Dairy Farms for the Future:

Diversifying farms to expand direct markets for milk products

[Part of the USDA – Me Dept of Ag – FSMIP, etc. I'll let you guys fill this in.]

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Inspiration and Process

In early 2003, at the height of a statewide discussion about the future of Maine's dairy industry, the Maine Department of Agriculture, Food, and Rural Resources was awarded a grant from the USDA's Federal State Market Improvement Program (FSMIP) to conduct a project entitled, "Dairy Farms for the Future: diversifying farms to expand direct markets for milk products in three regions of Maine." This project brought Federal, State and private efforts together to help diversify and strengthen Maine's dairy industry by:

- Identifying new regional direct-to-consumer, wholesale and institutional markets for Maine milk and value-added milk products.
- Transitioning and diversifying several dairy operations to better serve regional markets.
- Developing regional strategies for milk distribution system and farmland protection.

The Project's goal was to improve the marketing opportunities for small and medium sized dairy farms in Maine in order to maintain the profitability of those farms and keep agricultural lands productive.

This report, prepared by Kerri Sands of the Maine Farms Project of Coastal Enterprises, Inc., and Russell Libby of the Maine Organic Farmers and Gardeners Association, is a part of the research done for the *Dairy Farms for the Future* project.

The authors thank the Department for getting this project underway, and the many chefs, retailers, distributors, and farmers who helped provide information through interviews, a focus group meeting and a survey.

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About this report

This report is intended primarily as a guide for Maine farmers who are considering starting a value-added dairy enterprise. We will describe some value-added possibilities for dairy farmers, and how to assess whether these options might fit your farm. We started the process with a review of some options already being considered or implemented on Maine dairy farms, and conducted a focus group that included chefs, a cheese importer, a cheese retailer, and a food writer. From there, we developed a survey used in interviews with a number of specialty dairy purveyors (retailers, chef, distributors) around Maine, and a specialty distributor in the Boston area. We also pulled together production & market information from our collective experience with Maine producers, marketers, and dairy advisors. Conversations with farmers and with people interested in either producing or buying specialty dairy products were at the heart of this work.

How this report will help you if you're considering value-added dairy

We hope that this report will help you answer this set of key market questions:

1. Do you have a clear picture of your market situation?

2. Do you have a market that can absorb the milk from your current or projected herd size?

3. Does your herd size need to be bigger or smaller?

4. Where might additional customers be found?

How to find what you need in this report

- You'll find a **recent history of Maine value-added dairy** in Section 1.
- We'll highlight for you the **critical marketing issues** that we learned from our survey in Section 2.
- We'll help you figure out **your market situation** and match it with your farm type and production level in Section 3.
- For pricing and regulation information, see Section 4.
- You can find a comprehensive list of resources (people, publications) in the Resources section.
- If you want to read about the survey we did and the highlights of the interviews, you'll find that in Appendices A-F.

Section 1

New Dairy Opportunities for Maine: A Brief Overview

Twenty years ago, if you said you were going to be a dairy farmer, everyone knew what you meant. You were going to buy some cows, milk them, and sell the milk to a processor. Now, in 2004, there are more options, options about scale, about markets, even about which kind of animal to milk.

The dairy industry used to be very homogenous: almost everyone milked cows, herd sizes ranged up to 200 cows, and rarely beyond, and most on-farm processing took place in communities with limited delivery options. A few people were making butter; a few had started making cheese during the 1970's, mostly using goats.

Now Maine has about 375 dairy farmers who ship milk to processors, down from 949 in 1987. But, from a relative handful in 1987, there are now over a dozen cheesemakers, about a dozen farms processing fluid milk, and at least that many producing butter. Forty-eight different businesses are listed as processors. Sixty of the 375, and a few more of the specialty dairies, produce certified organic milk. These farms make everything from cultured butter to aged sheep's milk cheese, unhomogenized milk in glass bottles to ice cream. As national markets have consolidated, farmers have been trying to carve out marketing identities that give them some long-term security.

Some critical elements of the dairy industry have changed in recent years. Those changes influence farmers' choices about what is possible, both on the production and on the marketing side.

Production and Scale

Milk production has remained relatively steady. Maine total cow population is about 36,000 cows and Maine's dairy farmers continue to produce just over 50 million pounds of milk a month, down slightly from the peak production of a decade ago. Pressure to keep production costs low has led many farmers to try to spread those costs over more cows. That pressure is high in every part of the country, and will continue to influence production choices into the future.

For example, in 1987, the average farm milked about 60 cows, with the largest farms milking several hundred cows. Today much of Maine's milk is being produced on fewer, larger farms and the average farm milks 100 cows, with a few farms milking closer to a 1,000 cows. Even with this trend, Maine's farms continue to be smaller than those in other parts of the country. California's dairy farms for example, often have 5,000 cows per farm with one large operation housing 90,000 cows in 10 related buildings.

In the same time period, the cost of entry into commercial dairy production has dramatically increased. Every element of production costs, from building a dairy herd, to storing feed and purchasing or maintaining equipment, to paying property taxes, has escalated. Meanwhile, the price of milk remains low, often at levels similar to those in 1986.

Markets

Across the country, markets for milk have been consolidating over the past two decades. While milk was largely a regional product in the 1980's, now there are several companies (Dean Foods and Dairy Farmers of America's National Dairy Holdings) that control significant parts of the national market. These companies have processing capacity in many areas in the country, and often market under the brand of companies they have purchased. In Maine, the Grant's label is now owned by Garelick, which is in turn owned by Dean Foods. The other milk processing plants in Maine are Hood's, Houlton Farms and Oakhurst Dairy, with the latter two locally owned.

A relatively new regional market for organic milk developed in the mid-1990s, with several regional processors slowly developing their products as national brands. Two major competitors have emerged; Horizon, which is now a subsidiary of Dean Foods; and the CROPP Cooperative, which is processing under the Organic Valley label. Both purchase liquid milk from a significant number of Maine farmers. Horizon processes organic milk in Bangor at the Garelick plant. Another recent entry into the Northeast market is Hood, marketing under the Stonyfield Farms label in partnership with that company, which primarily makes yogurt.

The other important element in marketing, beyond the direct competition from both large and small processors already in the marketplace, is the increasing consolidation of the supermarket sector. Where Augusta, Maine, in 1978 had 11 different markets under 10 different owners, now there are six markets under 4 owners. The high degree of competition between these few large supermarket chains (in Maine, primarily Hannaford's, Shaw's, and Wal-Mart) has reduced and limited small producers access to these markets. Often there is a requirement that the producer/processor pay for shelf space (slotting fees) and/or provide discounts or advertising funds just to be in the store.

Value-added products

While organic milk is often considered to be the only value-added option for Maine's smaller dairies, many farmers are also considering whether value-added activities like bottling their milk, or making cheese, yogurt, or butter, are viable options. Doing value-added processing has become an even more important business decision for Maine's goat and sheep dairies, since currently there are no significant wholesale markets for their milk in Maine.

Over the past five years, Maine has seen a significant increase in cheese production, with new farmers doing on-farm processing and several people buying milk from other farmers to make cheese. The Maine Cheese Guild formed in 2003 and a growing number of dairy farmers have expressed interest in entering the cheese market in the near future.

The practice of bottling milk on farm has also expanded. To date, the market for farmer-processors, or in more regulatory terms, *producer-dealers*, has primarily been farm stores, farmstands, and sales through smaller retail establishments like natural food stores. Some farms have moved to glass bottles and a broader choice of volumes and milk flavors; others are offering the same in plastic jugs.

Maine is one of a few states that permit the sale of unpasteurized or *raw* milk, so long as the container is properly labeled. There is an emerging niche market for raw milk.

Other milk products like butter, yogurt, and ice cream are processed at various scales in the Maine, and in the northeast region. Until World War II, Maine had a significant butter market. Today a few companies - Houlton Farms Dairy and Kate's Butter - operate at a large enough scale to supply some of the larger markets and supermarket sector. The rest of Maine's butter is primarily sold from the farm. A large amount of the organic milk produced in Maine is currently shipped to New Hampshire to be processed at Stonyfield Farms for yogurt.

Section 2

What We Learned From the Survey: Key Marketing Issues for You to Consider

Our discussions with buyers, with farmers already doing value-added on their farm, and with regulators, identified three key issues that farmers have to deal with if they're going to build a successful business involving milk, cheese, butter, or other value-added products.

1. Tell your story to market your product. In our world of "anything from anywhere at anytime", your cheese or milk or butter needs to have your farm's identity and story associated with it to capture some portion of the consumer base. That means you have to find ways to tell your story, sometimes over and over again, until you develop a base of loyal customers. A compelling story offers customers something unique about your farm – like producing organic milk, raising pure grass-fed animals, preserving a special or rare breed e.g. goats that graze in the woods or sheep with Spanish breeding. Every farm ultimately has to have a story attached to its products, often in a visual form.

2. Do it better, or do it differently. Every farmer entering the cheese market wants to make a soft cheese that turns over quickly so there are no holding costs -- you make it and then sell it right away. While that strategy works nicely if you have access to a retail market – at the farmer's market or your own farmstand--it is not as dependable in Maine's wholesale markets. Tapping and sustaining wholesale markets not only means producing a consistent quality and a consistent volume, it also means you have to produce something different and do it better than your competition.

For example, the wholesale buyers we interviewed felt that Maine already has a good supply of the basic soft goat cheese, chevre. When asked about other possibilities, they offered this example, which illustrates this issue. Three blue cheeses made in the U.S. have already achieved high quality and national recognition -- Great Hill Blue from Massachusetts, Maytag Blue from Iowa, and Point Reyes Farmstead Cheese's Original Blue from California. Any farm wanting to compete with these nationally known cheeses would have to "do it better", in terms of product quality, or "do it differently" (for example, make it with a different milk blend, make it in different sizes, attach it to a particular historical region).

3. Make a real commitment to your market. Several buyers told stories about farmers developing a product, then 'market-hopping' from one place to another, or pulling the product half the year while they sold direct to consumers. Clear communication is always important, but it's even more important when both the buyer and the seller are trying to get to a comfortable relationship where you're

both making money. If the product is selling, but you're not making enough money, talk to the buyer about how you can each adjust prices and margins. If the product isn't selling, but it's something you'd like to keep doing, find out if there's a real reason for lack of sales--quality, price, packaging--that you can fix.

Ultimately the buyers (both at the wholesale and at the retail level) become 'co-producers'*. Their signals to you about what they want help to shape your production. Your signals to them about what is possible can help to shape their buying habits. (*The notion of 'co-producers' comes from Carlo Petrini of Slow Food.)

For more details about marketing and direct quotes from survey participants, see the Survey Results and General Comments sections in the Appendix.

Section 3

How Big Is a Local Market?

or,
Calculating how many customers and products you need to sell all of your farm's milk.

Sometimes farmers express an interest in shifting from existing wholesale milk markets to selling their milk "at the farm." That can mean establishing a few wholesale outlets in the community, setting up a farmstand, or recreating the door-to-door milk route model. Here are some questions to help you figure out your local market.

First, is there a sufficient customer base to match the milk available, now and in the future?

According to the national average of 3.13 people per household, the 1,000 people in Table 1 represent about 320 households. Excluding butter, these 320 households would use about 1,100# worth of milk per day. Or, using households as the measure, 100 households would use 344 pounds of milk per day, excluding butter.

Table 1.
Daily Dairy Product Consumption in the United States per 1,000 People

Product	Number	Unit
All fluid milk products (includes yogurt & buttermilk)	263	quarts
+ Butter	12	pounds
+ Cheese (excluding 'American' and other processed cheese foods)	48	pounds

From the 2000 US Dept. of Agriculture's Agricultural Statistics Report.

Second, what mix of products do you want or need to produce?

All farms are not going to produce all products. Some (yogurt, for example) are easy to produce, but require specialized machinery to enter larger markets. Others, like cheese, have large market potentials, but require a significant amount of up-front capital to get started. For many farmers, a relatively easy starting point is the production of fluid milk, packaged in quart or half gallon containers.

Even though our research shows that the value-added dairy market is expanding, you will need a significant base of customers to support a mid-size dairy

operation that is milking 60 cows. Entering the specialty dairy market may in fact be easier for those farmers who are just starting, because the volume produced and required can be matched with the farm's initial customer base. (A note of caution: most wholesale buyers are reluctant to allow their farmers to develop a retail customer base that might take away milk "promised" to the wholesale buyer, now or in the future.)

Calculating Product Mix

By our rough calculations, a herd of about 20 Jerseys produces enough fluid milk each day for a customer base of about 1,400 people. Combined with a small cheese making operation, another 15 cows could supply the cheese for the community. Since the fluid milk market has shifted to primarily skim milk and low fat milks in recent years, a milking herd of 30 to 35 cows, combined with a cheese making operation to absorb seasonal surpluses and swings in production and consumption, would supply a customer base of about 1,400 people (just under 500 households). That means that a farmer with 35 cows, who is converting from wholesale to retail markets, will have to quickly identify 500 households of loyal customers requiring products on a continual basis. Because this scenario creates a significant marketing challenge, most farmers chose to switch from producing milk for a wholesale buyer, to finding a few wholesale outlets (independent retailers, natural food stores, farmstand) that they can supply.

Table 2. Relative Yields for Various Hundred-Weights of Milk Produced

Product	200#	400#	600#	800#	1,000#
Quarts of whole milk,	93	186	279	372	465
OR					
Quarts of skim milk +	89	179	268	357	447
Pounds of butter +	0	1	1	2	2
Quarts of buttermilk,	0	1	1	1	2
OR					
Quarts of yogurt,	93	186	279	372	465
OR					
Pounds of cheese,	20	40	60	80	100
OR					
Pounds of butter +	9	19	28	38	47
Quarts of buttermilk	7	15	22	30	37

Note: Two hundred (200) pounds of milk represents about 5 Jerseys on grass, with a minimal grain ration, or 2 high-producing Holsteins being fed heavily.

Table 2 can be used to calculate a combination of products. If for example, the customer base uses 100 quarts of milk and 40 pounds of cheese per day, then the farm needs to produce 600 pounds of milk. That is, 93 quarts of milk requires

approximately 200 pounds of milk, and 40 pounds of cheese requires 400 pounds of liquid milk. Depending upon the cows and their diets, this volume of liquid milk could be produced by 15 Jersey cows or 6-7 Holstein cows.

Value for Various Hundredweights of Milk Produced

If 100 pounds of milk is valued at:	200#	400#	600#	800#	1,000#
$15	30.00	60.00	90.00	120.00	150.00
$20	40.00	80.00	120.00	160.00	200.00
$25	50.00	100.00	150.00	200.00	250.00
$30	60.00	120.00	180.00	240.00	300.00
$35	70.00	140.00	210.00	280.00	350.00
$40	80.00	160.00	240.00	320.00	400.00

Direct Market Options
Or,
How to reach the 100 (or 200 or 300) families who will support your farm

First you have to contrast and compare the advantages and risks of various markets relative to your farm, your products and your time to sell your products. You may be very excited about working directly with consumers, and talking with them about your products, or you may prefer to spend time on your farm and let others do the marketing.

If you're thinking about direct marketing options, rather than taking a wholesale approach, farmers' markets can play a role in identifying a loyal group of customers. Just be sure to factor in the fact that most farmers' markets are open and available only two days per week, which will increase the daily and weekly swings in your product market.

Another option to consider is linking your production with the growing number of farms that operate as CSA's—Community Supported Agriculture farms. These farms build a loyal group of consumers who purchase a season's worth of produce up front, and then pick up their product once a week at the farm, or have it delivered. Almost 70 Maine farms are now operating as CSA's, and nearly one percent of Maine families are now getting their summer vegetables this way. Some are already adding products from other farms to their offerings; this outlet has become a natural link for farmers producing specialized dairy products like raw milk and cheeses. A few farmers in Maine are working towards CSA's that are centered on the dairy products they provide from their farms.

Another possibility worth investigating is linking with the growing number of farm stores—farmers who sell their own product year-round, and complement it with products from other farmers in the community. Typically, farm stores take more time to develop a loyal customer base. A handful of farm stores in Whitefield, New Sharon, and Turner have been successful. Some farmers grow their farmstands or their "from the farm" marketing into a large business, but the key ingredients—location and willingness to market—are the same as for the other direct market options.

Most farmers end up with a combination of markets, some closer to home, others further away, to absorb the seasonal ebbs and flows of both their production and their market options.

Section 4

Pricing and Regulatory Issues

Pricing

One of the quirks of marketing milk in Maine is the need to comply with the State's minimum pricing regulations. In some ways, this is also an advantage, because the wholesale price the farmer charges a retailer for fluid milk includes both the minimum price for the milk, and the minimum markup for processing the milk. While this assumes an efficient processing (and bottling?) plant at various economies of scale, it also helps to illustrate how to avoid a down-pricing pressure, or the feeling that the retail price should only be a small step above the price the farmer would get for selling his milk to a wholesaler.

For example, in August, 2004, quarts of milk have to meet a minimum wholesale price of $.78 for whole milk, and $.71 for skim, and must retail for at least $.87 and $.80, respectively. That might not seem like much, but it represents a wholesale price of $36.27 per cwt. of milk (whole milk, quart containers), almost double the price paid to farmers for milk sold in bulk. The minimum retail price was $40.45 for those farmers selling directly to consumers.

Please see the pricing section of the Survey Results for more information on specialty dairy prices in Maine.

Regulation

Farmers who sell milk are subject to a series of state and federal regulations regarding quality standards, packaging, labeling, and pricing. **Anyone entering into the specialty milk market needs to be ready to establish a good working relationship with the Maine Department of Agriculture and the State's milk inspectors.** They will visit your farm regularly, and help you to understand the regulatory requirements. They will also work with the State Milk Lab to gather samples for testing. Some critical rules enforced by the Maine Department of Agriculture (available on-line at http://www.maine.gov/agriculture/ahi/ahisr.htm, or by calling 287-3701):

Milk and Milk Products. Details the standards for processing milk in any situation, including on-farm processing. Maine is one of a few states that are reasonably accepting of raw milk sales. However, the milk is still subject to regular inspection and quality testing.

Law: Chapter 601: Milk and Milk Products (Heading: PL1999,c.362,@1(rpr)) (§2900-2910-A)
Rule: Chapter 329:Rules Governing Maine Milk and Milk Products

Cheese and Cheese Products. Producing cheese and other processed products on farm requires special handling and equipment. Most farmers pasteurize their milk, so they can sell fresh cheeses shortly after production. Cheeses aged more than 60 days can be made from milk which is heat-treated, rather than pasteurized. Again, the Department's milk inspectors are key to helping you establish a business that meets state and federal regulations.

Rule: Chapter 328: Rules Governing the Licensing and Inspection of Farm Cheese

Conclusion
(And a few more key questions)

Each farm's situation is different. However, we know from seeing them at work that many Maine farmers have found their way to new markets and new businesses. The process of creating these businesses is often slow, and requires a big investment of time, and some investment of money, to get the business started.

Most farmers find it useful to put their ideas for a new venture down on paper. It's a lot less painful to identify pitfalls on paper than in real life. A business plan that includes sections on marketing and operations in addition to financial assessments is a common tool, and will be required if you are going to seek a loan or a grant. However you choose to put your thoughts down on paper, remember to write down all of your assumptions – i.e. "we're harvesting all our own feed" or "cost of fuel in 2004" or "with 10 hours/week help from my nephew".

Here are three more key questions you should consider.

- **What's the current status of your physical system (equipment, distribution, etc.) and what improvements are required?** A bulk tank alone won't allow you to make and sell cheese or butter. Any value-added business will require some separation from your milking activities.
  A sample checklist for start-up facilities:
  - Investment of $25,000-$50,000 in equipment & facility
  - A space perhaps the size of a 2-car garage
  - A visit from a state inspector
  - A HACCP Plan (Hazard Analysis Critical Control Points)

- **What are the labor requirements for your new venture?** Remember to add marketing labor on top of any new production labor.
  A sample breakdown of labor for production of 20,000 lbs cow cheese per year, 25% retail from farm and 75% wholesale:
  - 60 hrs/week making cheese
  - 40 hrs/week packaging & UPS
  - 20 hrs/week at farmers markets
  - 20 hrs/week in additional sales and packing
  -

- **How are you going to pay for all of this?** This will require putting together all of the elements of your strategy, and analyzing potential costs and revenues. Does the idea make economic sense for you?

The answers to these questions are beyond the scope of this report, but many resources are available to help (see the Resource section).

Please remember to contact the Maine Department of Agriculture's Division of Animal Health and Industry at 207-287-7631 early in the process so that a milk inspector can tell you what will be required to meet regulatory requirements. It's always better to know than to get ready to sell or ship and not have a product that can be licensed.

RESOURCES FOR MAINE FARMERS, CHEESEMAKERS, AND DAIRY PROCESSORS

The process for most farmers creating value-added dairy products (even those with some experience!) is to start with an idea or inspiration, then try to make it happen. Once you've had a little success, then you start to think about how you might approach the idea as a business.

We've organized some key resources for farmers considering on-farm processing in roughly that order: inspiration, experimentation, and nuts and bolts of business planning.

ORGANIZATIONS & PEOPLE

1. **Maine Cheese Guild**
The Maine Cheese Guild
c/o State of Maine Cheese Co.
461 Commercial Street
Rockport, ME 04846
Phone - 785-4431, please leave message
Email - info@mainecheeseguild.org
www.mainecheeseguild.org
Regular newsletter: *Cheese Parings*, monthly meetings at member farms. Regular workshops, from beginner to advanced. Annual Maine Cheese Festival every fall.

The mission of the Maine Cheese Guild is to support and encourage the Maine cheesemaking community. This is accomplished through development of a collective voice to: promote Maine cheese and cheese makers, educate cheese makers and consumers, coordinate resources, and share the joy and art of regional cheeses.

2. **Maine Organic Milk Producers**
Contact: Mia Morrison
285-7085

3. **Maine Dairy Industry Association**
Contact: Julie Marie Bickford
725-7040 or 798-5544
mainedairy@aol.com

The Maine Dairy Industry Association gives Maine dairy farmers a voice in Augusta. They monitor the Legislature and advocate for dairy farmers, keeping their constituents informed of regulations and pricing policies pertaining to dairy.

4. **Maine Department of Agriculture, Food, and Rural Resources**
28 State House Station
Deering Building (AMHI Complex)
Augusta, ME 04333-0028

Division of Market and Production Development 287-3491

Financial, Technical Production and Marketing Assistance
For assistance with market development and promotion and foreign trade assistance, please contact:
Division Director, Mary Ellen Johnston at 287-3491; Mary.Ellen.Johnston@maine.gov

For assistance with direct marketing, Maine Senior FarmShare Program and Farmers' Markets, please contact: Deanne Herman at 287-7561, Deanne.Herman@maine.gov

For assistance with business planning, labor, irrigation system design, and information and eligibility criteria for a number of grant and loan programs that help producers adopt new technology, promote products or conduct market research, please contact:
John Harker at 287-7620, John.Harker@maine.gov

For assistance with design and construction of potato storage and purchase of packing lines, please contact: Steve Belyea at 848-3138, Stephen.Belyea@maine.gov

For assistance with the Farms for the Future Program*; Maine's Farmland and Open Space Tax Program; Maine FarmLink**; and permanent farmland protection through the sale of development rights funded by the Land for Maine's Future program and the USDA Farm and Ranch Land Protection Program, please contact:
Stephanie Gilbert at 287-7520, Stephanie.Gilbert@maine.gov

*A Department of Agriculture Program, *Farms for the Future*, is administered by Coastal Enterprises, Inc. This program provides selected farms with a package of focused, individualized business services leading to development of an investment-grade business plan and the chance to obtain a grant (of up to $25,000) to implement that plan. Please contact:
Kerri Sands (co-author of this report): 948-3332, kcs@ceimaine.org

***Maine FarmLink is a program of Maine Farmland Trust. Please contact: Susie O'Keeffe 469-6465, Susie@mainefarmlink.org*

Promotions and Events
For Maine's Agricultural Fairs, please contact:
Fred Lunt at 287-7634, mobile 557-4488, Fred.Lunt@maine.gov

For Maine's annual Agricultural Trades Show, Open Farm Day, or The Big "E" Please contact:
Jane Aiudi, at 287-3702, Jane.Aiudi@maine.gov

For other special promotional events like Maine Maple Sunday, or for brochures, wholesale buyers guide of Maine food and farm products, or an order form for "**get real. get maine!**" promotional materials and items, please contact:
Jeanne Mathews 287-3491, Jeanne.Mathews@maine.gov

Public Information
For research, statistical reports and information about the Commissioner of Agriculture, the Legislature, commodity groups and individuals who are impacting farm businesses and agriculture in Maine, please contact:
Rod McCormick, 287-7628 Rod.McCormick @maine.gov
Newsletter and calendar of events: www.maine.gov/agriculture/newsletter/
Data by County: www.maine.gov/agriculture/mpd/farmland/mainecountymap.html

Division of Animal Health and Industry

Dairy Inspection Program: State regulated and FDA certified inspection of dairy products, including milk, frozen desserts, and cheese. Please contact:
Jim Bartlett at 287-7631, Jim.Bartlett@maine.gov

If you are producing a value-added dairy product, you need to be in touch with your milk inspector from the earliest stages to develop a facility that can be licensed. Please call the above number to find out which milk inspector covers your area.
Jim Bartlett: jim.bartlett@maine.gov
Audrey Slattery: audrey.slattery@maine.gov
Glen Meheuren: glen.mehuren@maine.gov

Maine Milk Commission: A five-member consumer board that is established to oversee the milk industry in Maine and to support the viability of farms and the milk industry. Part of this responsibility is setting minimum milk prices. Please contact:
Stan Millay, Executive Director: 287-7521, stan.millay@state.me.us

5. **Maine Organic Farmers and Gardeners Association**
PO Box 170
Unity, ME 04988
568-4142
Email: mofga@mofga.org
www.mofga.org

MOFGA has helped 16% of Maine dairy farms to convert to organic dairy production. Works with farmers interested in value-added processing. Offers workshops and educational programs on pasture management, livestock health, and a variety of issues related to successful farming.

Key contacts:

Russell Libby (co-author of this report), for help with ideas on value-added markets, contacts with other people interested in doing what you're doing.
rlibby@mofga.org

Diane Schivera for organic livestock and grass-based farming issues.
dianes@mofga.org

Mary Yurlina for organic certification questions.
yurlina@mofga.org

6. **Maine Farms Project of Coastal Enterprises, Inc.**
John Piotti, MFP Director
PO Box 188
Unity, Maine 04988
948-3335
jp@ceimaine.org

MFP's goal is to increase local food production as a way to build local self-reliance and effect lasting food system changes.

Key Programs & Contacts:

A Program of the MaineDepartment of Agriculture, Food and Rural Resources, *Farms for the Future*, is administered by Coastal Enterprises, Inc. This program provides selected farms with a package of focused, individualized business services leading to development of an investment-grade business plan and the chance to obtain a grant (of up to $25,000) to implement that plan. Please contact:
Kerri Sands (co-author of this report): 948-3332, kcs@ceimaine.org

Image Building Concepts: IBC provides individual farms, farmers' markets, and farm organizations with professional assistance in the development of logos, brochures, labels, and other promotional materials designed to enhance a farm's image or help it access new markets. Gabe McPhail: 338-9832, glm@ceimaine.org

7. **University of Maine Cooperative Extension (UMCE)**

UMCE is the major educational outreach program of the University of Maine, with offices statewide. Extension programs cover a wide range of topics related to sustainable agriculture, natural resources, families and youth development.

Dairy and Livestock Programs:
UMCE
Animal, Veterinary and Aquatic Sciences Office
332 Hitchner Hall, Orono, ME 04469-5735
Phone: 581-2787 or 1-800-287-7170 (in Maine)
E-mail: davidm@umext.maine.edu
www.umaine.edu/livestock/
The objectives of Extension's dairy and livestock programs are to help producers increase the profitability of their operations through improved nutrition, reproduction, genetics, health, management and marketing. Extension assists producers in adopting new technologies, such as computers, decision support tools, predictive models, testing strategies and integrated whole farm systems. They also help dairy and livestock producers identify problem areas that limit long-term productivity. Educational programs are helping people improve farm communications, form management teams, manage labor effectively, develop strategic plans and incorporate new management skills into their operations.
Key Contacts:

Gary Anderson (Orono) - Biotechnology, reproduction nutrient management, farm management
garya@umext.maine.edu

Dick Brzozowski (Cumberland County) - Dairy, sheep and goat management
rbrz@umext.maine.edu

Rick Kersbergen (Waldo County) - Dairy, crops nutrient management
richardk@umext.maine.edu

Donna Lamb (Piscataquis County) - Sheep, livestock and dairy management
dlamb@umext.maine.edu

Dave Marcinkowski (Orono) - Dairy, computers, reproduction and farm finances
davidm@umext.maine.edu

8. **Maine Small Business Development Centers**

Statewide and Administrative Offices at University of Southern Maine
PO Box 9300
Portland, ME 04104-9300
Located at 68 High Street, 2nd Floor
Info: 679-SBDC
State Office: 780-4420
www.mainesbdc.org
mainesbdc@usm.maine.edu

Call the above number to find your local counselor.

Maine SBDC's provide comprehensive business management assistance, training, resource and information services to Maine's micro, small and technology-based business communities.

9. **Institute for Artisan Cheese at the University of Vermont** – new as of Spring 2004.
Contact: Jody Farnham
200 Carrigan Building
University of Vermont
Burlington, VT 05405
Phone: 802-656-8300
jfarnham@uvm.edu

The Institute provides education, research, technical services, and public outreach for European-style cheesemaking. Workshops year-round.

PUBLICATIONS

Start with these three…

"Questions You Should Ask Before Starting a New Dairy Processing Enterprise"
http://www.cpdmp.cornell.edu/CPDMP/Pages/Publications/Pubs/dairypq.pdf

The Small Dairy Resource Book from SARE
Out of print but free online at http://www.sare.org/publications/dairyresource.htm
This handbook has extensive commentary on many books, magazines, trade groups, equipment dealers, etc. The SARE website also offers master lists of publications on many dairy resources, from production to marketing to financing. www.sare.org/htdocs/pubs/

"You Can Make It, You Can Sell It, but Can You "Make It" Selling It?"
From the Center for Dairy Profitability at the University of Wisconsin.
http://cdp.wisc.edu/pdf/onfarm.pdf
This publication goes along with an Excel spreadsheet called **Farmstead Milk Processing**. You can find it on a list of several spreadsheets at:
http://cdp.wisc.edu/Decision%20Making%20Tools.htm
Scroll down to **FSTMILKP.XLS**
Read, **"You Can Make It..."** first, because it explains how to use the spreadsheet. Once you're on the spreadsheet, look at all the tabs - at the far right you will find "input" sheets. If it's all too technically overwhelming, just consider all the categories of costs and figure out which ones apply to you and make your own spreadsheet.

Other good resources:

The Cost of Producing Milk in Maine: Results from the 2002 Dairy Cost of Production Survey, T.J. Dalton and L.A. Bragg. 2003.
http://www.ume.maine.edu/rep/facstaff/publications/tb189.pdf

The Specialty Cheese Market
Prepared for the North Central Initiative for Small Farm Profitability, by the Food Processing Center, Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln
October 2001
Free online at http://www.farmprofitability.org/cheese.htm

Resource Packet: Adding Value With Small-Scale Food Processing and Specialty Dairy Products, complied for 1996 and 1997 Farming for the Future Leadership Workshops. Available

from Farming Alternatives Program, Department of Rural Sociology, Warren Hall, Cornell University, Ithaca, NY 14583; 607-255-9832 for $5. Contains articles, conference materials, project plans, etc.

The Cheese Reporter. Weekly newsletter. 4210 E. Washington Ave, Madison, WI, 53704. 608-246-8430. www.cheesereporter.com

Cheese Market News. Weekly newspaper. PO Box 620244, Middleton, WI, 53562. 608-831-6002. ChMarkNews@aol.com

The Organic Decision: Transitioning to Organic Dairy Production, from the Dept. of Applied Economics and Management in the College of Agriculture and Life Sciences at Cornell. January 2002. $12. Order form at http://aem.cornell.edu/order/index.htm or call Linda Putnam at 607/255-8429. Ask for EB 2002-02.

"Buttering Up Your Customers"
http://www.farmprofitability.org/research/butterup/butterup.htm

"Planning for Success: Uplands Cheese Company"
http://www.farmprofitability.org/research/uplands/uplands.htm

"Small Creameries: Wave of the Future"
http://www.newfarm.org/features/0503/hendrens.shtml

"Farmstead Milk Processing". A spreadsheet from the Center for Dairy Profitability in Wisconsin; comes with instructions.
http://cdp.wisc.edu/pdf/onfarm.pdf
http://www.wisc.edu/dairy-profit/
http://cdp.wisc.edu

"Test Marketing Pasture-Produced Artisan Cheeses"
http://wsare.usu.edu/projects/2002/MW00-010.pdf

"The Marketing Potential of Conjugated Linoleic Acid (CLA) in Cheese: A market scan"
http://www.agmrc.org/dairy/reports/clareport.pdf

"Approaching Foodservice Establishments with Locally Grown Products"
http://www.farmprofitability.org/research/grownlocal2/grownlocal2.htm

"Attracting Customers with Locally Grown Products"
http://www.foodmap.unl.edu/reports.asp?action=DSPRPT&code=34

"Seven Do's and Don'ts of Value-Added Dairy Ventures"
http://www.agmrc.org/dairy/articles/DHERDMgmt21302.htm

"Market Analysis for Value-Added Dairy Opportunities for the Southern Massachusetts Dairy Industry"
http://www.state.ma.us/dfa/programs/agroenviro/grantreport_pilgrim.pdf

Cheese Market Research Project http://www.idfa.org/mktg/cheesemarketreport.cfm
Participants share the expense of acquiring syndicated retail and consumer panel data at a fraction of the cost of acquiring the information through the marketplace.

ARTICLES

Say Cheese, and New England Smiles, and Sources: Follow the Aroma
By MARIAN BURROS, June 23, 2004, ***New York Times***

Money and Magic in Cheese Making: Guilds promote art, science, and business
By Kara Lynne Dunn, June 2004, ***Farming: The Journal of Northeast Agriculture***

The Power of Cheese: "Maine Cheesemaking is on the cusp of becoming a full-fledged industry. So what are we waiting for?"
Portland Phoenix, November 7 - 13, 2003

Market Ripe For Cheese Makers
By MATT WICKENHEISER, ***Portland Press Herald***, September 28, 2003

APPENDIX A

Survey of Purveyors of Maine Specialty Dairy
Spring-Summer 2004

About the survey:

This survey was designed based on ideas generated at a focus group of Maine chefs, food writers, and purveyors of cheese and specialty dairy products at Portland's Fore Street restaurant in March 2004. Input from farmers and farm support organizations was also considered. Face-to-face interviews, accompanied by a written survey, were conducted with purveyors from the following locales:

Portland, Belfast, Southwest Harbor, Brunswick, Freeport, Ellsworth, Bar Harbor, Orono, Castine, Rockport, Yarmouth, Bangor, Wiscasset, York, Oakland, Gardiner, and Boston.

The interviewees and focus group collectively were comprised of:

16 retailers
7 chefs
3 distributors

Interviews were conducted by Kerri Sands of the Maine Farms Project of Coastal Enterprises, Inc. and Russell Libby of Maine Organic Farmers and Gardeners Association. The interviews took place between March and July of 2004. All interviews but one were conducted in person; one was conducted by phone. All interviews used an informal conversational model.

A note from Kerri on the survey responses:
Because the questions are general and business situations are specific, some questions simply could not be answered using the given format. I allowed interviewees to give broad answers. Data processing then became a challenge but I have done my best to adjust by listing the total respondents for each question. Even though this is not the most scientific of studies, we feel that the information gathered is accurate and valuable. We are grateful to our interviewees for being so generous with their time.

APPENDIX B

BLANK SURVEY

A. About Your Business:

Business name (Optional)_____Owner's name (Optional)_____
Name of person answering survey (if different) (Optional)_____
Business location_____ Years in business_____
Type of business (please check *one* which is your primary enterprise)

___Gourmet products retailer
___Cheese specialty store
___Health food or natural foods store
___Importer
___Exporter
___Distributor – Year-round, large-scale
___Distributor – Seasonal, small-scale
___Supermarket
___Farm store
___Gift store
___Other_____

B. General Preferences for Maine Dairy Products

1. Which dairy products are the most popular (or fit your preferences best)?

___Products from a **single** Maine farm
___Products from a **group** of Maine farmers (i.e. Oakhurst or State of Maine Cheese Co.)

2. Please indicate whether you agree:

Organic products are important to our customers.	Yes	No	Somewhat
Grass- or pasture-based products are important to our customers.	Yes	No	Somewhat

3. ___Sections C and/or D do not apply to me, as **I have no interest in Maine milk and/or butter**

C. MILK

4. Please rank the following milk items in order of your (or your customers') preference:
___Whole milk
___Reduced fat milk
___Skim milk
___Flavored milk
___Cream
___Half-n-half
___Buttermilk

5. Please rank the following milk items in order of your (or your customers') preference:
___Pasteurized & Homogenized
___Creamline (pasteurized but non-homogenized)
___Raw (unpasteurized and non-homogenized)

6. Please rank the following SIZES of MILK in order of your (or your customers') preference:
___Gallon
___Half gallon
___Quart
___Single-serving
___Other

7. Which type of container do (or would) your customers prefer? Glass Plastic

Please estimate how much farm-identified milk you do (or would) purchase per week:
___Under 50 gallons. ___50 – 200 gallons. ___Over 200 gallons.

Upper limit prices?

D. BUTTER

8. Please rank these butter **items** in order of your (or your customers') preference:

___Sweet Cream Salted ___Cultured Salted
___Sweet Cream Unsalted ___Cultured Unsalted

9. Please rank these butter **units** in order of your (or your customers') preference:

___1-lb. block ___Tub
___4 quarters ___Other _____
___Single quarters

10. Would you be interested in farm-identified butter? How much per week?

___Under 50 lbs. ___50 – 200 lbs. ___Over 200 lbs.

11. Please estimate your upper limit price per lb. for farm-identified butter:

___Under $3 ___$5 and up
___$3-$4 ___No limit – whatever it costs
___$4-$5

12. Please indicate your interest in purchasing the following items from farm-identified sources:

Sour cream:	___Under 20 lbs/week	___20-50 lbs/week	___Over 50 lbs/week	___None
Cottage cheese:	___Under 20 lbs/week	___20-50 lbs/week	___Over 50 lbs/week	___None
Crème fraiche:	___Under 20 lbs/week	___20-50 lbs/week	___Over 50 lbs/week	___None
Cream cheese:	___Under 20 lbs/week	___20-50 lbs/week	___Over 50 lbs/week	___None

E. FARM PRODUCED CHEESES

12. Are you interested in Maine-produced cheeses that resemble the following items?

___Monterey Jack ___Cheddar ___Colby

13. Are you interested in Maine-produced cheeses with unique farmstead attributes? Yes No

Soft cheeses	___No interest	___A little interest	___Strong interest	___I want it right now
Hard/dry Italian	___No interest	___A little interest	___Strong interest	___I want it right now
Mold-ripened	___No interest	___A little interest	___Strong interest	___I want it right now
Sharp, old Cheddar type	___No interest	___A little interest	___Strong interest	___I want it right now
Blues	___No interest	___A little interest	___Strong interest	___I want it right now
Swiss	___No interest	___A little interest	___Strong interest	___I want it right now
Provolone & Mozzarella	___No interest	___A little interest	___Strong interest	___I want it right now
Muenster & Limburger	___No interest	___A little interest	___Strong interest	___I want it right now
Gouda	___No interest	___A little interest	___Strong interest	___I want it right now

Other notes:

14. Please estimate how much farmstead cheese you do (or would like to) purchase per week:

PEAK SEASON (My peak season for cheese sales is __Jan-Mar __Apr-Jun __Jul-Sep __Oct-Dec)

Soft cheeses	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Hard/dry Italian	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Mold-ripened	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Sharp, old Cheddar type	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Blues	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Swiss	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Provolone & Mozzarella	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs

(Peak season continued)

Muenster & Limburger	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Gouda	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs

OFF-PEAK SEASON

Soft cheeses	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Hard/dry Italian	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Mold-ripened	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Sharp, old Cheddar type	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Blues	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Swiss	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Provolone & Mozzarella	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Muenster & Limburger	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs
Gouda	___Under 25 lbs	___25-50 lbs	___50-100 lbs	___Over 100 lbs

15. Please estimate your upper limit price per lb. for farm-identified cheeses:

	WHOLESALE	*RETAIL Sale Price:*
Soft cheeses	$_____	$_____
Hard/dry Italian	$_____	$_____
Mold-ripened	$_____	$_____
Sharp old Cheddar type	$_____	$_____
Blues	$_____	$_____
Swiss	$_____	$_____
Provolone & Mozzarella	$_____	$_____
Muenster & Limburger	$_____	$_____
Gouda	$_____	$_____

16. Which type of rind would you prefer? Waxed Natural

17. For hard/aged cheeses, which size would you prefer?

___25-lb. wheel ___10# wheel ___5# wheel
___ Precut and vacuum-sealed 8 oz. wedges ___Precut and vacuum-sealed 5 oz. wedges

18. Imagine that you are telling a Maine cheesemaker what you are looking for in a good farm-produced cheese. Please rate the importance of the following attributes:

1 = Very important 2 = Somewhat important 3 = Not important

___Complex flavor
___Closely resembles a popular cheese such as Cheddar, Parmesan, Mozzarella (circle or note which type)
___Affordable price
___Attractive or creative packaging
___Farm with an interesting story
___Cheese is very distinctive to specific farm (i.e. *terroir*)
___Your relationship with the farmer or cheesemaker
___Cheese is *certified* as adhering to distinctive, traditional methods, or a limited geographical area of production
___Pasteurized
___Raw milk

APPENDIX C

SURVEY RESULTS, Tabulated

A. Type of Business

Which is your primary enterprise?

Gourmet products retailer	4
Gourmet products retailer and Cheese specialty store	4
Health or natural foods store	5
Distributor	2
Supermarket	1
Restaurant	2
Other – Gourmet products and health foods	1
Other – "specialty food store – seasonal"	1

B. General Preferences for Maine Dairy Products

1. Which dairy products are the most popular (or fit your preferences best)?

Products from a single Maine farm
Products from a group of Maine farmers

Single Maine farm	8
Group of Maine farmers	3
Both equal/no preference	3
No response or N/A	6

Comment:

- "We are seeing more and more demand for single-farm products. Not just from Maine, but also from VT, MA, and CA. More and more non-imported items are of very good quality."

2. Please indicate whether you agree:

Organic products are important to our customers.

Yes	9
No	2
Somewhat	6
No response or N/A	3

Comments:

- "A great selling point – it will enhance value if it's organic but will not detract if it's not organic."
- "Important to a small group of my customers."
- "Very, very important."

Grass- or pasture-based products are important to our customers.

Yes	5
No	7
Somewhat	4
No response or N/A	4

Comments:

- "Increasing awareness."
- "They assume it goes with organic."
- "Absolutely."
- "They recognize the quality without necessarily having the knowledge about it."
- "People notice when the color of the cream changes – they ask if the cows are out eating spring growth."

C. MILK

4. Please rank the following milk items in order of your (or your customers') preference.

Ranked as number **one** preference:

	Retailers (7 total)
Whole Milk	6
Reduced Fat Milk	-
Skim Milk	-
Flavored Milk	-
Cream	1
Half-n-half	-
Buttermilk	-

Comment:

- "Cecil's chocolate quart is very popular."

5. Please rank the following milk items in order of your (or your customers') preference.

(Ranked as number one preference:)

	Retailers (7 total)
Pasteurized & Homogenized	2
Creamline	2
Raw	3

6. Please rank the following sizes of milk in order of your (or your customers') preference.

(Ranked as number one preference:)

	Retailers (8 total)
Gallon	1
Half-gallon	5
Quart	2
Single-serving	-
Other	-

Comment:

- "Would like to see more gallons available."

7. Which type of container do (or would) your customers prefer?

	Retailers (7 total)
Glass	7
Plastic	-

8. Please estimate how much farm-identified milk you do (or would) purchase per week?

(The choices were: "under 50 gallons", "50-200 gallons", or "over 200 gallons" but no one really answered this question using the categories.)

Local raw milk: *(White Orchard, Post Family Farm)*	• 4 half-gallons per week • 32 gallons per week • 16 cases of 6 half-gallons per week (total 96-100 half-gallons) all types
Local milk: *Smiling Hill, Morris Farm, Harris*	• just under 50 per week, but could do more • under 50 per week
Organic Valley	• 2 cases (48 half-gallons) per week of each of the 4 kinds • 66 whole; 16 skim half-gallons per week
Organic Cow	• 66 - 80 half gallons per week

9. What are your upper limit prices for farm-identified milk?

Local raw milk: *(White Orchard, Post Family Farm)*	• $2.25 quart • $2.95 chocolate quart • $1.85 quart --- • $3.50 half-gallon • $3.50 half-gallon • $2.75 half-gallon • $2.75 half-gallon --- • $4.10 gallon • $4.25 gallon
Local milk: *Smiling Hill, Morris Farm, Harris*	• $2.39 quart • $3.49 half-gallon • $4.99 gallon
Organic Valley	• $3.19 half-gallon • $3.59 half-gallon
Organic Cow	• $2.89-$2.99 half-gallon

Comments:

- *Retailer of Organic Cow:* "I'm currently underselling Shaw's & Hannaford. People would balk at $3.99."
- *Retailer of White Orchard at $3.50:* "Charging $3.99 would have a significant impact on sales."

D. BUTTER

10. Please rank the following butter items in order of your (or your customers') preference.

(Ranked as number one preference:)

	Retailers (11 total)	Restaurants/Distributor (4 total)
Sweet Cream Salted	6	
Sweet Cream Unsalted	0	1
Cultured Salted	1	
Cultured Unsalted	1	3
"Anything raw"	1	
"All types sell the same"	2	

Comment:

- One restaurant preferred a very high butterfat butter and is looking for a very high quality European style cultured butter from Maine.

11. Please rank the following butter units in order of your (or your customers') preference.

(Ranked as number one preference:)

	Retailers (12 total)	Restaurants/Distributor (4 total)
1-lb. block	6 (mostly specialty food stores	3
4 quarters	5 (mostly health food stores)	
Single quarters	0	
Tub	1	
Other (ex: roll)		1

Comments:

- Most retailers mentioned that tubs would be fine if they were to carry a good local butter.
- Several retailers mentioned a "roll" of butter as another fairly popular unit, as in the Amish style or Vermont Butter and Cheese Cultured Butter style.
- All restaurants buy cases of 1-lb. blocks (36 lbs. per case)
- One distributor carries 8-oz. rolls and 1-lb. rolls. He mentioned that the 8-oz. rolls are more popular even though they are pricier per lb. when one does the math.

12. Would you be interested in farm-identified butter? How much per WEEK?

	Retailers (9 total)	Restaurants (3 total)
Under 50 lbs	6	1
50-200 lbs	0	2
Over 200 lbs	1	
Other (under 5 lbs.)	2*	

Comments:

- *2 retailers said they would sell well under 50 lbs. per week, more like 5 lbs. per week to start, then would see how business was
- 1 restaurant uses 30-50 lbs. per week
- 1 restaurant uses about 72 lbs. per week (2 cases)
- 1 restaurant uses about 108 lbs. per week (3 cases)

13. Please estimate your upper limit price per lb. for farm-identified butter.

	Retailers (10 total)
Under $3	1
$3-4	2
$4-5	1
$5 and up	4
No limit – whatever it costs	2

Comments:

- 2 stores carry a raw organic butter from Turner in wrapped 1-lb blocks for $7.50-$8 retail (they pay $6 wholesale). It sells very well.
- One storeowner said that $4-$5 per lb. would be a steady, ongoing retail price but people would pay upwards of $5 when buying the butter as a treat.
- One store manager said that they carry an Amish handcrafted roll of butter, which they cut at the counter. It is not certified organic. It sells for $5.79/lb. They also said that *any butter from a local farm*, salted or unsalted, *would be very popular.* Their customers tend to be very loyal to particular items.
- One storeowner said, "I would love to have a Maine-made butter. It would really sell," and also mentioned that the area would support premium pricing.
- Several gourmet/specialty food store owners who do not really carry "staples" said that they would be interested in carrying a local butter if it was very high quality or very unique (i.e. a French-style culture or made from goat's milk...)
- All restaurants quoted prices between $2 and $3 per lb. for the cases of 36 1-lb. blocks (from Cabot and/or Vermont Butter and Cheese)
- 2 restaurants said that they buy a farmstead butter from Blue Hill for $4.50 per lb. That price hurts, but they're willing to pay it for a good product (and to support local farmers). However, that particular farmer can't provide even one restaurant with the needed 35 lbs. per week.
- One restaurant would pay up to $3/lb (wholesale price) for a really high-quality European style cultured butter from Maine.
- One restaurant owner said that they would love to be able to use local, organic, hormone-free butter, but that it's just not viable for them to cook with it.

E. OTHER DAIRY PRODUCTS

14. Please indicate your interest in purchasing the following items from farm-identified sources:

Respondents: 9 retailers and 2 restaurants

	Under 20 lbs/week	20-50 lbs/week	Over 50 lbs/week
Sour cream	9	-	-
Cottage cheese	8	-	-
Crème fraiche	10	-	-
Cream cheese	8	-	-

Comments:

- Some restaurants make their own crème fraiche
- Some retailers would start with about 10 lbs/week of each and see how they do.

For more detailed information about potential for these products, please refer to the heading Sour Cream, Cottage Cheese, Crème Fraiche, Cream Cheese, Ricotta, and Yogurt in the GENERAL COMMENTS section.

F. FARMSTEAD AND ARTISANAL CHEESES

15. Are you interested in Maine made cheeses that resemble the following items?

Monterey Jack	2
Cheddar	8
Colby	3
No, I'm not interested	5

CHEESE VARIETIES

16. Are you interested in Maine-produced cheeses with unique farmstead attributes?

Respondents: 14 retailers, 2 restaurants, 1 distributor

	No interest	A little interest	Strong interest	I want it right now
Soft (tub)	4	2	4	2
Hard/dry Italian	-	5	5	1
Mold-ripened	1	4	7	2
Sharp, aged Cheddar types	2	1	7	2
Blues	1	5	6	1
Swiss	3	4	3	-
Provolone/Mozz	2	2	1	-
Muenster/Limb	3	4	2	-
Gouda	3	4	3	1
Fresh Mozzarella	-	-	4	4
ALL types Maine cheese			3	

"A little interest"

#1: Two-way tie: blues, hard Italian
#2: Two-way tie: gouda, muenster/limburger, Swiss, mold-ripened
#3: Two-way tie: soft, provolone
#4: Cheddar-types

"Strong interest"

#1: Two-way tie: mold-ripened, cheddar-types
#2: Blues
#3: Hard Italian
#4: Two-way tie: soft, fresh mozzarella
#5: Two-way tie: Swiss, gouda
#6: Muenster/Limburger
#7: Provolone

"I want it right now"

#1: Fresh mozzarella
#2: Three-way tie: soft, mold-ripened, cheddar-types
#3: Three-way tie: Hard Italian, blues, gouda

CHEESE VOLUMES

17. Please estimate how much farmstead/artisanal cheese you do (or would like to) purchase per WEEK:

Respondents: 13 retailers, 2 restaurants, 1 distributor

	Under 25 lbs	25-50 lbs.	50-100 lbs.	Over 100 lbs.
Soft (tub)	7			3
Hard/dry Italian	7		2	
Mold-ripened	7	1	1	2
Sharp, aged Cheddar types	5		3	1
Blues	8		1	2
Swiss	7	2		
Provolone/Mozz	9			
Muenster/Limb	9			
Gouda	7	1	1	
Fresh Mozzarella	7			1

Other comments on volume, by cheese type:

Hard/dry Italian	• Retailer: 15 wheels of Mainechego per season (summer)
Mold-ripened	• 6-8 lbs/week of a sheep version • Distributor: 250 lbs/week of St. Andre • Distributor: 250 lbs/week of Brie • Restaurant: 3-4 rounds from Maine per season (summer)
Sharp, aged Cheddar types	• 4-5 lbs/week • Retailer: goes through 4 or 5 40-lb. wheels of Cabot's Extra Sharp cheddar per week in the summer • Retailer: 1 wheel per week of hard aged goat cheese
Blues	• 5 lbs. of Stilton/week • Restaurant: 10 lbs/week of stinky blue • Restaurant: 3-4 wheels (7-10 lbs. each) per season (summer)
Fresh Mozzarella	• Distributor: 250 lbs/week of fresh mozz from NJ
For all types	• Retailer: Approx 10-20 lbs/week of all Maine types • Restaurant: 30 wheels of all types for a whole season

CHEESE PRICING

18. Please estimate your upper limit price per lb. for farm-identified cheeses:

	RETAIL	WHOLESALE
Soft (tub)	• $5/tub • $3/tub --- • $10/lb --- • $24/lb. for aged goat	• $3/tub cow • $7/tub goat/sheep --- • $6/lb • $6/lb • 5-oz. Boursin (France) $3.75 (equals $11.25/lb)
Hard/dry Italian	• $17/lb • $15/lb • $13/lb • $6-8/lb • 5-oz. organic Romano wedge $4.49 (equals $13.47/lb) • 5-oz. organic Parmesan wedge $4.15 (equals $12.45/lb)	• $4.50/lb (Italy) • $5.50/lb (Italy) • $8/lb
Mold-ripened	• $7.50-$11/lb • $15/lb • $7-9/lb • $12/lb • $7/lb	• $12/lb • $8/lb • $7.25/lb • 8-oz. French Camembert $3.20 (equals $6.40/lb) • 1-kilo French Brie 60% $10.50- (equals $4.70-6.80/lb) • St. Andre $8.35/lb
Sharp, aged Cheddar types	• $10/lb • $6.85/lb • $8/lb • $9.30/lb raw Cabernet smoked Cheddar from CA • 8-oz. **organic** Cheddar wedge $3.89 (equals$7.78/lb) • 8-oz. wedge 210-day Cheddar (raw) $2.99 (equals $5.98/lb) • 8-oz. wedge 60-day Cheddar $2.79 (equals $5.58/lb) • 8-oz. wedge 90-day Cheddar $2.89 (equals $5.78/lb) • $8.10-8.30/lb maple and garlic, VT	• $5/lb • $5.50-6/lb • $8/lb • $8/lb and higher • $12 • $8/lb Europe • $4-6/lb USA • $8.50/lb Quebec • $5/lb Ontario • $7.95/lb British farmhouse
Blues	• $10/lb creamy • $28/lb Roquefort types • $15/lb • $13/lb • $6/lb • $15/lb raw Irish farmstead • $14.50/lb Great Hill • $16/lb Maytag	• $9/lb • $8/lb • $6/lb • $6.50/lb • $9/lb • $9/lb • "high upper limit" • $11/lb Spanish raw cow

		• $10.50/lb Berkshire • $8.50/lb Great Hill • $9/lb Maytag • $9.25/lb Point Reyes • $11.90lb Roquefort (France)
Swiss *(Including Gruyere, Emmental, Jarlsberg)*	• $8-10/lb • $12/lb • $11/lb • $15/lb epouisse (sp?) • 8-oz. raw Swiss wedge $3.75	• $6/lb • $6.50/lb • $9/lb
Provolone/ Mozz	• $11/lb • $9/lb • 8-oz. organic wedge $4.19	• $5.50/lb • $9/lb
Muenster/ Limburger	• $9 - $16/lb Morbier, Chimay (sp?) • $11/lb • 8-oz. organic wedge $4.19	• $9/lb • $9/lb • $6.50/lb
Gouda	• $10-13/lb • $10/lb • $11/lb • $5/lb smoked • ½-lb. wedge $7 - $7.50	• $6.50/lb
Fresh Mozzarella	• $7 for 3 golf-ball sized chunks	• 7-oz. Buffalo (Italy) $5.90 (equals $12.98/lb)
For all types	• "Gourmet prices" • $5-7.60 per ½ lb (which equals $10-$15.20/lb) • $8-12/lb • $33/lb upper limit • "If you have to ask, then you can't afford it."	• $6/lb

OTHER CHEESE FEATURES

19. Which type of rind would you prefer?

	Retailers (13 total)
Waxed	-
Natural	4
"No preference" or "Depends on cheese type"	9

Comments:

- *Retailer:* Wax is a pain to cut and flecks of it stick to knives and slicers.
- *Retailer:* Wax is appropriate to halt the aging process when a cheese is where it needs to be. (One cheesemaker later disagreed with this perception.)
- *Retailer:* Wax is a turn-off.

20. Which size would you prefer?

	14 Retailers, 1 Distributor, 1 Restaurant (16 total)
25-lb wheel	1
10-lb wheel	3
5-lb wheel	4
Cut & wrapped 5-oz	3
Cut & wrapped 8-oz	3
"Depends on cheese" or "No preference"	3

Comments:

- Retailer: *Between 3 and 8 lbs is a good size*
- Retailer: *Very big wheels*
- Distributor: *Generally smaller wheels are easier to sell*
- Retailer: *Most artisan cheeses have a shorter shelf life. The precut and wrapped wedges are not necessarily the image we want, but they're more convenient.*
- Retailer: *Would try all the sizes (this was said more than once by retailers)*
- Retailer: *Precut is so much easier to deal with and also includes product info*
- Retailer: *A 40-lb wheel is the max we can handle*

MAINE ARTISANAL/FARMSTEAD CHEESE ATTRIBUTES

21. "Imagine that you are telling a Maine cheesemaker what you are looking for in a good farm-produced cheese. Please rate the importance of the following attributes:"

Shaded boxes indicate the most-often selected answer (i.e. the "winner")

	VERY important	SOMEWHAT important	NOT important	Total respondents
Complex flavor	9	2	3	14
Closely resembles a popular cheese	3	2	12	17
Affordable price	3	7	4	14
Attractive or creative packaging	8	2	6	16
Farm with an interesting story	6	7	2	15
Cheese is very distinctive to specific farm (i.e. *terroir*)	6	3	3	12
Your relationship with the farmer or cheesemaker	9	6	0	15
Cheese is *certified* as adhering to distinctive, traditional methods	2	5	6	13
Pasteurized	2	2	4	8
Raw	6	3	0	9

CHEESE ATTRIBUTES: RANK-ORDERING BY IMPORTANCE LEVEL

Very Important:

1. **Complex Flavor** and **Relationship with Farmer**
2. **Packaging**
3. **Interesting Farm Story** and ***Terroir*** and **Raw**
4. **Resembles Popular Cheese** and **Price**
5. **Certified traditional** and **Pasteurized**

Somewhat Important:

1. **Interesting Farm Story** and **Price**
2. **Relationship with Farmer**
3. **Certified traditional**
4. **Raw** and ***Terroir***
5. **Complex flavor, Resembles Popular Cheese, Packaging,** and **Pasteurized**

Not Important:

1. **Resembles Popular Cheese** (by a landslide)
2. **Packaging** and **Certified traditional**
3. **Price** and **Pasteurized**
4. **Complex Flavor** and ***Terroir***
5. **Interesting Farm Story**
6. **Raw** and **Relationship with Farmer**

COMMENTS on cheese attributes:

Complex flavor:

- "This is assumed"

- Their customers are not as willing to go out on a limb
- "It must be something significant."

Affordable price:

- "It's a balance between value, taste, and price."
- Price of a cheese must match its "peer group" – more important the price itself

Cheese distinctive to farm (*Terroir*):

- "This is less important than the final product. We are a long way from these distinct subtleties. Let's make the stuff first."
- "Maybe for people who have been to Europe"; most of their customers want a "good, basic, raw, organic cheese they'll probably use for everything"
- "*Terroir* should be important...the US doesn't look at this the same way other countries do."

Relationship with farmer or cheesemaker:

- We often visit farms that supply us.

Certified as adhering to distinctive, traditional methods:

- 3 people from restaurants all had comments along the line that IF such a system existed and had become an important marketing tool, then it would be important to have the certification. But until then, the product really speaks for itself. They also think that this level of geographical distinction might be a stretch in Maine at this point.
- "It takes a long time to develop these traditions."
- Keeps product out of a gray area, but that depends on the standards themselves.

APPENDIX D

SURVEY RESULTS, General Comments

Interviewees discuss how they use dairy items, what they would like to see, problems they've encountered, etc.

Pricing

- *Retailer:* noted that Brie and Camembert are the best selling soft cheeses he has, and also the least expensive, and also have a very good margin – which all fits together nicely.
- *Restaurant:* would be interested in local **sour cream, cottage cheese, crème fraiche,** and **cream cheese,** and would pay "a little bit more" than the standard prices, for higher quality items.
- *Retailer:* "I have $5.99-fish and $60-fish. We have both types of customers."
- *Retailer:* Price is always an issue.
- Some retailers are more sympathetic to helping Maine farmers, others wish they could but cannot lower their margins to allow a Maine cheese of lower quality to complete with its European counterpart (even when it's understood that a Maine cheese is not the same thing as a European cheese). In general, price *itself* is not an issue, as long as the price is *appropriate* for the cheese.

Business Issues

- *Retailer:* noted that a farmer began selling homemade cheese at a farmer's market, just a few blocks from the specialty store where the farmer's same homemade cheese sold for about 30% more. The storeowner stopped carrying it because he adamantly wanted to avoid his customers' perception that he was ripping them off.
- *Retailer:* Concerned for small dairy farmers and cheesemakers - that they get caught up in what they're doing, and don't get out and market.
- *Retailer:* Would be better for storeowners like himself if farmers were more aggressive at selling.
- *Distributor:* Since restaurants' needs are always changing, and since they don't place orders more than a day ahead of time, it's difficult to nail down anything as specific as, say, "40 per week." It might be 40 per week, one week, and then 100 the next. When a farmer develops a new product, they will buy a handful (10-20 units) and share it with a few select customers – they generally know who is more adventurous or who is really looking for unique things.
- *Retailer:* Only a few farmers actually call him weekly to check in; none of these are in Maine.
- *Retailer:* Last year he found a great cow mozzarella from VT but the distribution and reliability was terrible.
- *Distributor:* considered dealing with a fresh cow milk mozzarella maker in VT, but concluded that he would have had to put in a lot of effort for ostensibly little return. It would have cost him more money, and the logistics would have been difficult, and additionally, he questioned the quality of the product. He has to satisfy very picky customers.
- *Retailer:* "For me, infrastructure is just about as important as quality and variety."
- *Retailer:* Number one concern is that farmers learn better business skills. He feels that they don't even return phone calls, let alone treat a request or order with any sort of priority. When he gets no response from a farmer he feels like the message is, "I don't care" or "I don't really want you to sell my cheese."

- *Retailer:* Concern about farmers filling orders neatly. He has seen some very dirty orders packed with Coke bottles full of frozen water (as ice packs).
- *Retailer:* He'd like to see them break out of the farmer's market mentality and look ahead at the business calendar.
- *Retailer:* Loves the Maine cheeses she's tried, but the farmers don't come around. She has no time to hunt down vendors; they don't have someone who just does purchasing.
- *Retailer:* It's important for farmers/cheesemakers to introduce their products to public in person – at wine tastings, etc. This has to do with charming farm stories and food with a face as much as giving the public an opportunity to taste the cheese.
- *Distributor:* Would be interested in more farmstead cheeses (and butters) if:
    - The farmer puts effort into making the **relationship** work
    - The product is always **available**; sporadic supply is not good for developing and maintaining business
    - The farm did not have huge expectations and was able to work on a **small scale**, since this is a small company with a limited number of outlets. No one is going to be able to sell his or her product via this company alone, and make it.
    - If the farm were already on his distribution route, or willing to meet him somewhere. Having a farm ship products to him is not an option.

- *Distributor:* a little bit flexible on **packaging**, but life is so much easier if product is packed in cases – though he knows this involves extra cost.
- *Retailer:* Top three reasons she doesn't have much cheese from Maine:
    1. Never been approached
    2. Concerned about shelf life – hard time moving certain items (like curds) within 14 days
    3. Availability
- *Retailer:* incentives to sample out product would be helpful. They sample almost everything they sell, and it's nice when the producer includes a bonus sample unit at a reduced price.
- *Retailer:* does not have time to spend on the phone making calls to 8 or 9 farmers, especially in summer, and especially when he might be ordering only one cheese per farm. A group price list, with seasonality for different types, would be incredibly helpful.
- *Retailer:* Sells a lot of <u>imported</u> cheese because:
    1. European cheesemakers "have it down"
    2. Market is for imported products – wine, fish, caviar, etc.
    3. Why compete with another local store that focuses exclusively on Maine-made products?

General Attitudes Towards Local Dairy Products

- *Restaurant:* "Give me something unique, local, and high-quality, and I'll build my menu around it."
- *Retailer:* Why would anyone associate hard cheeses and Gouda and blues with Maine? Doesn't everyone want those cheeses from Europe?
- *Retailer:* interested in anything local.
- *Retailer:* We couldn't survive if we carried only local foods.
- *Retailer:* finds that demand for ***local*** cheese is growing. As in demand for <u>local</u> vs. "affordable" or "European."
- *Distributor:* "There's so much cheese around; there has to be something distinctive about it."
- *Retailer:* If a product said "Maine" on it, that would be good, but *terroir* seems to be important in every country except the US. Customers do not come in and say, "I want wine that's from Napa Valley only." Actually, her customers eat whatever she recommends.

- *Distributor:* It's important to his chefs to be able to say "local", "varietal", or "regional". If they can "put the name of the cheese guy" or a cheese description on their menu, that adds value for them.
- *Retailer:* "I'd love to get rid of the Organic Valley line, because it's really not that good."
- *Retailer:* "It's important to keep up relationships with local producers as places like Wild Oats and Shaw's move in down the street."
- *Retailer:* Our customers are likely to "just need some Brie and it's OK if it's Maine".

Organic/Grass-Based

- *Restaurant:* More and more customers are aware of growth hormone issues.
- *Retailer:* Cheeses made with vegetable rennet are hard to find and often use GMO ingredients. There is a very high demand for non-GMO vegetable rennet cheeses, or for certified organic vegetable rennet cheeses.
- *Retailer:* Certified organic is the surest sell.
- *Retailer:* Neighborly Farms organic cheese is doing well here.

Raw Products

- *Retailer:* Tons and tons of people ask for raw milk and she can't get any (the nearest local raw milk producer won't deliver to her.)
- *Retailer:* Largely credits the new book, "The Maker's Diet," which emphasizes whole unprocessed foods, for the surge of interest in raw dairy products.
- *Retailer:* The biggest deal is that it's RAW. After that it doesn't matter what the product is, someone will want it.
- *Retailer:* There's a local group that meets to discuss the benefits of raw foods; they inform other people. They are also interested in local products. Raw product customer base is growing but still limited.
- *Retailer:* Raw milk has a short shelf life.
- *Retailer:* Most customers express interest in more raw cheeses but they have to keep pasteurized in stock for the customers that do ask about it.

Mold-ripened cheeses

- *Distributor:* As for types of local farmstead cheese, he is most interested in carrying the mold-ripened and blue cheeses, because "that's where you're more likely to find the interesting stuff."
- *Distributor:* Definitely room for local producers to get into Bries and Camemberts, BUT they MUST be doing something unique.
- *Distributor:* A good example of a unique soft-ripened cheese is the Olde Chatham Shepherding Co.'s "Shepherd's Wheel", which is straight sheep's milk. They also do a wheel that's a blend of sheep's and cow's milk. Both have the same exterior. 3 or 4-oz size.
- *Distributor:* The mold-ripened cheeses are very time sensitive: they may have a 90-120 day *total* shelf life, but there's a window *within* that when they are at their best. He deals with this by essentially buying limited quantities at a time – he doesn't keep a lot on the shelf.
- *Distributor:* He gets his mold-ripened cheeses from the same 2 or 3 sources, with whom he stays in close contact, and they know his standards. He usually picks up these cheeses himself, so he does the sniff and squeeze test.

Provolone cheeses

- *Distributor:* A mild Provolone is just not that exciting and he wouldn't put a lot of effort into finding one. They are generic.

Soft cheeses

- *Restaurant:* already gets Sunset Acres soft & semi-aged goat cheeses, because Bob's smaller amounts meet their needs: cheese plates, salad toppings, a quesadilla appetizer.
- *Restaurant:* he gets a **plain inexpensive goat cheese** in 1-gallon tubs, and uses it as a grilled sandwich filling.
- *Restaurant:* Not very interested in soft, fresh "tub" cheeses unless they are very distinctive.
- *Retailer:* Wants to see more Maine soft cow cheeses.

Blue cheeses

- *Restaurant:* They melt it with butter and serve it over steak. They grab big hunks of it and crumble it on everything. The stinkier, the better.
- *Distributor:* Definitely always a demand for blues.
- *Distributor:* Would be looking specifically for goat and sheep blues; there are already quite a few good cow's milk blues. It used to be that there was just Maytag blue, which for 7 or 8 years was the best American farmstead blue available, but now there are Great Hill (MA) and Point Reyes (CA). All three are the same basic recipe.
- *Distributor:* The market for blues is not necessarily covered. But *stylistically*, a new blue cheese maker must do something different. Really, why would a New England farmer want to make a farmstead blue when they already have Great Hill to compete against?

Fresh Mozzarella

- *Restaurant:* They would <u>love</u> to have some local fresh mozzarella, for little tomato & olive oil & basil salads.
- *Retailer:* Nerf's mozzarella <u>flew</u> off the shelves.
- *Distributor:* A good fresh mozzarella, he would definitely consider.
- *Distributor:* Certainly there is a market for it.
- *Distributor:* More and more people are asking for domestic mozzarella.
- *Restaurant:* Knows of a woman in Dallas who makes fresh mozzarella, and fresh whey cheeses, makes a daily delivery run to local stores and restaurants. The next day she picks up the unused/unsold day-old mozzarella, gives the stores credit for it, and takes the cheese back to turn it into tortes (sp?), pastries, etc.
- *Retailer:* Why not fresh Maine mozzarella to go along with the fresh Maine tomatoes in August? Currently she gets cow's milk mozzarella from CT, and buffalo mozzarella from Europe and Vermont.

Hard or dry Italian cheeses

- *Distributor:* Selling less and less Parmesan Reggiano, primarily due to trade and currency issues. When it costs him $10/lb and his customers don't want to pay more than $11-$11.50/lb, it's not worth it.
- *Distributor:* Most of his dairy items are strictly premium, i.e. he won't be selling a Pecorino for $3/lb – he simply can't compete. Many of the hard/dry Italian types fall into this category.

Cheddar cheeses

- *Distributor:* Trade & currency issue is a problem for him. He can't charge $14.50/lb for an English cheddar. Especially when he can get Shelburne Farms (VT) cheddar for $7-ish/lb, and it's very high quality.

Sour Cream, Cottage Cheese, Crème Fraiche, Cream Cheese, Ricotta, and Yogurt

- *Restaurant:* Would use **cream cheeses** to set out with bagels at breakfast, and to put in pasta sauces. All of these items in amounts less than 20 lbs. per week. Would use **ricotta** as pasta filling; would want it in 5-lb. tubs.
- *Retailer:* They would be interested in **a low fat organic cottage cheese** – many cancer patients are requesting it to use in place of ricotta.
- *Retailer:* The Olde Chatham **sheep's milk yogurt** flies off their shelves.
- *Retailer:* They would really, really like some **local feta in bulk** (sheep).
- *Distributor:* No sour cream, cottage cheese, or cream cheese. Deliveries are too far between to handle anything so fresh. Might consider a **local cream cheese** if it could hold quality.
- *Retailer:* A **local goat or sheep yogurt** would be very popular. The Redwood Hill goat yogurt and Olde Chatham sheep yogurt do very well. Many of their customers are experimenting with different diets.
- *Distributor:* Carries a **very high-end cow's milk ricotta** from a large dairy in CT. They call it "hand-packed" ricotta – during the production process the high-fat top layer is scooped off and packed in a container with holes to drain. That's how it's sold. He moves over 120 lbs/week of this. He knows of no one who is doing this more locally.
- *Retailer:* Would be interested in **crème fraiche in retail sizes**.
- *Retailer:* Would consider local **crème fraiche** and other very fresh items ***if*** the quality was high and especially if the farmer or cheesemaker could take responsibility for restocking.

Restaurant Cheese Plates

One restaurant's ideal Maine cheese plate would be "Pick 3 cheeses for $9, or 5 for $15." They would have a choice of 6 or so cheeses:

- a mild Manchego
- a stronger sheep cheese
- a "soft, gooey, stinky, smelly" cow cheese that oozes out once you cut the rind
- an herbed mild goat cheese – buttons are nice and easy
- something hard & aged – doesn't matter if it's a true Cheddar or not; most people don't know anyway
- something else that's very unique
- would also be interested in having a hard/dry Italian style and a mold-ripened

Another restaurant's cheese plate choices:

- Would use "anything that was local and interesting"
- Currently gets Eric Rector's Camembert, Vermont Shepherd's Putney Tomme and Timson (like a dark yellow Camembert), Berkshire Blue and Great Hill Blue (MA), York Hill Capriano, Seal Cove fresh & slightly aged goat cheeses. Has recently expanded his cheese board to encompass New England instead of just Maine, in order to get some more variety on the board.

- Is specifically looking for washed rind and soft-ripened local cheeses; also looking for very aged cheeses – beyond 3 months, nice and creamy and soft.
- Not very interested in soft, fresh "tub" cheeses unless they are very distinctive
- Not really interested in hard aged Cheddar types, smear-rinds, or goudas
- Very interested in fresh mozzarella

A third restaurant owner: Currently missing in his cheese plate (which serves all Maine cheese) is **blue**, and **hard**. He has tended to focus on goat cheeses because they have more consistent high quality and are a bit better developed here in Maine.

Cheese Sizes

- *Restaurant:* 5- and 10-lb. wheels are best for the cheese plates. A 25-lb. wheel would be good for items like cheese melts and dips.
- *Retailer:* Smaller-size wheels work best for his store. There is a magical surface-area-to-volume ratio for each type of cheese, i.e. for a Stilton, a 15 ½ - 16 lb. wheel is best.
- *Distributor:* Generally, smaller wheels are easier to sell. There's more hesitation (from his specialty stores and restaurants) over a large wheel if it's a new product.
- *Distributor:* Lots of restaurants in the Boston area with good cheese programs buy from Formaggio Kitchen (Cambridge)– the advantage is that they can get smaller amounts. Formaggio Kitchen cuts and sends out cheese for probably 100 restaurants, every single day. If this distributor has anything delicate, he doesn't like to cut it. "How it comes in is how it goes out." This is true for soft-ripened cheeses, goat logs, 2-oz buttons packed in crates, etc.
- *Distributor:* An ideal size for his customers is 1-5 lbs all the way down to 4 oz; packed in crates. Packaging quality is very important.

Milk

- *Retailer:* Whole milk is by far the most popular.
- *Retailer:* Reduced fat and skim are "on the decline".

Where should farmers focus?

- **Distributor:**

"Anything sheep and goat"
- People are always asking for goat cheddar and goat Brie.
- A familiar cheese, made with a different milk.
- If someone could produce a blue-rinded log of sheep's milk cheese, it would be stellar. However, this is very time-sensitive.
- Also, sheep and goat milk yogurt are getting much more popular than ever.

Cow
- "More esoteric or obscure breeds"
- For example, people feel that milk from Jerseys or Brown Swiss makes a more fully-flavored cheese. Since the fat globules are larger, they are not as easy to work with. These products would indeed be able to command a premium if they went to high-end customers. Such customers might not be aware of the molecular science involved, but they would be aware that the product was "cool".

- *Retailer:* Would like to see more sheep's cheese (preferably soft) from Maine.
- *Retailer:* "Enough with the Maine goat cheese." Wants to see more:
  - Cow: soft, mold-ripened

- Cow: blue
- Goat cheese that's *different*
- Cow: fresh mozzarella

- *Retailer:* goat milk cheddar and hard Greek cheddar
- *Retailer:* Would like to be able to offer the following cheeses from Maine:
  soft, "bloomy rind" cheeses such as Camembert and Brie
  soft, ricotta-like cheeses
  hard cheeses (such as Cheddars and other English)
  blue
  mozzarella

APPENDIX E

Conversation with a major New England cheese distributor

July 2004

Primary customers: about 70 high-end independent restaurants and hotels, mostly in the Boston area.

Non-cheese items they carry

- Mascarpone, cream cheese, a little fromage blanc
- A very high-end cow's milk ricotta from a large dairy in CT. They call it "hand-packed" ricotta – during the production process the high-fat top layer is scooped off and packed in a container with holes to drain. That's how it's sold. They move over 120 lbs/week of this. They know of no one who is doing this more locally.

Hard/dry Italian types:

- Selling less and less Parmesan Reggiano, primarily due to trade and currency issues. When it costs them $10/lb and their customers don't want to pay more than $11-$11.50/lb, it's not worth it.
- Selling a little bit of very old Asiago
- Most of their dairy items are strictly premium, i.e. they won't be selling a Pecorino for $3/lb – they simply can't compete. Many of the hard/dry Italian types fall into this category.

Mold-ripened:

- Definitely room for local producers to get into Bries and Camemberts, BUT they MUST be doing something unique.
- A good example is the Olde Chatham Shepherding Co.'s "Shepherd's Wheel", which is straight sheep's milk. They also do a wheel that's a blend of sheep's and cow's milk. Both have the same exterior. 3 or 4-oz size.
- A consistent supply is essential.
- Also, the mold-ripened cheeses are very time sensitive: they may have a 90-120 day *total* shelf life, but there's a window *within* that when they are at their best. They deal with this by essentially buying limited quantities at a time – they don't keep a lot on the shelf.
- They get their mold-ripened cheeses from the same 2 or 3 sources, who they stay in close contact with, and who know their standards.
- They usually pick up these cheeses themselves, so they do a sniff and squeeze test.
- **Q:** If a local farmer were to get into soft-ripened cheeses for a company like this one, what would be an ideal scale of production?
  A: Since restaurants' needs are always changing, and since they don't place orders more than a day ahead of time, it's difficult to nail down anything as specific as, say, "40 per week." It might be 40 one week, and

then 100 the next. When a farmer develops a new product, the distributor will get a handful (10-20 units) and share them with a few select customers – they generally know who is more adventurous or who is really looking for unique things. Additionally they'll leave an "also available" message as part of their answering machine greeting for those who are calling in with orders.

Aged/Cheddar Types:

- There's definitely a market for *some*. They don't do tons of this type. Maybe they could do more.
- Again, the trade & currency issue is a problem for them. They can't charge $14.50/lb for an English cheddar. Especially when they can get Shelburne Farms (VT) cheddar for $7-ish/lb, and it's very high quality.

Blues:

- Definitely always a demand for blues.
- Specifically goat and sheep blues; there are already quite a few good cow's milk blues. It used to be that there was just Maytag blue, which for 7 or 8 years was the best American farmstead blue available, but now there are Great Hill (MA) and Point Reyes (CA). All three of these cheeses are the same basic recipe – cow's milk and the "Roquefort penicillum" (sp?). Great Hill Blue is probably the cheese they sell the most of, about three or four 6-lb wheels per day, 6 days per week.
- Other examples of good farmstead blues:
  Blythedale, Stilton-like
  Jasper Hill (Bayley Hazen), also Stilton-like
- **Q:** Is the the market for farmstead blues pretty much covered by Great Hill, Point Reyes, and Maytag?
  A: No, not necessarily covered. But *stylistically*, a new blue cheese maker must do something different. Really, why would a New England farmer want to make a farmstead blue when they already have Great Hill to compete against?

Fresh Mozzarella:

- Certainly there is a market for it.
- They sell "the real deal" – buffalo milk mozzarella from Italy.
- More and more people are asking for domestic mozzarella. Why? It's important to their chefs to be able to say "local", "varietal", or "regional". If chefs can "put the name of the cheese guy" or a cheese description on their menu, that adds value for them.
- They considered dealing with a fresh cow milk mozzarella maker in VT, but concluded that they would have had to put in a lot of effort for ostensibly little return. It would have cost them more money, and the logistics would have been difficult, and additionally, they questioned the quality of the product. They have to satisfy very picky customers.

- Current mozzarella sales: 130-140 boxes per week. Each box contains 3 kilos, or 6.6 lbs, which comes in the form of twelve 250g (9-oz.) balls.

General Cheese Comments:

- Lots of restaurants in the Boston area with good cheese programs buy from Formaggio Kitchen (Cambridge)– the advantage is that they can get smaller amounts. Formaggio Kitchen cuts and sends out cheese for probably 100 restaurants, every single day. If this distributor has anything delicate, they don't like to cut it. How it comes in is how it goes out. This is true for soft-ripened cheeses, goat logs, 2-oz buttons packed in crates, etc.
- An ideal size for their customers is 1-5 lbs all the way down to 4 oz; again, packed in crates. Packaging quality is very important.

APPENDIX F

Maine Cheese & Value-Added Dairy Focus Group

Portland, ME
March 2004

Present:

Russell Libby, MOFGA
Kerri Sands & Mort Mather, Maine Farms Project of Coastal Enterprises, Inc.
Nancy Jenkins, Food writer and gourmet store proprietor, Rockport
Kris Horton, K. Horton Specialty Foods, Portland
Dick Rogers, formerly of Rogers International imports, Portland
Josh DeGroot, chef at Newcastle Inn, Newcastle
Sam Hayward, chef/owner of Fore Street, Portland
Ken Thomas, sous chef at Fore Street, Portland

Question 1: What's missing on the value-added dairy products scene, from your perspectives?

Condensed answer:
Blue cheese, cultured cream products, affordable butter, Maine versions of the specialty European cheeses, other high-end niche cheeses, farmer-identified liquid milk, a bulk fresh young Maine cheese product.

Individual comments:
1. Affordable, high-quality butter from Maine. Our restaurant uses both a special butter with 83% butterfat, and a standard butter. Right now they order from Vermont Butter and Cheese Co., at $2/lb wholesale. They go through about 3 cases per week; a case contains 30-36 lbs of butter. Currently the lowest price they can find in Maine is $4.50/lb. That price was for an excellent butter from Ken-Rose farm in Blue Hill, distributed by Bob Bowen of Sunset Acres Farm. They use butter for the table, for pastry & cooking, and for resale. They would love to buy giant blocks of butter, put them on a marble slab, and cut off chunks as required – put a stamp on them for resale, etc. Would pay up to $3/lb (wholesale price) for a really high-quality European style cultured butter from Maine. Butter churned from cultured cream, they say, is more interesting and complex.

2. A wet, heavy, fragile, quick-turnaround, hard-to-transport, non-sophisticated cheese item. Something that would use a lot of milk and be hard to move great distances, therefore forcing production and marketing down to a local scale. Perhaps a spreadable cheese product that will go with bagels, or some other product with mass appeal, not "some skinny little wedge that you pay a special price for". Perhaps even cheese curds – consumers can also use them in omelets, on grilled sandwiches, etc.

3. More unpasteurized milk products. There's something very unique about this product. Cheeses from unpasteurized milk often fall into the categories of farm cheese, farmstead cheese, and farmhouse cheese. An example of how this cottage industry in Europe has taken a turn for the worse is found in Parmesan Reggiano – farmers started switching to a new breed of cow that produced a much higher volume of milk, but the milk had low proteins and resulted in no distinct cheese profile.

4. Very authentic cheeses that are "uneconomic" to produce have taken off at places like Wild Oats. For example, cheeses from breeds of cows that are unique to Maine.

5. Would like to be able to offer the following cheeses from Maine:
soft, "bloomy rind" cheeses such as Camembert and Brie
soft, ricotta-like cheeses
hard cheeses (such as Cheddars and other English)
blue
mozzarella

6. Vermont is 5 years ahead of us in terms of high quality in artisan cheese. Particular qualities of VT cheese:

- With a few more years of practice, cheesemakers have a more balanced salt level (salty is good for some cheeses, too salty is not good for any)
- *Terroir* is #1 attribute
- Overall craftsmanship
- *Some* unique and interesting quality
- Consistency of quality over time

7. Memories of a cheese from Deer Isle called "Stonington Granite". It had a bloomy rind and was almost syrupy when ripe. Delicious.

8. Hahn's End has a soft, small rind cheese with a washed-rind aroma. An orange tube shape. It sells out as soon as it comes in.

(Several people at the meeting voted the above-mentioned Hahn's End cheese as one of the best examples of current Maine cheeses, and representative of the potential of Maine cheeses. Also noteworthy was the Capriano coming from several farms, including York Hill.)

9. Currently missing in the restaurant's cheese plate (which serves all Maine cheese) is blue, and hard. The focus has been on goat cheeses because they have more consistent high quality and are a bit better developed here. There's no good reason that Maine couldn't produce a good cheddar.

10. Why not Maine Brie and Camembert instead of Maine cheddar? Those cheeses have a shorter turnaround, and sell in high volumes.

11. Warning about calling cheeses after their regions of origin, when they weren't actually made there. [Someone asked, if you don't call it "Brie", will people still buy it? The answer was "Oh, yes."]

12. If they could find a good crème fraiche with 46% butterfat, they would pay a fortune for it. They currently get a ricotta from CT, which they are very happy with.

Question 2: What makes a distinctive cheese?

1. Assuming an acceptable level of quality and consistency (i.e. not "streaky", all parts of cheese taste the same), then complexity. Being able to tell what the cow was eating, where it was grazing, what time of year the cow was milked and when the cheese was made, what it was aged on/in, etc. All of that should come through in the complexity of the flavor. The exception to this is a good farmstead cheese, where the desirable characteristic is mouth feel - to go with jam on a muffin.

2. Cheese is so much like wine in terms of the complexity of the experience that's available to you. Texture is so much more important than we give it credit for, and noted the "little crystals of protein that crunch in your mouth" in one of the cheeses we tasted together.

3. A full-bodied flavor. A lot of Mainers are looking for a well-produced cheddar. For example, "the wife prefers good old Cabot cheddar" to most of the fancy cheeses presented at restaurants.

4. Why not persuade the state to allow sales of younger cheeses made from unpasteurized milk, as long as the cheeses passed a strict bacteria test? Raw Brie and Camembert are totally different products, and not necessarily more septic. Examples exist where pasteurized, homogenized milk had more bacteria in it than raw unpasteurized milk.

5. Several folks agreed that the *terroir* aspect is the most important. When people think of Maine, they think of "cleanliness, purity, transparent wholesomeness." How do those attributes get into cheese? Rather than getting pine or blueberry or other classic Maine flavors into the cheese, could there be a focus on the flavors from clover, ryegrass, salty marsh grasses? Also, the importance of story: retailers are always trying to get farmers to tell them something about themselves and their farm. Retailers and chefs can sell anything with a story. Cows with names, farmers with families.

Other Notes

1. Customers from gourmet shops don't blink at paying $27/lb.

2. The exchange rate for the Euro has changed, and now many gourmet food shops that previously retailed European cheeses for say, $6, will have to charge $9. This change should affect the Maine cheese market favorably. Also, international companies have been buying each other up in order to avoid the costs of importing and exporting.

3. There are two ways for the US to get European-quality cheeses.
   1. Wealthy individuals invest their own money in the equipment and hire the Old World experts to come over and teach them how to make cheese.
   2. The US needs to build up its own traditions. Remember that the cheeses coming out of Spain and France have a history of 300-400 years. Maine doesn't have that.

4. We need a massive public education campaign to teach consumers about raw dairy products.

5. In the last five years, there has been an incredible rise in interest about distinctive Maine cheeses. At the Portland Public Market, both locals and tourists know the European cheeses – but want it from Maine! Many customers would buy the Maine versions of specialty cheeses if they existed. "Price tag is absurdly not an issue." People want to support Maine farmers.

6. The limiting factors farmers mention are aging space, transportation, and start-up cost (to acquire or switch mechanization). How about the European Aging House model, where farmers make original cheeses and sell them to aging houses, who then take over the aging process. The burden is then off the farmers to turnaround their cheeses for a quick sale. Aging houses specialize in different types – blue, cheddar, etc. How about aging cheese right at the Portland Public Market.

7. All present noted an excitement about what Pineland could produce for cheese. Why? Because "they have the money." They are going to be "another Shelburne Farms". Some are concerned that they are focusing on building their herd, not necessarily utilizing their existing resources to the best of their ability. Perhaps they could build facilities and teach other farmers how to make cheese.

8. Why not an A.O.C. for Maine?

9. Praise for a model from Dallas, TX – Paula Lambert. She makes fresh mozzarella, and fresh whey cheeses, makes a daily delivery run to local stores and restaurants. The next day she picks up the day-old mozzarella, gives the stores credit, and takes the cheese back to turn it into torts, pastries, etc.

10. What about the farmers' market model?

11. Maine roads are a problem for distribution. The original idea behind the Portland Public Market was to provide vending space for farmers, but getting product from farm to market turned out to be a major problem for most Maine farmers.

12. The specialty market for dairy products will not:

- Employ a lot of people
- Use a lot of milk
- Satisfy a large amount of customers

13. Why not fresh Maine mozzarella to go along with the fresh Maine tomatoes in August? Currently cow's milk mozzarella comes from CT, and buffalo mozzarella from Europe and Vermont.