North Carolina Farmstead Creamery Survey Report (2015)

*The North Carolina Farmstead Creamery Survey will be repeated in spring 2017.
Cover photos by Debbie Roos, North Carolina Cooperative Extension.

North Carolina Farmstead Creameries

Why a Survey of Farmstead Creameries?

Consumer demand for "local food," food produced close to the point of sale and having additional attributes such as "natural," "healthy," "sustainably raised," and "from family farms" continues to grow. [1] Most recently, the National Restaurant Association reported "hyper-local sourcing" and "farm/estate branded items", both of which can describe Farmstead Creamery products, among its Top 10 Food Trends in the "What's Hot 2015 Chef Survey."[2]

In the case of local dairy products in North Carolina, we can see this demand reflected in the growth in the number of farms seeking to become dairy manufacturers registered and regulated by the Food and Drug Protection Division at the North Carolina Department of Agriculture and Consumer Services (NCDA&CS), and by the creation of two NC farmstead and artisan cheese associations.[3] The North Carolina Farmstead Creamery Survey was conducted to gather information to describe and measure the size of this growing farm-based industry.

Who Did the Survey?

Staff of the *North Carolina Growing* Together (NCGT) project, a Center for Environmental Farming System initiative (cefs.ncsu.edu), designed and fielded the telephone survey from February through April, 2015. The NCGT project (ncgrowingtogether.org) is a multi-partner initiative designed to bring more locally-produced food into mainstream markets to enhance the viability of small and mid-scale farming operations in North Carolina.

What do we mean by "Farmstead Creameries?"

The American Cheese Society and other organizations define "farmstead" dairy products as those using 100% milk from the farm's own animals.

Farmstead creamery products marketed as such appeal to consumers concerned about the continued economic viability of small and mid-scale farms and agriculture's impact on the environment and animal welfare, as well as consumer desire for unique foods produced using traditional (e.g., artisan) methods.

"Artisan" dairy products are defined as those produced in small batches using traditional methods, and includes facilities that purchase milk in lieu of or in addition to any on-farm production.

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[1] Ostrom, M. (2006). "Everyday meanings of 'local food' views from home and field." *Community Development, 37*(1): 65-78; McFadden, Dawn Thilmany. (2015). "What do we mean by 'local foods'? *Choices*, 30(1), http://www.choicesmagazine.org/choices-magazine/theme-articles/community-economics-of-local-foods/what-do-we-mean-by-local-foods.

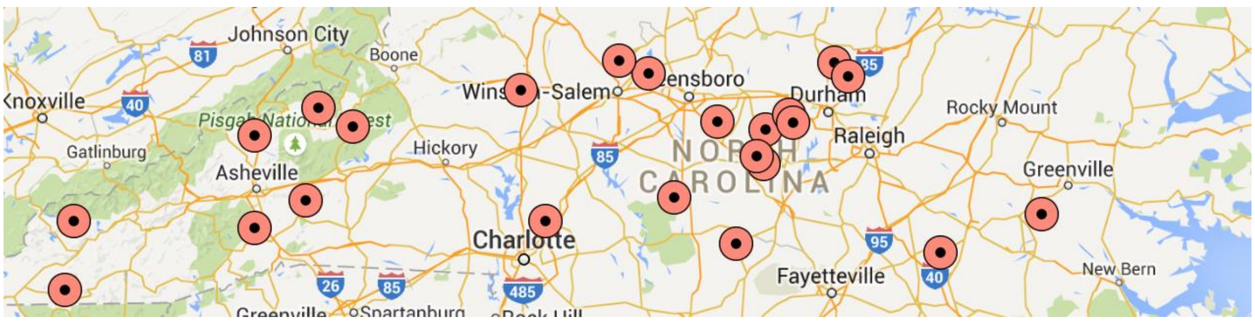
[2] http://www.restaurant.org/Downloads/PDFs/News-Research/WhatsHot2015-Results.pdf

[3] See: http://wnccheesetrail.vpweb.com/ and http://nccheesetrail.com/

Who Were the Survey Respondents?

The initial survey list was compiled from on-line information provided on the NCDA&CS website, producer lists from the Cheese Trail producer organizations in Western and Eastern North Carolina, and personal communications from Cooperative Extension personnel and existing producers. After trimming the list to include only those that met this report's definition of a Farmstead Creamery, the list contained 46 operations. Of this list, seven were excluded because they had not or no longer engaged in the manufacture of value-added dairy products. Sixteen who could not be reached after 3+ phone and email attempts or declined to participate. The remainder of this report summarizes information from the 23 producers who responded to the survey (59% of the 39 we attempted to reach).

Farmstead Creamery Survey Respondents, Farm Locations



Production, Products, and Market Channels

As indicated in the table on the following page, 13 of the total 23 surveyed were goat dairies and 10 cow dairies. The fact that cow dairies had a much longer history in production, sometimes spanning several generations, is due to the fact that most cow creamery operations began on conventional dairy farms with a history of selling their raw milk through dairy cooperatives for further processing. Four of the 10 cow dairies survey continue to sell raw milk to cooperatives.

Average size of the milking herd is a measure that is often used to characterize the scale of a dairy operation. The median milking herd size for goat dairies surveyed was 30 animals. For cow dairies with a conventional dairy component the median herd size was 75 animals; for those without a conventional component the median herd size was 73 animals.

Farmstead Creamery Producers					
	Surveyed producers	Gallons milk used annually for value-added production	Number of years operating as a dairy (median)	Number of years producing value-added products (median)	Have other on-farm enterprises in addition to dairy operation**
Goat creameries	13	249,630	10	10*	8
Cow creameries w/conventional & value-added	4	162,565	61	1	2
Cow creameries w/value-added only	6	4,291.860	35	14	5
All (total, median)	23	4,845,621	26	7	15
**All goat dairies began as value-added operations.* ***Includes agritourism.*					

Most of the cow creameries produce a combination of milk and milk co-products (butter and cream) and either cheese or ice cream (see table at right). None of the cow creameries surveyed produced both ice cream and cheese products. Nearly all goat creameries produce soft goat cheese (chevré), about half also make aged cheeses, and a few make a drinkable yogurt or soft goat milk ice cream. Several goat dairies noted that they first produced plain chevré and then graduated to adding additional flavors (e.g., herb, fruit) and to making aged cheeses.

Farmstead Creamery Products		
Product	*% of goat creameries*	*% of cow creameries*
Soft cheese (farmers/chevré)	92%	20%
Aged cheese	54%	30%
Homogenized milk	0%	40%
Creamtop milk	0%	30%
Yogurt – drinkable	15%	10%
Butter	0%	50%
Cream	0%	20%
Ice cream or ice cream mix	0%	50%
Traditional or Greek yogurt	0%	0%

Most cow and goat creamery owners participate in one or more farmers markets, and sell directly to restaurants or grocery stores (see table next page). Goat creameries are more likely to sell directly to specialty retailers and wholesale distributors than are cow creameries, while cow creameries are more likely to sell directly to grocery stores and to sell at their own on-farm store. Smaller goat and cheese dairies report that their largest markets are farmers markets and direct delivery to specialty stores or restaurants. Larger dairies report a larger proportion of sales through a distributor or direct to a grocery store.

Market Channels for NC Farmstead Creameries, % of Survey Respondents Who Report Selling through Each Channel			
Market Channel	*% All Creameries*	*% Goat Creameries*	*% Cow Creameries*
Farmers market(s)	70%	85%	50%
Direct to restaurant	74%	85%	60%
Direct to grocery	65%	54%	80%
Wholesale distributor	39%	38%	40%
Direct to other specialty retailer	30%	31%	30%
On-farm	35%	23%	50%
Off-site farm stand	26%	23%	30%
By mail	9%	8%	10%
CSA/box program	9%	8%	10%

When queried as to the type of questions that they are most often asked by customers, producers noted that they are most frequently asked whether the product is GMO-free, about the treatment of the animals, and, for goat cheese, whether the rennet used (a material used in goat cheese processing) is vegetable or meat protein based. Producers noted that because of the number of consumer questions on GMOs, they would like to have a GMO-free product, but that GMO feeds are not widely available in NC and are cost prohibitive.

When asked about their own personal definitions of success other than financial success, producers' most common responses were that they felt successful in making a high quality product that consumers enjoyed and spoke highly of, and stewarding the animals and the land.

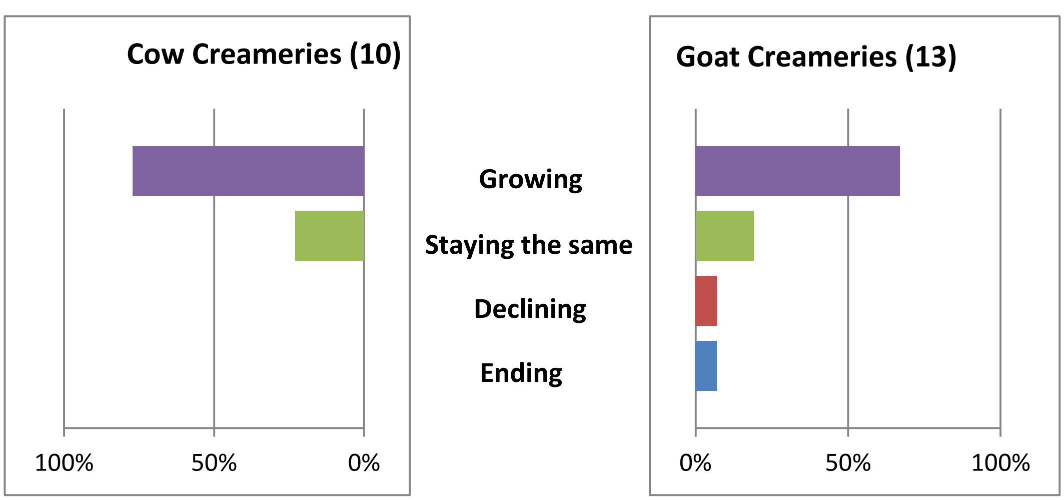
Profitability, Growth Prospects, and Challenges

Farmstead creamery operators were asked questions on how they perceived the profitability of their value-added operation, and what their plans were for the next five years (see figures, below). Most cow and goat creameries are either making a comfortable or small profit above the costs of their own labor. Thirty-eight percent of goat creameries noted that they are not breaking even, compared to 20% of cow creameries.

"Which of the following statements best describes your value-added dairy business in 2014, including the cost of your own labor?"

Most goat and cow dairies plan to grow production over the next five years. In addition, a number mentioned adding new products, including new types of cheeses and traditional and Greek yogurt. A few cheese makers noted that they had too many products and were looking to streamline. Several goat producers also mentioned that while they planned to increase production, they hoped to do so by increasing their existing herd's productivity, rather than increasing the size of the herd.

"Over the next 2-4 years, assuming current conditions continue, do you see your value-added dairy business....."



Several producers also hoped to enhance their profitability by fine-tuning their markets, either by selling more of their output direct to consumers or retail, or reducing their time on direct sales and relying more on wholesale distribution.

When asked to rate various challenges to their business, most cited the cost of feed, in particular the cost of feed supplements (used to supplement on-farm production of hay and grass forages). While current regulations were not seen as particularly difficult to understand or follow, and rated low as a current challenge, many producers noted the uncertain impact of new food safety regulations that will be revealed in the fall of 2015, and questioned their ability to comply with these if they required costly changes in operations.

Looking Ahead

The popularity of both locally produced and artisan dairy products present potentially lucrative opportunities for Farmstead Creameries in North Carolina. The NC Growing Together (NCGT) project fielded this survey to better understand the status and characteristics of Farmstead Creameries, and to provide a baseline from which to gauge growth and change in this expanding sector. The survey will be repeated in the spring of 2017. NCGT also plans to field a second survey to gauge the status and characteristics of other artisan dairy facilities which purchase milk from NC goat and cow milk producers to create value-added dairy products.

Special thanks to Dr. Steve Washburn at NC State University for sharing his knowledge of the Farmstead Creamery sector and to all the North Carolina Farmstead Creamery operators who generously shared their time to respond to the survey.

For additional information on the survey or report please contact Dr. Rebecca Dunning, Center for Environmental Farming Systems, rebecca_dunning@ncsu.edu

For more information on dairy production in North Carolina contact the NC Department of Agriculture and Consumer Services or your local Cooperative Extension agent.

For more information on the NC Growing Together project and food supply chain development in North Carolina: ncgrowingtogether.org

NC GROWING TOGETHER
Connecting Local Foods to Mainstream Markets

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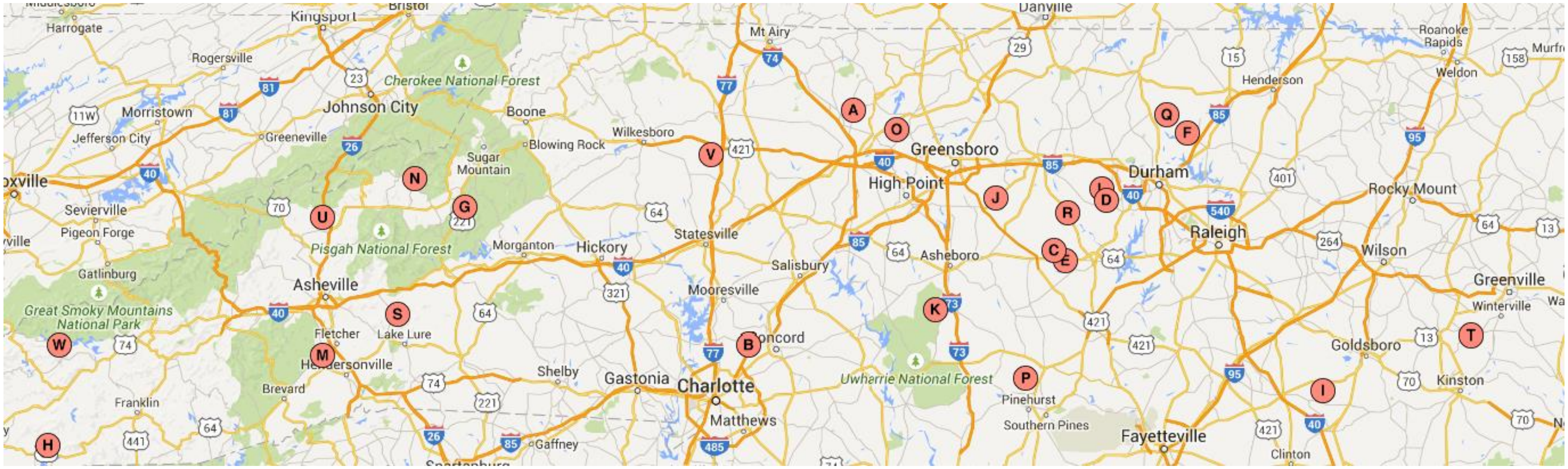
Thanks to all of the NC Farmstead Creameries who took the time to tell us about their operations!



A	Buffalo Creek Farm and Creamery 3255 Buffalo Creek Farm Road Germanton, NC 27019	G	English Farmstead Cheese 19618 US Highway 221 N Marion, NC 28572	M	Mills River Creamery 4193 Haywood Road Mills River, NC 28759	S	Round Mountain Creamery 2203 Old Fort Road Black Mountain, NC 28711
B	Cackleberry Farms 7300 Untz Road Concord, NC 28027	H	High Mountain Meadows 486 Double Knobs Drive Hayesville, NC 28904	N	Oakmoon Creamery 57-B North Hwy 226 Bakersfield, NC 28705	T	Simply Natural 1265 Carson Edwards Road Ayden, NC 28513
C	Celebrity Dairy 198 Celebrity Dairy Way Siler City, NC 27344	I	Holly Grove Farm 1183 Grantham School Road Mount Olive, NC 28365	O	Once Upon a Meadow 9171 Huff Farm Road Kernersville, NC 27284	U	Spinning Spider Creamery 4717 East Fork Road Marshall, NC 28753
D	Chapel Hill Creamery 615 Chapel Hill Creamery Road Chapel Hill, NC 27516	J	Homeland Creamery 6506 Bowman Dairy Road Julian, NC 27283	P	Paradox Farm 449 Hickory Creek Lane West End, NC 27376	V	Wholesome Country Creamery 6400 Windsor Road Hamptonville, NC 27020
E	Dancing Doe Dairy 784 Jay Shambley Road Pittsboro, NC 27317	K	Kilby Family Farms 6247 Pisgah Covered Bridge Asheboro, NC 29705	Q	Prodigal Farm 4900 Bahama Road Rougemeont, NC 27572	W	Yellow Branch Farm, Inc. 136 Yellow Branch Circle Robbinsville, NC 28771
F	Elodie Farms 9522 Hampton Road Rougemont, NC 27572	L	Maple View Farm 3109 Dairyland Road Hillsborough, NC 27278	R	Ran-Lew Dairy 3978 Lewis Road Snow Camp, NC 27349		CEFS NC GROWING TOGETHER Connecting Local Foods to Mainstream Markets

May 2015