

Dairy Marketing Options

Final Report for FNC00-296

Project Type: Farmer/Rancher

Funds awarded in 2000: \$9,900.00

Projected End Date: 12/31/2003

Matching Non-Federal Funds: \$12,325.00

Region: North Central

State: Minnesota

Project Coordinator:

[Mike Salber](#)

Project Information

Summary:

II. Background

There were three dairy farms involved in this project, Mike Salber, Marty Primus and Roy Perish. All three of these operations are small family farms of 40-60 mil cows per farm on approximately 240 acres of land.

Rotational grazing had been implemented on these farms for at least 10 years, with a minimal amount of grain being fed. The herds were freshened on a seasonal basis. With Marty Primus calving in early spring and Mike Salber and Roy Perish calving the majority of the cows in March and April and the remainder in the fall.

III. Project Description and Results

The objective of this project was to create a pilot project that would establish fluid milk and ice cream products and markets for grass based dairies. The problem is multifaceted. Grass based farmers put their milk on a bulk truck where it is hauled to a creamery and blended with other non-grass-based milk. Grass farmers lose control of their milk as soon as it's put on the bulk truck. This project will attempt to regain some of that control by specifying bottling and manufacturing identity preservation and by the farmers taking ownership of much of the marketing of identity preserved grass based milk through collaborative marketing.

The process for our project grew out of a discussion within the grazing group of the Central MN Sustainable Farming Association about six years ago. The dairy grazers started discussing and looking into trying to increase profits by doing some kind of identity preserved marketing of grass based dairy products.

By doing some informal marketing research the dairy grazers felt there was a market demand for this type of product.

The first products that were researched were cheese products. Several dairy farmers contacted and toured several small cheese factories in Minnesota and Wisconsin that expressed interest in producing a grass based product. But the distance and location of the cheese factories from the dairy farms in central Minnesota made hauling costs of the raw milk and the finished product too expensive

to be cost effective.

The next step was to look into a fluid milk market. Contact was made with Pride of Main Street Dairy in Sauk Centre, MN and some interest in their part was expressed in manufacturing a grass-based product. At the same time discussion was held with the Whole Farm Coop, a marketing coop formed by local central Minnesota farmers whose function is to sell and deliver locally grown, healthy food (of which several of the dairy grazers belonged to) would market and deliver our products.

So with a willing manufacturer and a system to market and deliver a product and these all being closely located to the dairy farmers to make transportation more cost effective; the decision was made to apply for a SARE grant.

In the fall of 2000 Mike Salber, Roy Perish, Marty Primus and Herman Hendrickson with the help of John Seymour Anderson, a graphic designer who devotes a lot of energy developing identity labels for sustainable produced food products worked with the group to develop a label. The label would depict the milk and ice cream, as coming from cows whose main forage is grass. The label would also state that our farmers do not administer drugs or hormones to enhance growth of production. The brand on the label would be "Grazers" and the logo would be a sword of green grass. Also included was the "Real" seal and the "Minnesota Grown" logo, the following statement was also included, "as growers located in Central Minnesota, we are dedicated to sustainable farming practices that aim to provide wholesome food, a vibrant rural economy and a healthy environment.

Marvin Hinnenkamp, General Manager, of Pride of Main Street Dairy processing plant located in Sauk Centre, MN worked closely with the dairy farmers and Whole Farm Coop with the development of their products, Grazers Milk and Grazers Ice Cream. Marvin and Pride of Main Street advised us on packaging size and design and in getting our products into a recognizable and saleable form. Herman Hendrickson played a big part in coordinating the process between the dairy farmers, Pride of Main Street Dairy and Whole Farm Coop. His previous experience in the Dairy-processing field proved invaluable in this whole project.

It was decided by those involved in the project to bottle small amounts of milk weekly to build a market and customer base. "Grazer" milk went into production in early spring of 2001. Milk was processed into skim, 2% and whole milk and it was non-homogenized.

In order to meet all Federal regulations we sold our milk to our regular processor, then on the days we would process our "Grazers" products we would have our milk picked up separately by an independent milk hauler and delivered to Pride of Main Street Dairy. Roy Perish arranged this process. Pride of Main Street Dairy would then buy it from our regular processor. Pride of Main Street Dairy would then sell the bottled milk and ice cream to the Whole Farm Coop for a price that would cover the cost of the milk plus the processing. By going through this process we met all Federal and State regulations and Pride of Main Street Dairy was then able to use any milk that wasn't needed for "Grazer" products.

We used a marketing approach that was as unique as our products. Roy Perish started a local route to small locally owned stores in central Minnesota, by going to these stores in person as a dairy farmer and presenting products. This route was then serviced by the Whole Farm Coop; they also marketed "Grazers" products to health food stores and individual customers and customers through church groups in both central Minnesota and in the Minneapolis/St. Paul metro area.

Our market approach when approaching health food stores and local grocery stores was that our "Grazers" products were grass based with no antibiotics and hormones and that the bottled milk was non-homogenized.

Whole Farm Coop sales personal including Dawn Nye conducted taste testing at various health food stores and Whole Farm Coop sponsored events and left samples of products at different locations. A survey of Whole Farm Coop's customer base indicated a very wide interest in the non-homogenized milk products. During the period of operation, the customers commented highly about the flavor and mouth feel of the milk products offered by the Whole Farm Coop.

The ice cream was well received by the customers. The flavor was commented on as being like old fashion homemade ice cream. The other stabilizers, if you note on our ice cream label for list of ingredients. One other interesting note was that we had customers coming back into the local grocery stores after we finished the project asking for our products.

Marty Primus put together a small picture book of his farm, depicting it as a family operation that was sustainable and as environmentally friendly farming operation.

Marty and other Whole Farm Coop personal used this photo scrapbook at various events and health food stores, such as Good Earth Coop in St. Cloud, MN, to educate consumers about "Grazers" products. The photo book was designed to be used as a tool to educate the consumer, a little about sustainable farming and what can be done. How the consumer can change the direction of agriculture toward more sustainable agriculture by how they spend their food dollars.

Shelf life testing was conducted throughout the time "Grazers" products were processed, which showed that our products were processed, which showed that our products retained their freshness well past the freshness date on the products. Shelf life testing was done at Pride of Main Street Dairy and at Whole Farm Coop. At Whole Farm Coop milk was tested in March, June, and in August.

Many samples stayed good for five to six weeks from processing date. All of the samples remained good through the freshness date on the bottle of 18 days from the day of processing. Skim, 2% and whole milk were tested for shelf life and all samples were refrigerated at 36-38 degrees F.

"Grazers" products were processed until the end of the grazing season in October. Pride of Main Street Dairy installed some updated equipment in the latter part of the summer of 2001, which affected the production of "Grazers" products. The newer equipment processed faster which meant larger batches of milk had to be bottled, which at times were larger than our market. Also being our products were different, unique, from what Pride of Main Street Dairy would normally process, extra costs were incurred from line washing and product separation which drove up the cost of processing. Even though we were working with a small local processor the issue of product separation and line loss would have to be addressed to make this kind of adventure more cost effective.

We were successful in preserving the identity of our milk, having it kept separate during the hauling from the farm using an independent trucker, by using a small local processing plant, and by establishing a market for "Grazers" products by marketing through the Whole Farm Coop.

Project information was shared with other interested dairy grazers at two different meetings held at Whole Farm Coop in Long Prairie, MN. At the first meeting we shared the results of our project with 10 interested area producers and we also had invited representatives from Pladot, a company that manufactures mini-dairy processing equipment for on farm processing, they presented information on their equipment and how to develop markets for direct marketing.

Nine dairy farmers attended a second meeting and again the results of the project were presented, Larry Swain from the University of Wisconsin-River Falls was invited. Larry gave a presentation about Farm Processing direct marketing. He

shared a lot of information of developing markets and a customer base.

Research

Participation Summary

Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture or SARE.



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