

Growing the Pasture-Grazed Dairy Sector

Marketing: Positioning grass-based dairy

What resonates with consumers?

Several sources were used to provide insights into consumer interest in and attitudes toward pasture dairy products. Published consumer surveys suggest that, in general, pasture-based dairy and meat products are viewed positively for a number of reasons. A 2008 Michigan State University survey (Table 8) found that features such as “environmentally sustainable,” “humane animal handling,” and absence of antibiotics and synthetic hormones in the feed of the animals, resonated with consumers.

The surveys conducted as part of this project targeted “opinion leaders” or cutting edge buyers, with the assumption being that this demographic can provide a bell-weather for future trends in the industry. Respondents were selected based on their interest in and experience with, local, pasture-based, and artisanal foods.

Table 8. Consumer attitudes toward pasture-based products (Connor, 2008).

Product feature	Survey responses	
	Very important	Somewhat important
Environmentally friendly	64.6%	28.2%
No antibiotics or hormones	63.2%	24.1%
Humanely raised	62.7%	28.8%
Family farm	29.2%	33.2%
Locally raised	23.1%	29.2%
Knowing the farmer	16.8%	17.3%
Healthy fats (CLA, Omega 3s)	Question not asked	

Focus Group

For the focus group, we assessed participant responses to terms and concepts surrounding pasture-based products. Ady Voltedge focus groups are always given a list of about 30 labeling terms to respond to. Over the years, different terms have come in and out of favor with consumers. The terms “pasture fed” and “grass fed” both ranked about in the middle of the terms with scores of 3.26 and 3.23 out of 5.0. Currently, among the 30 terms used, “ethical treatment of animals” and “hand crafted” are at the top and health related terms such as “glycemic index” and “gluten free” rank at the bottom of the list. Not surprisingly, “pasture fed” and “grass fed” clustered together with “certified organic” and “organic.” This reflects confusion among consumers as to the nature of these farming systems and the foods produced under them.

Focus group participants preferred the term “pasture grazed” over “grass-fed” or even “pasture-fed”, with “grass-fed” conjuring up images of confined cattle being fed grass versus “pasture grazed” more clearly creating the image of cows harvesting their own feed on pasture.

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Concept statement for “pasture-grazed”

developed by Ady Voltedge for the project’s focus group

“Dairy cows in green pastures, grazing on lush, tender pasture grasses for their forage and nutrition. This is the natural, time-honored way for these animals to produce exceptional milk, not only to nurture the cows’ own calves but for the farm family’s livelihood. Grazing involves a complete food cycle – from building healthy soil, nurturing green pasture grasses, and allowing the cows to harvest their own feed at their own pace – all contributing to a balanced diverse farm ecosystem, healthy animals and sustainable family-run dairy farms.

Grass-based milk, produced in harmony with Wisconsin’s landscape, is nutritious, wholesome, healthy, and more flavorful than today’s standard milk supply. For example, grass-based milk has been associated with higher levels of ‘good’ fats such as conjugated linoleic acid (CLA) and omega 3 fatty acids. Dairy products produced from grass-based dairy products support sustainability for the farm, farm families, and the environment in which we

Janet Ady says that the theme that connects the trend she’s been seeing over a decade of surveying consumers is “authenticity.” Although it may sound trite, her data suggests that a growing number of consumers really do want to “know where their food comes from.” The terms that resonate with consumers change over time, but all revolve around the theme of knowing and trusting the food system. The diversity of labeling terms and eco-labels create confusion for the consumer, so establishing a specific set of terms for pasture raised products and a standard that is consistent is a means of protecting this sector over the long term.

Ady’s focus group participants are asked to respond to a product “concept statement” that uses terminology and images likely to be used in marketing materials. The focus group scored the “pasture grazed concept” very highly, with a 4.9 out of five. Key aspects of the concept that resonated with them included that it is perceived as healthy for cows and people, sustainable, natural and chemical free. Aspects that were not appreciated included the scientific nature of the concept, including the “healthy fats” concept.

Focus group participants preferred the term “pasture grazed” over “grass-fed” or even “pasture-fed.” “Grass-fed” conjured up images of confined cattle being fed grass in a feed bunk versus “pasture grazed,” which more clearly created the image of cows harvesting their own feed on pasture.

Eric Snowdeal from Organic Valley shared information on a more detailed survey of 1,000 consumers of organic milk conducted by Organic Valley nationally. These participants also felt that the term “pasture-raised” was a better description of the product than “grass-fed.” More than 50% of the respondents viewed pasture raised milk as being significantly different than the organic milk they were currently drinking.

Organic Valley asked consumers how much more they would be willing to pay for a pasture dairy product. Responses ranged from 10 to 15% more up to 75% more, although at least one respondent asked the question: why should the product cost more if it is cheaper to produce? A question on purchase intent for pasture milk ranked 4.6 out of five.

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Market assessment

Another source of consumer information is Leah Caplan's 2009 survey of 35 customers of Willy Street Co-op in Madison. Her data supports some of the conclusions of other surveys and digs deeper into the motivations and preferences of consumers.

- The vast majority of consumers believe that all dairy cows are pastured. This creates a challenge in differentiating pasture milk, as it requires the marketer to first educate the consumer on conventional dairy farming practices so that they will understand why pasture milk is different.
- Organic is the upper price threshold currently. Consumers did not express willingness to pay more for pasture dairy products than they would for organic products.
- Purchasing considerations in order of importance:
 - Environmental impact, humane treatments of animals, and nutrition
 - Prices, locally sourced
 - Taste
 - Brand, seasonality, color and appearance
- When asked which pasture dairy products they would like to have available for purchase, consumers responded based on their current purchasing habits:
 - Milk
 - Butter
 - Yogurt
 - Artisanal cheeses

Restaurant perspectives

The restaurant industry has changed over the years to focus on cost cutting, to the detriment of using high quality, artisan products. Even butter has been replaced by cheaper sources of fat that work well in a more automated kitchen. As this evolution was occurring, a lot of flavor was lost and that has impacted cooking. There is a growing counter trend, however, among chefs in white tablecloth restaurants who are refocusing on artisanal products and local foods.

Chef Jack has used grass-based products for more than seven years. He observes that they are so flavorful that he finds that he can reduce portion sizes to about half what he'd previously served and his customers are fully satisfied. He has adapted his cooking style to make best use of the stronger flavors of both grass-fed meats and dairy products.

Many of these chefs understand the value of grass-fed or pasture-based products both from a flavor perspective and from a farmer-story perspective. Jack Kaestner has used grass-based meat and dairy products for more than seven years. He observes that they are so flavorful that portion sizes can be reduced to about half what he'd previously served and his customers are fully satisfied. He has adapted his cooking style to make best use of the stronger flavors of these products.

Many chefs are seeking out artisan ingredients to revive the role these foods played in traditional recipes. Jack has experimented with classic French and Italian dishes and has found that pasture meats and dairy products make a huge difference in flavor. These foods bring out and complement the other flavors in these traditional dishes. It's a one-plus-one-equals-three effect, as he says.

Both Chefs Jack and Leah have observed that customers are beginning to notice the difference in pasture dairy products and ask for them. Leah observes that customers in Metcalfe's Market, where she works, gravitate toward the cheeses from pasture milk even if they don't ask for them specifically.

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Other restaurants interviewed for this project included white table cloth restaurants, such as L'Etoile, Harvest, and Sardine in Madison, Wisconsin and two less expensive Madison restaurants, Bluephies and Marigold. Most of the restaurant owners expressed confusion similar to that of consumers, assuming that, if a product is organic, it is pasture-raised and if it is pasture-raised, it must be organic.

The white table cloth restaurateurs interviewed make it a point to serve at least some local foods and appreciate pasture dairy products primarily from the perspective of appearance and flavor, terroir, and the story of the local product. All three use primarily cheese and butter, both for cooking

with and for serving. They observed that these products had more stability at room temperature, as was noted above. They commented on the need to educate consumers, especially with regard to the above mentioned assumption consumers have that all cows are out on pasture.

Bluephies and Marigold chefs didn't have much experience with pasture dairy products and felt that the price made them impractical in their menus in items like cheese sandwiches. However, both felt that cheese would be a good gateway product for them to try these products for both staff and customers.

Distributors and retailers reinforce the importance of story and flavor

A growing number of distributors and retailers are looking for products with these attributes: flavor and a good story. These smaller scale distributors are interested in making a connection with the producers and processors because they market the products based on their stories. The stories sell the product.

Participants in the Discovery Session are part of the evolution of the local and artisan foods movement. Starting with chefs and consumers, such trends are also drawing distributors and retailers toward this sector. Cesar Olivares, representing retailer Pastorale in Chicago, and Scott Dickenson, owner of the distribution company Natural Direct, reinforced Mike Gingrich's observations on what is resonating with consumers. Both focus on the "know the farmer" approach to representing the products that they market. Their customers are looking for artisanship, flavor, and a good story behind the product. Pastorale even takes their staff on "field trips" to visit the farms where the products are produced so that they really understand how it is made and can effectively share their stories with their customers.

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This is a vital building block in development of this market. At the direct market level, each farmer has the opportunity to represent his or her product accurately to customers. Once that direct connection is broken as is necessary in the scaling up process, something else must be in place to give the consumer that connection or that sense of authenticity. Logos and certifications can help, but having the distributor or retailer well-versed in the product and the story preserves the personal connection and in the long run, is probably more effective.

How have consumer preferences evolved and what is the mainstay of consumer interest?

As a relatively new market, the demographic of pasture dairy consumers is not clearly understood and is a moving target. Mike Gingrich of Uplands Cheese, has observed this evolution over the more than ten years since he introduced his Pleasant Ridge Reserve cheese. For the most part, he does not talk about his cheese being from pasture milk. He talks about how his cows are managed and how his cheese is made. He emphasizes the flavor of the cheese. He has been successful because he is the farmer and he answers the phone. Buyers get to talk directly to the person who milks the cows and makes the cheese. Since the beginning, he has had a small but increasing number of buyers interested in the nutritional aspects of grass-fed products (“healthy fats,” including Omega 3s and CLA or conjugated linoleic acid). Lately, he is also getting an increasing number of customers interested in raw milk cheeses, also for health reasons.

Some products on the market are made from 100% grass-fed milk—the cows are fed no grain. For example, Organic Valley is producing a 100% grass-fed milk and marketing it in California. Steve Young-Burns, an industry consultant observes that there is a growing customer base for this kind of product for health reasons. Both Steve and Mike agreed that the health aspects will take a product only so far, though. Consumers may purchase a product once for health reasons, but if the flavor and quality aren’t there, it won’t be purchased again, no matter how healthy it is for you.

What’s in a name?

Ironically, the name “Grasslands” has long been owned by a dairy company in Wisconsin that does not have a current connection to pasture-based products. The company, in existence since 1904, is the world’s largest producer of butter. It does not make any claims with regard to the diet of the cows whose milk is used in their products and, while it probably benefits from the image that the name ‘Grassland’ conjures up, the product has little or nothing to do with pasturing.

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