



Unsolved case: progress is spotty, but the industry is still attacking the dairy case loss problem - Distribution

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Unsolved Case

Progress is spotty, but the industry is still attacking the dairy case loss problem

Ask a bunch of school kids how to solve the industry's problem of lost milk cases and you're sure to get some interesting answers. Such as:

- * Sprinkle each case with "itchy powder";
- * Post guard dogs behind every supermarket;
- * Install a miniature burglar alarm on each case;
- * Make them ugly by using "gross" colors;
- * Protect them with a trip wire connected to a video camera.

These were just a few of the ideas submitted by students in Virginia and North Carolina in response to an essay contest sponsored by the Carolina/Virginia Dairy Products Association. More than 450 essays were received and, while many of the proposed solutions were a little "off the wall," the exercise was at least a creative means of raising the awareness level of a problem that, by some estimates, is costing the dairy industry \$100 million per year.

But despite this and other positive efforts by state associations and individual processors, the problem may be getting worse. Certainly it's getting more expensive.

"Dairy companies are more concerned about lost cases now because the price of cases has increased significantly in the past couple years," says Earl Fink, executive vice president of the Pennsylvania Association of Milk Dealers.

Depending on how many they buy, most processors now pay anywhere from \$2 to \$4 for each plastic crate.

Being concerned about case loss and actually doing something about it are two different things, however. Many dairies and industry groups fought the problem with gusto during the 1980s without long-lasting success--they won a few battles but lost the war. These days, rather than spend more time and money on case recovery and loss prevention, more processors seem inclined to write off the problem as a "cost of doing business."

Bob Boynton, executive director of the Dairy Institute of California, thinks processors are actually less concerned than a few years back. However, he says, "I do not believe that this lessening of concern is indicative of a reduction of the problem, but perhaps a frustration with finding a solution."

A survey by the Dairy Institute revealed that fluid milk processors in California (not including operations owned and operated by retail grocery chains) lost at least \$7.7 million due to lost cases in 1986. The loss equated to \$0.023 per gallon of milk.

"I have no reason to believe the situation has improved since 1986," says Boynton, reporting further that the California Coalition for Milk Case Recovery, a processor group formed in the mid-1980s, has disbanded. Dairies, if they choose to, must now deal with the problem on their own.

Frustration is also running deep in Florida, a state that passed pioneering legislation in 1981 against unauthorized possession. "We discussed the possibility of another public relations campaign last year but the processors decided it wasn't worth it," says Curry Bassett, Florida Dairy Products Association president. "For now, I guess we're just treading water."

Progress in Texas

But not every state is standing still. A few, including Texas, North Carolina, and Virginia, recently passed legislation prohibiting unauthorized possession of cases and Michigan has a new law pending. Some are simply working harder to enforce and publicize the laws already on the books.

In Texas, where case loss drains the milk industry of an estimated \$10 million annually, a new statute imposes a maximum fine of \$200 per case. Before the law took effect on November 1, 1989, Texans were granted 60 days during which they could return illegally possessed cases without penalty. During that grace period, each milk plant in the state recovered an average of 2,000 cases, according to a survey by the Dairy Products Institute of Texas. The successful roundup and the task of raising public awareness was accomplished through a massive public information campaign sponsored by the Institute.

"The case loss problem doesn't have one particular cause or solution," says Glenn Brown, president of the Institute. "It's never going to be completely solved and we know that. But our law has certainly helped so far."

Bell Dairy Products Inc., based in Lubbock, Texas, agrees. Noble Anderson, vice president, calls the new legislation "a tremendous success," and has the numbers to prove it. He claims Bell's annual spending on new milk cases has declined from \$87,000 to about \$13,000 during the last two years. The company was making some progress even before the Texas law passed, but Anderson credits the new legislation for making the most difference.

"It's just amazing what it's done for us," he says. "We couldn't be more pleased." Although the law hasn't yet resulted in any prosecutions that Anderson is aware of, he says that's just fine: "We don't want to play the bully. We've played it kind of cool and tried to be diplomatic."

Evidently Bell's soft-sell approach, which includes using posters and milk carton side panels that explain the new law, is paying off. "Somebody put five cases on my front porch one night," says Anderson with satisfaction.

The Enforcers

Certainly one of the factors helping Bell Dairy wage a successful war on case loss is the cooperation it's receiving from local law enforcement officials. The Lubbock police department, for example, calls the dairy when it spies wayward milk cases and then, if needed, helps the dairy recover them.

Progress also is apparent in Georgia, where the state's Department of Agriculture decided last year to begin enforcing a law that had been on the books for years. The Department's initial focus has been on processors that use milk cases belonging to other dairies.

According to Joe Andrews Jr., executive director of the Georgia Dairy Products Association, Georgia dairymen have welcomed the crackdown. "We've cleaned up our own act," he says, noting that Georgia dairies now have case floats that are 99-percent pure.

Meanwhile, the Department of Agriculture also is checking out-of-state dairy trucks coming into the state--to do business in Georgia; they too must use only their own cases. Andrews says he knows of at least two occasions where trucks have been pulled over and searched.

The strong enforcement efforts in Georgia and Texas, however, seem to be the exception. Processors in other states that have enacted anti-theft statutes have found that the value of such laws is mainly in the free publicity that comes when they are passed, not the enforcement efforts that come afterward.

Pennsylvania's case law passed in 1987 and calls for a fine of up to \$300 or a 90-day jail sentence for unauthorized possession. But it seems the bark of the legislation is bigger than its bite.

"The law has been poorly enforced," says Fink. "I am aware of only three prosecutions under the 1987 statute. With the crime rate soaring and with the war on drugs, stolen milk cases are not a priority for enforcement officials." He adds that dairies are reluctant to initiate legal action because of possible bad publicity.

But if the existing milk case laws are to have any teeth at all, the dairy industry might have to become more aggressive.

"My sense is that legislation has helped but only when industry efforts have been made to publicize the problem, educate law enforcement agencies, and actively assist in investigations," notes California's Boynton.

Ohio conducted a statewide public relations campaign in 1983 and, recalls Don Buckley, executive vice president and secretary of the Ohio Dairy Products Association, "One of our first efforts was to advise all the law enforcement agencies in the state about the law already on the books. Unless you keep it out there in front of them all the time, there is no enforcement."

However, by focusing on enforcement, which stresses the retrieval of stolen cases, the industry may be attacking the problem from the wrong end. "Prevention of loss, more than recovery, seems the best approach," says Boynton, "but it takes a major and continuous effort."

It takes money, too. The Pennsylvania Association of Milk Dealers spent \$30,000 to publicize its new law in 1987. The following year, its members' case losses were reduced by 50 percent. But in 1989, the losses returned to their previous high levels.

Ohio suffered similar frustration following its campaign. After encouraging results initially, aided by free media exposure, the problem persisted. "We just don't have the money to fund the kind of ongoing campaign that's necessary," explains Buckley.

No deposit, no return?

No one doubts that ongoing public information campaigns, new statutes, and better enforcement of existing laws would help solve the case loss problem. But most industry people believe the best long-term solution to the problem is obvious.

"I really think the only workable answer is mandatory deposits," says Buckley. "Retailers and institutional accounts would then have an investment in the cases. If they had an investment, they'd be more protective of them."

Of course, as Buckley is well aware, retailer opposition to any legislation that would make a case deposit the law would be fierce, to say the least. "The chances of getting anything like this done are very distant," he admits.

Unfortunately, the possibility of individual processors initiating a deposit system on their own (without legislation) is not likely either. Many have tried this approach and failed.

"You can't put a deposit on a milk case," says Dan Marx, general manager, Clinton Milk Co., Newark, N.J. "If we start a deposit, there will always be that one guy out there that says, 'Hey, buy from me, I don't have a case deposit.'"

Intense competition between dairies isn't the only thing holding back progress. Federal antitrust laws prohibit processors from getting together and even talking about case deposits, much less to set up a market wide system.

So with the prospects for case deposits looking as bleak as ever, some feel the dairy industry must address the problem from an operations standpoint.

"I think the problem will be solved only when the engineers design a milk carrier that will fit into our processing and distribution systems and is totally useless or unappealing to the general public," Fink reasons.

At this point, perhaps not even "itchy powder" should be ruled out.

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