TO PROMOTE THE SALE OF JERSEY PRODUCTS

The days of the family cow were drawing to their close, and the leaders of The American Jersey Cattle Club could no longer ignore changes in the American way of life. They required an answer to the question, “How do we sell our product?” The story of the AJCA’s efforts in the milk marketing arena begins more than 70 years ago.

In the midst of the January 21, 1926 meeting of the Board of Directors, President M. D. Munn of Minnesota mused:

“I am wondering how we can best take advantage of the value of Jersey milk and get the information to the public. There is no doubt that, speaking from the broad standpoint, Jersey milk is the best that can be had, purely on the basis of its food value.

“How can this club,” President Munn asked John E. Jones of Kansas City, Mo., “help Jersey breeders to dispose of their product?”

Replied Jones, “Nearly every dairyman in our section would take up the production of Jersey milk if they had the market for it. Any good Jersey milk will sell from 18 to 25 cents a quart. They cannot do it with grades, because they cannot reach the standard of Jersey milk as to butterfat.”

Added C. M. Gooch of Tennessee, “As a commercial proposition, you have to fight for milk of a higher standard and for certified milk.”

Munn was clearly dubious. “It would benefit a few who are in a certain locality, but would not benefit the Jersey breed in its entirety. We must take the national viewpoint on this question.” He rephrased his query. “The question is, what particular effort on the part of the Club will bring the greatest good to the greatest number of Jersey breeders? If we attempt to sell Jersey milk as such and establish a market, we could not supply one percent of the 155,000,000 pounds of milk consumed annually in the United States.”

Rejoined Jones, “Why do you feel this danger of being unable to supply it?”

“It would have to be milk produced from the Jersey breed,” replied Munn. “If the demand is for Jersey milk alone, because of its rich quality, you cannot possibly meet the demand for milk so branded.”

“This trend toward richer milk will extend throughout the United States,” asserted Jones.

“Yes,” agreed President Munn, “not as Jersey milk, but as milk. The Jerseys can produce this richer milk, but there must be created a demand for Jersey cows. . . . Let us supply material giving good reasons why Jersey milk is the best milk.”

One can excise from this brief exchange any number of issues that construct the complexities of marketing Jersey milk.

But from the standpoint of the leadership and the members of the American Jersey Cattle Association, addressing these issues has most often boiled down to a simple formula. *Increase the value of and demand for Jersey milk, and the value of and demand for Jersey cattle will take care of themselves.*

Towards Breed-Branded Milk

M. D. Munn continued to agitate the Directors for definitive action. At the December 7, 1926 meeting, he reported, “In Chicago a concern has a bottle that is known as ‘the Jersey bottle,” in which there is blown the trademark ‘Jersey Milk.’ They supply that bottle to any dealer who wants to establish the sale of Jersey milk . . . They create a supply and sell the bottle, subject to the condition that it shall be used only for pure Jersey milk.”

“There is nothing definite as to what they all call Jersey milk,” commented Secretary Lewis Morley, “or the conditions under which it is to be sold.”

John R. Sibley, Spencer, Mass., opined that a study committee was now required. Munn agreed, adding“The advertising of Jersey milk would no doubt add to the sale of Jersey cattle.”

Sibley, appointed as a committee of one, urged the AJCC at its next meeting to “select and copyright a design for Jersey products.” A new committee was appointed, of Sibley, D. A. Heald and Luke B. Carter. Recalls Heald, “We exchanged views by letter and soon discovered that each had firm opinions regarding his own idea. Mr. Munn . . . was called in for our final meeting. After discussion the word ‘Creamline’ was suggested as a compromise and adopted” at the Board’s meeting on May 31, 1927. Secretary Morley would later write that the phrase “Jersey Creamline” with a design showing a Jersey cow with a farm scene in the background was registered and patented by the U.S. Patent Office on May 29, 1928.

But before that, on December 6, 1927, the Board created a standing Milk Committee “to recommend . . . a plan by which the Club would authorize the use of the Club’s registered ‘trademark’ to producers of Jersey Creamline products.” Morley, plus directors Sibley and J. W. Ridgway, were duly appointed and reported back on June 5, 1928. Prof. Ridgway, as the chairman, presented the report, noting that “In certain sections of the United States Jersey products are running into competition with the products of other breeds, particularly the Guernsey . . . One of the functions of the American Jersey Cattle Club is to promote and protect the sale of Jersey products.”

The licensing rules for Jersey Creamline Products were designed to achieve such aims:

Seattle’s Apex Dairy advertised its Creamline product line with this animated sign (the calf’s tail swished back and forth) standing more than 11 feet high and 55 feet long.

The milk sold under this trademark shall be exclusively from purebred and registered Jersey cows, or from herds in which two-thirds of the cows are registered, the remaining animals to be grade Jerseys with the breeding program so arranged that the *entire herd shall consist of registered purebred Jerseys within five years after this license is granted.*

All such milk must contain not less than 4.75% butterfat as determined by the Babcock test.

All such milk shall confirm to the requirements of the local health authorities for Grade A. milk . . .

All herds producing such milk shall be free from tuberculosis as indicated by a regular annual inspection and test made by a recognized state or federal authority.

All such milk shall be bottled by a Jersey milk producer as herein defined or in a milk plant approved by the American Jersey Cattle Club.

Herds and premises shall be open for inspection by the American Jersey Cattle Club at all times.

"All moneys received from licenses and surcharges on caps," reported Secretary Lewis Morley, "shall be used to defray expense of any litigation necessary to protect the trademark; to advertise Jersey Creamline Products; and to defray expense of inspection and supervision of the use of trademarks."

Massachusetts, Morley said, was "a good territory in which to try out the trademark. Considerable attention was given to making a survey in Massachusetts during the late summer and fall of 1928." The first license was issued on March 7, 1929 to Mason Garfield of Concord, Mass., followed in late May by the approval of an application from Director John R. Sibley. Its growth, generally, was slow. In 1933, there were just 65 licensees.

The lack of interest seems to have two sources. The first was undoubtedly in the program's rules, most critically the requirement for a fully registered Jersey herd and obligation to become a tuberculosis certified herd. The other was the lack of promotion during its early years in the *Jersey Bulletin*, that publication not being under the control of the association. Only when controversy emerged in 1934 over the desirability of the "Creamline" name itself were there any number of articles on the program. After several success stories and testimonials were published, plus a feature-length article written by Secretary Morley and an endorsement from the *Bulletin's* owners, activity increased.

A separate entity, Jersey Creamline, Inc., was incorporated on March 3, 1939. According to Guy M. Crews in the AJCC's centennial history volume, the organization "entered into an agreement with The American Jersey Cattle Club, whereby it leased the Jersey Creamline Products trademark under terms mutually advantageous to both organizations. A constitution for the new organization was adopted on May 4, 1939, and Jersey Creamline, Inc., started business on June 14, 1939."

Those were the salad days for Creamline. Its licensing program peaked in 1941 at 434 distributor-herds. Its days, however, were numbered. Acceptance of homogenized milk and wartime milk production subsidies, which according to Crews "favored low test, higher production breeds," created insurmountable problems. The future—or lack thereof—for Creamline was apparent in the 1953-54 Annual Report: "At the close of the fiscal year there were 32 active Jersey Creamline Milk licensees in the United States."

Crews would later editorialize:

"Thus ended an important era in the history of Jersey in the United States: An era in which milk had been judged primarily on its quantity of butterfat as manifested by a deep creamline seen through the glass bottle; an era when Jerseys were in active demand because of their ability to produce a milk that was visibly more appealing as well as nutritionally superior."

In Creamline's Place

However, Crews reported, "Certain Jersey breeders and other business interests in the West had foreseen the demise of the Creamline program and they set about in the 1940s to create a new Jersey milk program which was better adapted to the current conditions of the fluid milk industry."

Parents' Magazine awarded its Seal of Commendation to All-Jersey milk.

AJCC Director Peter J. Henning of Washington brought the Board's attention to the name All-Jersey in December of 1948. The name was owned by Frederick E. Baker, owner of an advertising agency in Seattle. Baker and Ed Jackson, a Jersey producer from Washington State, were invited to the March, 1949 directors' meeting to discuss the All-Jersey program. Baker would return to the Annual Meeting in Sacramento to propose that the AJCC cooperate in a national promotional program. Problems in financing and with the sole All-Jersey producer led the AJCC Board to decline participation.

"By the summer of 1950," Guy Crews reported, "a group of Oregon Jersey breeders had made arrangements with Frederick Baker and Associates to use the All-Jersey name and certain advertising material.

"The work and ideas of this group proved sufficiently successful to attract the attention of the Oregon Jersey Cattle Club and in the spring of 1951 negotiated the purchase from the Baker firm of exclusive rights for the State of Oregon.

"By this time a basic concept had been developed—that Jersey milk could be sold at a standardized butterfat content, competitive on any given market, as well as a premium butterfat milk.

"The position as head of the (AJCC) Milk Department became vacant about March 1, 1951 and was not immediately filled. Director Floyd Bates of Oregon approached the Board of Directors at the December 1951 Board Meeting with a request from the Oregon and Washington Clubs for a sum of $1,500 for further development of the All-Jersey program in Oregon and Washington. The Board, conscious of the fact that something should be done and that there was no one actively employed by the organization to carry on a milk program, finally approved with some misgivings the $1,500 for the Oregon and Washington Jersey Cattle Clubs on a research basis as a means of further developing a milk program. The Oregon and Washington Jersey Cattle Clubs then negotiated with the Baker advertising firm for all rights for the use of the name All-Jersey."

"Although quite a few small distributors were licensed in Oregon, it was not until November 1952 that a large distributor actually started selling All-Jersey. The Fred Meyer stores in Portland started distributing All-Jersey on November 24, 1952."

From the AJCC offices in Ohio, a nationwide contest was being conducted to find a trademark to succeed Jersey Creamline. "JerZ" was selected from 784 entries, but it was short-lived. "It is the opinion of many people that the trade name All-Jersey is the most distinctive, early-to-recognize name that should have the 'impulse pull' that merchandising experts look for. The Board of Directors, therefore renewed every possible effort with the breeders in the West to reach a mutual agreement to use the (All-Jersey) name and the program nationally."

The 1953-54 Annual Report also outlined "major points" for any AJCC-sponsored milk program, among them an insistence that even though any milk sold would be standardized for milkfat content, "This milk must always be a 100% Jersey product."

And, two objectives new to the milk merchandising program were introduced:

"*Improved labeling (to) inform consumers of the contents of milk and other dairy products;*

"*Work for fair and equitable prices for all Jersey milk producers.*"

It was in 1954 that the AJCC assumed ownership of the All-Jersey program, purchasing it from the Oregon and Washington associations. Signing on as the first All-Jersey franchisee with the AJCC was the Ohio Jersey Breeders Association.

On December 1, 1957, National All-Jersey Inc. was organized, separate from the AJCC. In its Articles of Incorporation, the organization's purpose was stated as, "To promote the increase production and sale of Jersey milk and milk products and to promote Jersey cattle and the interests of breeders of Jersey cattle." The AJCC Board of Directors believed in it enough to make grants of $236,000, a loan of $65,000 and sponsored the 5,000 Heifer Project which raised $216,000 for its development.

Charles Kelly, as President of The American Jersey Cattle Club, would report to the 90th Annual Meeting that NAJ "has been created with special care so that it will have the best knowledge available and also so that it will work in close harmony with the board of directors of the national club."

"I firmly believe the All-Jersey program is the greatest answer to breed promotion our breed or any other breed has ever had the opportunity to develop," Executive Secretary J. F. Cavanaugh would add. " As we increase the demand for our Jersey milk, we increase the demand for Jerseys; our *problems* with registrations, transfers, testing, classification, youth work, shows and sales, all become *opportunities*. The All-Jersey program of selling a milk with standard fat, but high solids content at a competitive price is rapidly taking the Jersey cow and the Jersey breed from the foot of the table to the seat of honor. The All-Jersey Program will be just as big as we make it."

ON PROJECT EQUITY, 23 YEARS LATER

Equity was born in 1976. It had two purposes:

- To work toward the nationwide adoption of an equitable milk pricing system; and
- To develop specialized markets where the producers of higher-than-average protein test milk can be financially rewarded for their product in relationship to its yield of finished product.

On the occasion of Equity's twentieth anniversary, it was noted that 80% of entire U.S. milk supply was eligible to be priced under some type of MCP, compared to about 10% in 1976. And, in 1996, 13 of the 33 Federal Orders had implemented some type of MCP, applying to 55% of all the milk marketed under the Federal Order structure. In 1976, MCP in the Federal Order system was inconceivable for most producers and all policymakers in Washington, D.C.

Interestingly, 1996 was also the of the Federal Agricultural Improvement and Reform Act. FAIR required that the current 33 orders be consolidated and authorized multiple component pricing in the restructuring of the Federal Order system.

The Proposed Rule issued by USDA in early 1997 recommended MCP for seven of the 11 consolidated orders. Through its comments on the proposed rule, National All-Jersey Inc. urged that USDA expand MCP into all of the orders, giving four reasons:

1. Uniform MCP in all markets would provide equity in raw milk costs for all manufacturers of Class II, III, and IV products.
2. Including MCP in all of the proposed milk marketing areas would encourage the production of a quality milk supply for consumers
3. Including the same MCP program in all 11 paroposed marketing areas would help prevent disorderly marketing between areas
4. Finally, the future likelihood of using ultrafiltration and reverse osmosis for Class I milk products creates an even greater need for multiple component pricing in all markets.

The Final Decision, issued March 31, 1999 and pending producer referenda, implements multiple component pricing in the seven orders named in the Proposed Rule. Combined, these orders account for 85% of all FMMO production. Pricing will be based upon:

1. Total pounds of butterfat multiplied by the butterfat price per pound, plus
2. Total pounds of true protein multiplied by the protein price per pound (adjusted for SCC in Mideast, Upper Midwest, Central and Southwest orders), plus
3. Total pounds of other solids multipleid by the other solids price per pound; and
4. Total cwt. of producer milk multiplied by the producer price differential (in essence, each producer's share of the Class I and II fluid differentials).

Although the Directors of National All-Jersey Inc. and The American Jersey Cattle Club voted to underwrite Equity for $100,000 over three years, that resolution has never been executed. Equity has been self-sufficient through a voluntary check-off program.

Growing And Going National

As of March 31, 1958, over 9 million pounds of Jersey milk were being sold monthly through 57 plants located in 16 states, the vast activity dramatically concentrated in California, Oregon and Washington. Double-digit sales increases were reported in 1962, along with increases in production. Thousands of Jerseys were being sold to new All-Jersey producers, and "it is estimated that 80% of the Jersey cattle (being sold) were registered and had a record of being on production test."

On the horizon, however, were the seeds of All-Jersey's eventual demise. Federal Order pooling procedures were under study.

FMMOs were clearly defined in the 1937 Agricultural Marketing Agreement Act and had contributed to stable marketing conditions in the decades following its adoption. But as FMMOs evolved, a provision adopted in all but two orders led to difficulties in selling the All-Jersey label to both producers and handlers. This was the switch from an individual handler pool to a marketwide pool for distribution of payments. The added value of Jersey milk to the producer and handler was diluted in a marketwide pool. There was little incentive for organizing Jersey milk and keeping it segregated for bottling.

National All-Jersey, as did Golden Guernsey and other specialized handlers, argued at hearings in 1964 for individual handler pooling in Federal Orders—but to no avail.

In 1966, "a year of rather erratic growth," producer shipments and consumer sales increased as they had over the previous nine years. National brand recognition was also being achieved, with ads in *Look, Life, Parents' Magazine* and *Pediatrics*. A 13% increase in production and sales was reported for 1967. Opportunities for breed expansion continued: "Availability of adequate supplies of Jersey milk continues to be the single most important challenge to the growth of All-Jersey."

The tide turned after 1968, with little growth or actual declines in annual sales or producer shipments. Constraints of the Federal Milk Marketing Order system were taking the toll of All-Jersey.

Toward A New Program

The Annual Reports of National All-Jersey Inc. in the late '60s and early '70s changed in tone. Rather than reporting sales and production statistics, they increasingly read as editorials on national milk marketing policy. Change was again in the offing for the Jersey milk program.

"When full-fledged nutritional pricing does come into effect—and it will," Executive Secretary Jim Cavanaugh wrote in the 1975 Annual Report, "the dairy industry will take a giant step into the future. The sooner equity in the market place arrives the sooner dairymen will get their rightful price for milk. That is why the American Jersey Cattle Club . . . is making every effort to see that a new protein based pricing formula is established throughout the industry."

Tradition holds that the annual reports accomplish exactly that: report activities and accomplishments of the year just completed. The milk marketing situation in the spring of 1976 commanded otherwise.

"The pricing system in vogue in the USA *premiumizes* quantity at the expense of *quality*," Guy Crews wrote. "So long as this is the case, the nutritional value of milk in the U.S. will continue to deteriorate, cheese yields will diminish, and water will be added to milk in increasing amounts."

The entire report for National All-Jersey looked not back, but ahead to the future. It concluded with the resolution adopted by the NAJ Board at its spring session:

That The American Jersey Cattle Club and National All-Jersey Inc., through their members and staff, undertake a nationwide project which has as its aim, the establishment of an equitable pricing system for milk in the USA. A further aim of the project would be to develop specialized markets (e.g., cheese plants, etc.) which sellers of higher than average protein test regardless of breed could be financially awarded for their product in relationship to its yield of finished product.

Be it further resolved:

That funds to establish and maintain this project would be generated from a voluntary check-off of 2¢ on all milk shipped by the participating dairymen. These funds would be expended through the AJCC and NAJ to accomplish the aims and goals of the project."

It was the resolution creating the Equity Project.