



## **Value-Added Opportunities for Dairy Farms & How to Help**

Extension Conference, October 26, 2021

**NC STATE** THINK AND DO  
THE EXTRAORDINARY

# **Milk Pricing & Milk Marketing**

## **Risk & Reward for Value-Added Opportunities**

### **Resources to Help**

# Who cares about milk prices?



October FaceBook post about milk prices



**Milk**  
1 gallon, fat free

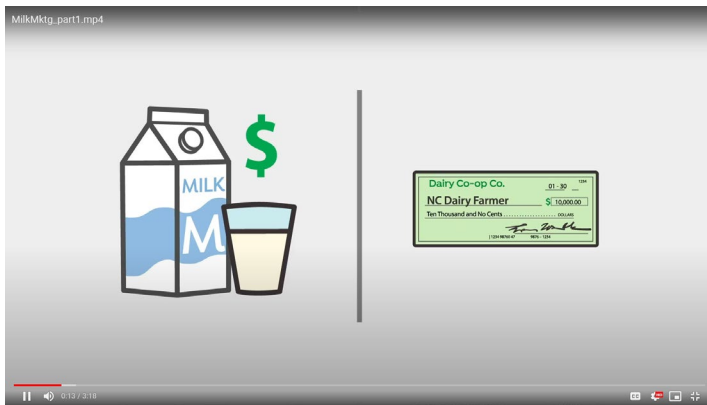


Retail:	\$3.79
Farmer:	\$1.52

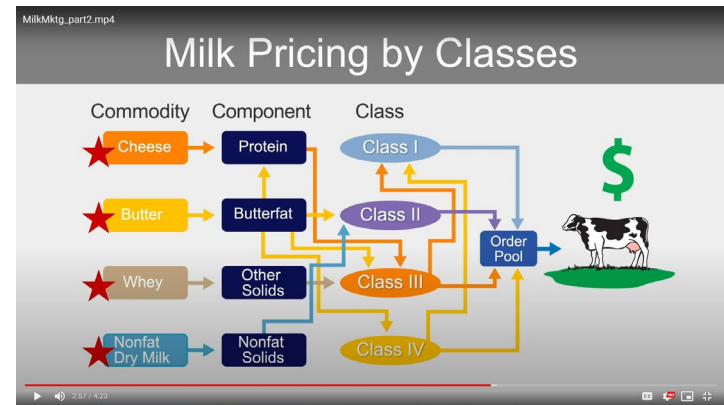
National Farmers Union, derived from NASS  
"Agricultural Prices" 2021.

# Milk Marketing & Other Mysteries

Farm Side



Market Side



# Why Value-Added for Dairy Farms?

- Opportunities to increase financial returns
  - Remove intermediaries from supply chain
  - Take advantage of demand for fresh/local products and experiences
- Risk Management
  - Diversify income streams
  - Market smaller quantities/change efficiency model

**Poll: For a nominal food dollar in 2019, what was the farm's share compared to the marketing share?**

14.3¢

2019 Food dollar: Marketing bill (nominal)



Farm share  
14.3¢

Marketing share  
85.7¢



# Direct Marketing is Growing

Census of Agriculture Data



Change in Direct Sales, 2007-2017	North Carolina	United States
Number of farms	9.3% 3712 to 4058	-6.3%
Value of products sold	140.1% \$29M to \$70M	131.6%
Average sales per farm	120% \$7,851 to \$17,242	147%

# Which job does your farmer want?

## Job Description:

### Value-Added Dairy Manager

- All Production Issues
- Processing
- Packaging
- Storage
- Regulations
- Marketing
- Distribution
- Customer Service
- Additional labor



## Job Description:

### Dairy Farm Manager

- All Production Issues





# Prospects for Value-Added Dairy Products

# Where to Start

1. Big (or little!) Idea
2. Personal Assessment
3. Business Plan
4. Marketing Plan
5. Implement, Evaluate & Adjust

# Market Driven Approach

Is there a need/want their business can fulfill?

- What and how much is needed or desired?, What is valued?, What competition exists?

Who is the target market?

- Demographics & Psychographics
- Customer Values (Customer Benefit, Cost, Convenience, Communication)

Does a profitable market exist?

- Is there adequate market size and potential share?, Able to produce at a cost low enough and sell at a price high enough to generate a profit?

How do they reach the target market?

- Develop, implement and evaluate marketing strategies. (Product, Positioning, Price, Place, Promotion, People)

# Assess Feasibility

## Technical Feasibility

- Facility needs
- Suitability of production technology
- Availability and suitability of site
- Raw materials
- Other inputs

## Financial Feasibility

- Project total capital requirements
- Estimate equity and credit needs
- Budget expected costs and returns of various alternatives

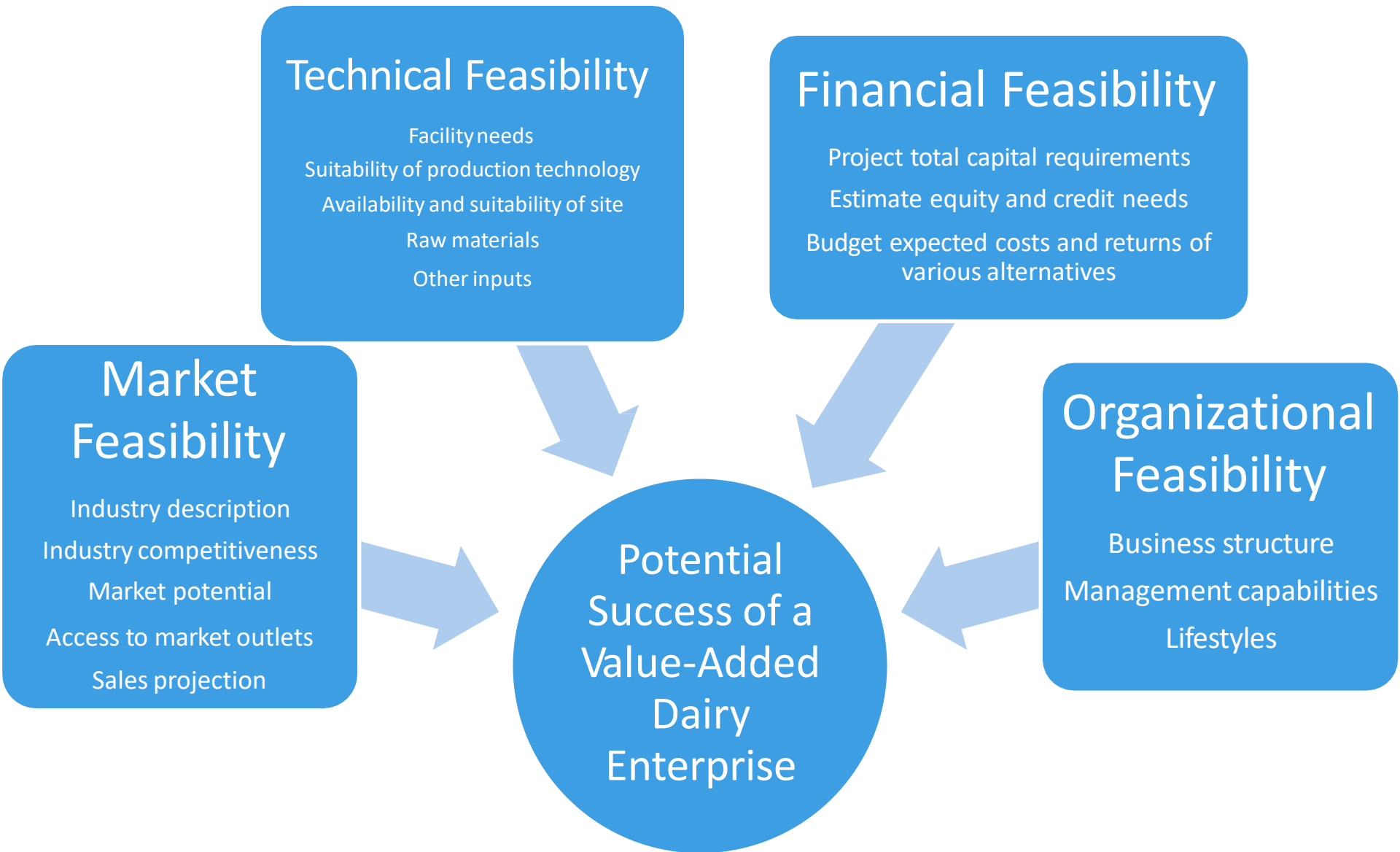
## Market Feasibility

- Industry description
- Industry competitiveness
- Market potential
- Access to market outlets
- Sales projection

## Organizational Feasibility

- Business structure
- Management capabilities
- Lifestyles

Potential  
Success of a  
Value-Added  
Dairy  
Enterprise



## **WARNING – Not All Babies are Cute**

*Adding on-farm processing should build upon the strength of the dairy operation, not serve as an attempt to overcome weaknesses within the farming operation.*

# Additional Resources



# Value Added Resources

NC Dairy Extension Portal, Value Added Resources

- <https://dairy.ces.ncsu.edu/value-added-dairy-resources/>

Dairy Business Innovation Initiative

- <https://dairy.ces.ncsu.edu/value-added-dairy-resources/dairy-business-innovation-initiative-dbii/>

NC Agrotourism

- <http://www.ncagr.gov/markets/agritourism/>



# Value Added Grant Resources

## USDA Value-Added Producer Grant

- <https://www.rd.usda.gov/programs-services/business-programs/value-added-producer-grants>

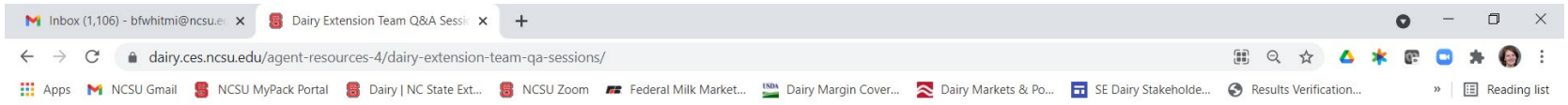
## Dairy Business Innovation Initiative Subawards

- <https://valueaddeddairy.tennessee.edu/sdbii/>

## North Carolina Grant Programs

- Mountains: <https://wncagoptions.org/>
- Piedmont: <https://agventures.ces.ncsu.edu/>
- Coastal Plain: UMO Ag Prime Grants – status?

# Questions?



- Dairy**
- COVID-19 Resources
- Meet Our Staff
- Events
- Dairy Extension Programs  
Nutrition and Forages Health and Well-Being Calf Management ...
- Dairy Youth Programs  
NC Dairy Youth Foundation NC Dairy Youth Foundation Golf Tournament 4-H Dairy National Youth Conference ...
- NC Dairy Shows  
NC Spring Dairy Show
- Dairy Links  
North Carolina Dairy Producer's Association NC Dairy Advantage
- Value Added Dairy Resources  
Dairy Business Innovation Initiative (DBII) Value-Added Dairy Conference Resources
- Discover NC Dairy 360° VR Headsets Project
- Agent Resources  
Dairy Extension Team Q&A Sessions
- Publications & Factsheets

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## Dairy Extension Team Q&A Sessions

[en Español](#)

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If you have questions about dairy production or just want to find ways you can help dairy producers in your county, reach out to us!

Using this [form](#), you can sign up to receive news and updates from Dairy Extension as well as submit questions you need answered. Information we gather here will also help us develop content for you to deliver to your county clients.

The Dairy Team meets monthly via Zoom and you are welcome to attend the first hour of those meetings (10-11 a.m., 2nd Friday of each month) if you have general questions or things you'd like to discuss. No question is too small!

**Thanks! Go eat cheese...**



**...or ice cream!**