

Promoting and Distributing PastureLand Products

Final Report for FNC00-324

Project Type: Farmer/Rancher

Funds awarded in 2000: \$10,000.00

Projected End Date: 12/31/2003

Matching Non-Federal Funds: \$5,000.00

Region: North Central

State: Minnesota

Project Coordinator:

[Dan French](#)

Project Information

Summary:

PROJECT BACKGROUND

PastureLand is a cooperative of five farm families working on three grass based dairy farms in Southeastern Minnesota. Collectively, the cooperative milks about 350 cows. Each farm has made a long term commitment to management intensive rotational grazing. The goal of the cooperative is to return increased income to its members by marketing the benefits of milk products from grass fed animals.

PROJECT DESCRIPTION AND RESULTS

With the support of the SARE program, PastureLand has made very steady progress toward the three work areas outlined in our original proposal. These work areas were as follows:

- 1) Product development
- 2) Manufacturing and distribution
- 3) Pricing

This final report will document the cooperative's progress since the submission of our Interim Report in late 2001.

Product Development:

PastureLand continues to work with local co-packers in the production of our premium dairy products. Butter is made at the Hope Creamery in Hope, Minnesota. Several varieties of cheese are made at Eichten's Cheese and Buffalo in Center City, MN. In 2002, PastureLand introduced unsalted butter as well as two new cheeses, Dill Gouda and Jalapeno Gouda.

PastureLand continues to work to identify ways to add to the product line, especially in ways that will help us to realize profit from the byproducts of butter processing. We continue to discuss the possibility of more collaboration with the Hope Creamery that would enable us to market buttermilk and skim milk. As reported earlier, the development of new lines has been made difficult by the lack of high quality co-packers within "truckable" distance from PastureLand member farms.

Sales and Distribution:

PastureLand currently markets its cheese and butter in 27 retail locations in

Southeastern and Western Minnesota and the Twin Cities. The Cooperative also sells cheese directly at the Rochester, MN Farmer's Market. Sales continue to grow gradually (25% overall growth in 2002 and nearly 100% year to date for 2003), and the cooperative continues to handle its own sales and distribution. The majority of our wholesale accounts are natural food cooperatives.

Much of 2002 was spent modifying and improving PastureLand's "product identity." With the help of a marketing/sales consultant Jeanne Quan and product identity/marketing consultant John Seymour-Anderson, PastureLand has revised its logo and redesigned its butter and cheese packaging. We are very pleased with the outcome of this work and believe that our packaging will now pull much more weight as we work to tell the story behind our products. We have set aggressive goals for sales in 2003.

Pricing:

PastureLand has analyzed its pricing from several perspectives since the interim report was submitted in 2001.

First, butter and cheese prices were compared to competitors (products marketed in similar venues and priced similarly...mostly imported, organic, and/or artisan products). In independent tasting and in a focus group setting, PastureLand butter and cheese was deemed to be well placed within their market segments.

At the same time, the cooperative continues to work to analyze our internal pricing producers. Because it is still of primary importance to return a high, stable pay price to member farmers, all products pricing must be based on relatively expensive milk. Current pay prices are \$15/cwt for milk used for butter and \$17/cwt for milk used for cheese. Economizing on shipping has helped to bring more efficiency and profit margin to our production processes. Marketing byproducts of the butter making process will also help.

People:

As detailed in our original proposal, it has been very important for PastureLand to hire outside services as we work to develop and expand our business. Because all members are actively involved in farming, they have a limited amount of time to conduct the day-to-day business of a start up enterprise. PastureLand members are directly involved in the governance of the cooperative as well as in marketing efforts, but have also worked with the following consultants or businesspeople to grow the business:

- Kirsten Bansen Weigle, Cooperative Coordinator, was hired on a part time basis in late 2000 as a direct result of the SARE grant award. Ms. Bansen Weigle has worked as a consultant to the cooperative on business development, research, record keeping and fundraising, and marketing. It has been very helpful to have someone with Ms. Bansen Weigle's general skills in research and communication to augment the work of the PastureLand Board.
- Jeanne Quan of Jeanne Quan Find Foods Marketing has an extensive background in food marketing and business development and worked with PastureLand on business and marketing planning during the calendar year of 2002. Her work has helped the cooperative to secure investment in the cooperative and has also helped to revise and refine our marketing efforts.
- John Seymour-Anderson is a graphic artist and product identity consultant who has worked closely with PastureLand to revise our logo and product packaging. Mr. Seymour-Anderson helped PastureLand to negotiate the web of packaging regulations that surround the packaging of perishable food items and also brought a very thoughtful perspective to the telling of PastureLand's story.
- Carl Zurborg, former CEO of Swiss Valley Farms, has provided a limited amount of advice and guidance to PastureLand as a business consultant. One of the most

challenging aspects of product development has been trying to understand milk marketing regulations and industry practices. Mr. Zurborg has made recommendations to the Board about processing efficiencies and the logistics of new product development.

- We have also been fortunate to receive grant support from two sustainable agriculture programs of the Minnesota Department of Agriculture. The Cooperative Value Added program and the Energy and Sustainable Agriculture Program have each helped PastureLand to develop and refine elements of our marketing program.
- Wanda Carlstrom has worked to design and implement our new website, located at www.Pastureland.net.

Results:

In its original proposal to SARE, PastureLand indicated that our project would be a success if we could successfully market our products through two different distribution methods for a period of one year. We are now in our third year of marketing grass based dairy products and have learned a great deal along the way. We have tried both wholesale and direct marketing. At this time, we believe that a combination of strategies is best for us...though nearly all sales are on a wholesale basis, our success hinges on our ability to connect directly with consumers to tell our story.

At this time our SARE proposal was written, PastureLand had not yet marketed any dairy products under its own label. As of February 2003 we have 13 varieties of cheese and two varieties of butter on the market. Sales grew by 25% in 2002. we hope for a 125% increase in 2003 over 2002. Our record keeping and inventory systems continue to grow more sophisticated, as does our understanding of the complex world of food marketing.

Though a small proportion of the milk of member dairy farms is being marketed under the PastureLand label, cooperative members are receiving a better return on their milk than commodity pricing. Members have devoted a great deal of time and energy to this initial start up phase of the business.

The next three year will likely be a period of even greater change for PastureLand, as we gradually ramp up to using 100% of the milk produced on member farms. Realization of this goal will depend on continued progress in the three work areas outlined in our original SARE grant: product development, sales/distribution, and pricing.

OUTREACH

Consumers are our primary audience and we have targeted our outreach efforts to folks who have an interest in local, sustainably produced products. Because Minnesota has a wealth of natural food stores and cooperatives, we have been able to connect directly with many consumers through product placement and demonstrations. To further spread the word, we have also worked to gain coverage in local and regional publications, including the Minneapolis Star-Tribune, the St. Paul Pioneer Press, the Rochester Post-Bulletin, TCTaste magazine, and the newsletters of the food cooperatives that offer our products. In August of 2001 we sponsored an informational gathering of the minds. This group has yet to be named. Face to face contact is the preferred method of contact, with information left in the hands of the person. A website is planned, and under construction, to be found at the address www.pastureland.net. How PastureLand is put together, information on how to contact us, message boards for questions and comments, forms for us to be able to contact consumers/producers and proposed trading cards with the farm dog will all be on display at the website. Extension agents in Wisconsin, Minnesota, and North Dakota have been contacted and are willing to pass on information.

An on farm Open Farm day aimed at consumers had about 250 people in

attendance. We also maintain a mailing list of 500 names and recently launched a quarterly e-letter to interested parties which reaches about 100 interested parties.

During the early months of 2003, PastureLand has created new brochures emphasizing our new logo and “product identity” graphics. Next in line will be revised product placement lists, point of purchase materials, and sales packets. Our new website was launched during the first week of June, 2003. We believe the site was very helpful in advertising our Open Farm Day 2003, held at the farm of Roger and Michelle Benrud on August 9th. Over 100 people attended the event.

With SARE’s help, we have also purchased chemical analysis services to help us better understand the presence of Omega-3 fatty acids and conjugated linoleic acid (CLA) in our products. Consumers are increasingly interested in these heart-healthy fats and clinical tests have shown that dairy products from grass fed animals contain elevated levels of Omega-3 and CLA. We are in the process of analyzing the results of the produce testing and soliciting baseline data for non-grass fed dairy products.

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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