More complex than setting up a new smartphone! There are many factors that influence how milk is priced. What is the key factor I have taken away about milk costing? Nothing is consistent in the dairy industry! As an accountant, I find this is extremely frustrating, but have refrained from pulling my hair out. I look for patterns like consistency in processes and values and have yet to find one with milk costing.

So, what are some of the factors that affect milk costing? Commodity prices for cheese, butter, and whey are constantly changing based on the market data the USDA collects from manufacturers. We see the daily impact of supply and demand as the market prices change on the Chicago Mercantile Exchange (CME). From a manufacturing standpoint, the market prices cause

the change in our raw material costs from month to month. The milk prices for Ellsworth Creamery and Comstock Creamery and the barrel prices for Wohlt Creamery are largely impacted by these prices. In addition, our order volume across sites varies depending on the season and promotions the customer is offering. Our vat yields can vary day to day, along with moisture content in finished products. Additionally, there are various manufacturing expenses: labor costs, equipment repairs, freight, utility costs. Lastly, we need to consider federal and state laws and regulations. While these may remain consistent from month to month, over time these evolve and are changed.

As you can see, there are many factors that affect milk costing. With these factors continually changing, you can understand an accountant's frustration! At least there is a consistent process to setting up a new smartphone. I guess the one pattern I can take away is that nothing is constant in the dairy industry.



SAVE THE DATE: Ellsworth Cooperative Creamery Annual Meeting

Please mark your calendar and plan to attend Ellsworth Cooperative Creamery's Annual Meeting.

To accommodate all, the 2022 meeting will be held both in-person and virtually.

Watch for Board of Director self-nomination forms and more details to come your way soon!

Ellsworth Cooperative Creamery Annual Meeting

Tuesday, March 29, 2022

Lunch: 11:30am

Meeting: 12:30pm

C3 Church

W7562 US Highway 10, Ellsworth

