Vermont Farmstead Cheese Marketing Study

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The **Vermont Farmstead Cheese Marketing Study** was made possible by an Argosy Foundation grant to the Vermont Housing and Conservation Board, in conjunction with the Vermont Farm Viability Enhancement Program. The purpose of the grant is to encourage innovation and diversity in Vermont agriculture, by developing new markets for high quality, nutritious, locally produced products.

Introduction

In 2005, twenty-seven (27) cheesemakers in Vermont were making "farmstead" cheese from the milk of animals pastured and raised on their own farms. Collectively, these cheesemakers made well over 650,000 pounds of small batch, hand-made, artisanal cheeses. Retailing in outlets across the state and across the country for an average $14.70 a pound (and some commanding as high a price as $25/pound), conservatively puts Vermont Farmstead Cheese at a $9-10 million dollar industry. These farmstead operations employ close to 50 people, provide a viable value-added product to dairy farms that struggle financially and contribute to the working landscape of Vermont in ways that are practical, sustainable and marketable. Farmstead, and other small scale cheese production, also signals Vermont's active participation in the "slow food" movement that is sweeping across the globe. Foods, made slowly, by hand and in small batches have captured the attention and the pocket book of consumers world-wide. These products are in demand.

Vermont today supports more farmstead cheesemakers per capita than any other U.S. state and is cited by many as the emerging epicenter of smaller American artisanal cheese producers [1]. With growth projected at 33% for those members of the farmstead cheese community who plan to grow, the economic impact to Vermont in 2006 will be at least $10.5 million. Americans are consuming more specialty cheeses than ever before – 5 times faster than total cheese consumption in the past 10 years.[2] As consumers continue to clamor for access to these high-end, high-quality and distinctive specialty cheeses, the potential for growth of the Vermont Farmstead Cheese industry shows absolutely no sign of weakening.

Will the production of farmstead cheeses provide a significant economic and tourist boost to Vermont? We can look westward for a parallel scenario. In just 40 years, California was able to transform its wine industry from producing unremarkable everyday wine to a collection of renowned valley vineyards whose labels are coveted across this country and beyond. Tourism to Napa Valley exploded. Allison Hooper, owner of Vermont Butter & Cheese Co, former president of The Vermont Cheese Council and current President of the American Cheese Society made this prediction in the late 1990's: that Vermont could become to cheese what Napa Valley has become to wine. The results of this study indicate that Vermont is well on its way to making this prediction a reality.

[1] Howland, Daphne R., *Say Cheese, Say Flavor*. Flavor and the Menu, 2004.
[2] Dryer, Jerry. *Cheese Becoming a U.S. Specialty*, , January 1, 2005, DairyFoods.com
(Specialty cheese is defined as "natural cheese that commands a higher price than a commodity cheese because of its high quality, limited production, value-added production or packaging techniques and/or value-added ingredients.")

Vermont Farmstead Cheese Marketing Survey and Process

In the first quarter of 2006, a Vermont Farmstead Cheese Study was conducted. The study consisted of surveying and interviewing cheesemakers, retailers, wholesalers, and other involved in the production, distribution or critique of the Vermont farmstead cheese industry.

A list of farms licensed to make cheese in Vermont was secured from the Vermont Department of Agriculture. Follow-up phone calls were made to ascertain which of these cheesemakers would be considered "farmstead," that is, making cheese with milk from animals on the same farm and to determine a threshold production level of 1,000 pounds per year. Surveys were sent, by certified mail to the 27 farms who met the study criteria. As an incentive, participants were offered a stipend of $100 for completion of the survey. Of the 27 mailed, 23 completed surveys were received for an 85% return rate. A list of participating cheesemakers can be found in ***Appendix A.***

On Site Visits:

Additional on-site visits were made to the following:

1) cheesemakers who began business as cheesemakers and who had not previously sold fluid milk
2) cheesemakers who had previously sold fluid milk but who had transitioned to an all-cheesemaking operation
3) cheesemakers who continued to sell fluid milk as well as making and selling cheese.
4) distributors
5) retailers

Phone and E-mail Surveys:

Phone calls and e-mail exchanges were also conducted with retailers in major metropolitan areas as well as across Vermont; small and large distributors on both coast; restaurateurs, food writers, and representatives of national and international movements and markets having to do with farmstead cheese and an academician who has studied the anthropological leanings of people engaged in dairy farming and attendant activities. A list of additional interviewees is found in ***Appendix B***.

Information obtained in the written survey was complied in two ways:

1) composite information from all 23 respondents
2) information separated by type of animal being milked

Profile of Cheesemaker Respondents

The profile of people making farmstead cheese in Vermont is hardly uniform. Some have come to cheesemaking after decades of dairy farming and are looking to cheese to supplement farm income. Some are self-limiting cheesemakers, in that they make a limited amount of cheese, by design and often seasonally, for local distribution and consumption. These individuals may not depend on cheese sales for a significant portion of their sustenance and do not intend to grow their business beyond current limits. Others have entered the cheesemaking business as entrepreneurs and intend to derive their entire livelihood from this venture and are projecting annual increases in production that range from 33- 80%.

The cheesemakers represent a spectrum of ages, backgrounds and education levels. They include multi-generational Vermonters as well as more recent transplants to the state. They are male and female; family farmers and single entrepreneurs. The common traits they share are these: a commitment to the working landscape; a strong work ethic; an eagerness to see themselves as contributors to sustainable agriculture and quality food production in Vermont; a passion for cheesemaking, and a willingness to share their successes, challenges and concerns with their fellow cheesemakers.

Award winning

Vermont Farmstead Cheeses (along with those cheeses in Vermont that are not farmstead) are award winning cheeses. In the past three years, in American Cheese Society competitions, Vermont has only trailed behind the dairy giants – Wisconsin and California – in awards, taking 28 awards in the 2005 competition alone. See ***Appendix C*** for a list of 2005 Farmstead winners.

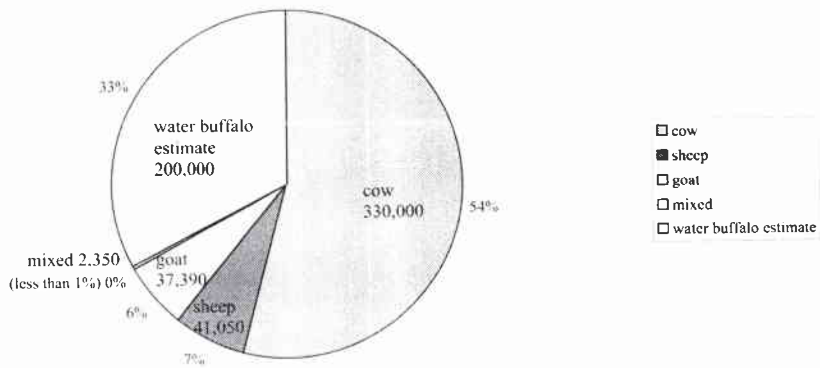
Survey quick facts:

- The longest continuous cheesemaker in the sample has been making cheese for 26 years; the newest began in 2005.
- Half of those cheesemakers surveyed have only been making cheese since 2000
- One-third have had no formal cheesemaker training
- The 23 responding cheesemakers are producing over 100 varieties of cheese (See ***Appendix D*** for a list)
- 80% of Vermont farmstead cheese is raw (unpasteurized) milk cheese
- 16 of the 23 responding cheesemakers make ONLY raw milk cheese
- Fewer than 1600 animals are providing the milk for over 600,000 lbs of farmstead cheese
- Two-thirds of respondents (15) are currently making less than 10,000 pounds of cheese a year.
- 43% of cheesemakers (10) are primarily making cow's milk cheese and these cheeses constitute more than half of the total of Vermont farmstead cheeses being currently produced including both the least expensive and the most expensive cheeses identified
- 30% of cheesemakers (7) are making sheep's' milk cheeses
- 26% (6) are making goat's milk cheese
- 7 cheesemakers are currently also engaged in selling fluid milk while 17 are not
- All but one of those selling fluid milk are selling cow's milk
- Nearly one-third of all respondents (7) rely on cheesemaking for over 75% of their total gross income
- 36% of Vermont farmstead cheese sales take place in the 3rd quarter (July – September) followed by 32% in the 4th quarter (October – December)

Who's Making What?

The following chart shows the percentage of farmstead cheese by milk type in 2005[3]

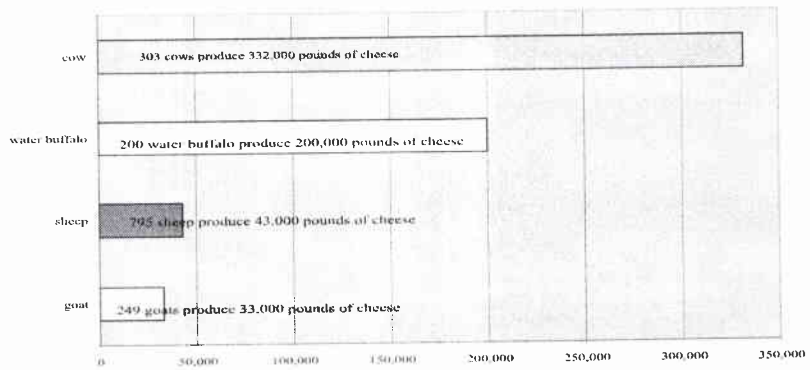
Chart 1. Quantity and % of total pounds for each type of cheese



Animals in Farmstead Cheesemaking in Vermont

Milk yield varies by animal species. The typical ratio for cows is 10 pounds of milk to 1 pound of cheese. Other species and factors such as butterfat content and seasonal fluctuations in milk production come into play when determining the milk to cheese ratio[4]. Based on responses to this survey, there are approximately 1600 animals being milked for the production of farmstead cheese in Vermont today. Herd size has increased in the last three years for 65% (15) of survey respondents. Goat cheese makers report the most significant growth with four out of six reporting an increase in the herd by 50% or more. Six respondents, all cow dairy cheesemakers, report no change in the size of their herds in the past three years. Two additional respondents, also cow dairies, report a decrease in herd size by 10-25%. The following graph showing how many of each type of animal is needed to produce the corresponding amount of farmstead cheese.[5]

Chart 2. Quantity of cheese by animal type



[3] NB: Woodstock Water Buffalo chose not to participate in the survey. However, as the largest farmstead cheesemaker in VT, it was felt important to include their production totals. This number is estimated based on information available on their web site. It has not been verified.

[4] For example, Sheep start the milking season 4:1 and end it at roughly 2:1. Goats are 6:1 typically.

[5] The distinction between farmstead and non-farmstead was made for this study but does not appear to be made in the marketplace. Other VT cheesemakers in the cow and goat category that are making substantially higher quantities, though not on the farm, are also perceived as "artisan cheesemakers" by those who distribute and sell cheese.