The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Market Analysis of Traditional, Grass Fed & Organic Milk in Selected Markets

Prepared by: Kent Wolfe, Cesar Escalante, John McKissick

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Fresh Fluid Milk Market Analysis

Fluid Milk Market - - Retail sales of fluid milk increased 0.3% in 2003. This was accomplished in spite of a small decline in per capita consumption. The product sales mix changed slightly. In 2003 whole milk sales decreased 0.9% while flavored low fat increased by 4.3%.

Several factors have influenced to the growth in milk sales. One factor pertains to improvement in the product package. The appearance of milk packaging, coupled with improved labeling content, account for some of the increase. Another factor is the growth in the coffee house industry offering specialty coffee beverages. These specialty coffee beverages may contain between 50 to 90 percent milk. These two factors, combined with the milk industry promotion, have all contributed to the increase in milk consumption. (Source: *Milk Facts* 2004)

Fluid Milk Market Outlets - - Supermarkets and grocery stores account for roughly 82% of fluid milk sales. Mass merchandise stores accounted for an additional 8.2% of milk sales. Another 5.6% was sold through warehouse clubs with the remaining sales through drug stores, convenience stores and all others.

Fluid Milk Consumption Trends - - Per capita consumption of fluid milk has declined from 29.8 gallons in 1970 to 21.5 gallons in 2003. This includes consumption of plain and flavored milk, whole, light milk and fat-free milk products and buttermilk. Along with the decline in fluid milk consumption, the product mix consumption patterns have changed significantly over the past 30 years. Per capita whole milk consumption has fallen from 24 gallons in 1970 to 7.5 gallons in 2003. During the same period, per capita consumption of low fat/skim products has increased from 5.1 gallons in 1970 to 13.8 gallons in 2003. The trend for flavored milk has increased over the same time period, but the increase is less dramatic (10 gallons in 1980 to 14.0 gallons in 2002).

Fresh Milk and Cream Consumer profile - Target Market - - The following fluid milk customer profile was created using the 1991 Consumer Expenditure Survey data collected by the Bureau of the Census. The information contained in Table 1 includes plain and flavored fresh milk and cream. The survey respondents keep a two-week diary on small, frequently purchased products. These figures include expenses for food and beverages, both at home and in restaurants. The diary approach is intended to capture expenditures that respondents are likely to forget or recall incorrectly over long periods of time. More product-specific information was not available. Thus, these results should be used as a generalization of milk and cream consumers.

- The fluid milk and cream consumer is married, with children between the ages of 6 and 17, is between 35 and 44 years of age, and has an annual household income in excess of $40,000.

- Milk consumption peaks between the ages of 13-17 years of age (27.9 gallons per capita) and the volume per capita decreases after school years, but stabilizes after age 35 (between 9.5 and 11.1 gallons per capita).

- On average, consumer units/households spend $127.00 in 2002 annually on fresh milk and cream products, with the south averaging $119 annually.

In-depth Market Analysis

The Center for Agribusiness and Economic Development conducted a telephone survey with a random sample of adults (18 years of age or older) residing in the Southeastern United States. The survey inquired into people's dairy product consumption and purchasing habits as well as their interest in purchasing locally produced dairy products. The following information was obtained from the survey results.

Purchase Frequency

Another important aspect of estimating market potential is to estimate the frequency of when products are purchased. Having an estimate of purchase frequency allows for a more realistic market potential determination.

When reading Table 2, it is important to note that each of the survey respondents was asked whether they purchased each of the products presented. Therefore, some respondents may not purchase one type of milk but may purchase another type.

The most frequently purchased fluid milk products are plain whole and reduced fat (2%) milk. These products are purchased significantly more frequently than the remaining products. Among flavored milk consumers, they appear to purchased it about every two weeks where as plain whole an d reduced fat milk (2%) milk are more likely to be purchased weekly or more often. This difference may lie in the fact that milk is a household staple that is used in breakfast and other meal preparations as well as being served as a meal time beverage. Flavored milk on the other hand is generally used a beverage.

Table 2. Frequency of Milk Product Purchases

Container	Whole (n=670)	Reduced (n=674)	low fat (n=672)	Fat Free (n=670)	Flavored (n=665)
Never	61%	50%	81%	72%	79%
Every two weeks or more	11%	18%	8%	7%	16%
Weekly	19%	23%	7%	15%	4%
Once a week or more	9%	9%	3%	6%	1%

Product Consumption

To gauge interest in local demand for fluid milk products, it is important to determine the types of milk products being purchased and consumed in the area. The information presented in Table 3 reveals that whole, reduced fat and fat free milk are the most frequently purchased fluid milk products. Interestingly, the reduced fat (2%) milk is the most frequently purchased milk as reported in the survey. Atlantan's are significantly more likely than the general survey population to purchase reduced fat (2%) milk. Respondents residing outside of Tallahassee and Atlanta are significantly more likely to purchase whole milk than are there targeted market counterparts.

The data in Table 3 suggest that by producing three primary fluid milk products, a dairy can capture a significant percentage of the milk being consumed in the area. There does not appear to be a large market for low-fat and flavored milk products.

Table 3. Most frequently Purchased Milk Product			
Container	**A Total (n=675)**	**B Tallahassee Area (n=74)**	**C Atlanta Area (n=93)**
Whole	28%[A-C]	23%	22%
Reduced fat 2%)	38%	42%	48%[A]
Low fat (1%)	10%	15%	11%
Fat free (skim)	21%	20%	19%
Flavored	0%	0%	3%
[A-C] Indicates that value is significantly different than corresponding value in column A-C. Note: Columns may not add to 100% due to rounding error.			

Container Preferences

The old adage, "it is easier to sell something that people want than it is to sell something that is easy to produce" is relevant to the fluid milk market. People are more willing to purchase a product if it is packaged in a manner that suits their particular needs. For instance, if a family only uses a one-half gallons of milk per week, the will be unlikely to purchase milk by the gallon if they have the choice of purchasing it in a one-half gallon container. Therefore, the dairy needs to understand the packaging preferences of potential consumer so that they can package their product in the most desirable manner.

The results in Table 4 indicate that a gallon container is the most commonly purchased container, and is purchased significantly more often that the other container sizes. There does not appear to be any significant differences in contain size by market area.

Table 4. Most Frequently Purchased Container by Market			
Container	**Total (n=675)**	**Tallahassee Area (n=74)**	**Atlanta Area (n=94)**
Gallon	64%	59%	65%
One-half gallon	28%	28%	24%
Quart	8%	12%	10%
Pint	0%	0%	1%
Other	0%	0%	0%
Note: Columns may not add to 100% due to rounding error.			

Segmenting the most frequently purchased milk product by container size provides package preference information. The information presented in Table 5 indicated that only two milk containers are needed to service the market, a gallon and one-half gallon container.

Table 5. Most Frequently Purchased Container by Milk Product					
Type	**Whole**	**Reduced**	**low fat**	**Fat Free**	**Flavored**
Gallon	67%	66%	64%	63%	66%
One-half gallon	24%	26%	28%	29%	27%
Quart	8%	7%	7%	7%	7%
Pint	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Don't Know	0%	0%	0%	0%	0%
Note: Columns may not add to 100% due to rounding error.					

The respondents were asked how they described their shopping habits when they purchase dairy products, see five column headings in Table 6. When further segmenting the data by stated shopping type, differences become apparent. Premium food shoppers, although a small group, appear to prefer the smaller one-half gallon more often than their counterparts in other groups.

Table 6. Most Frequently Purchased Container by Shopper Type						
	Type of Dairy Product Shopper					
Shop	**Value oriented (n=189)**	**Generic labels (n=113)**	**Brand name items (n=167)**	**Premium food labels (n=16)**	**Health (n=138)**	**Other (n=36)**
Gallon	69%	69%	59%	50%	59%	67%
One-half gallon	24%	26%	29%	44%	30%	25%
Quart	5%	5%	11%	6%	10%	8%
Pint	1%	0%	0%	0%	1%	0%
Other	1%	0%	0%	0%	1%	0%

Type of Dairy Product Shopper

The information presented in Table 7 presents some very interesting differences. The data indicated that the majority of shoppers in the total market, as well as in Tallahassee and Atlanta markets, are self described value-oriented shoppers with regard to purchasing dairy products. However, there does appear to be significant differences in the respondents with regard to those that describe themselves and health and brand name oriented with regard to purchasing dairy products.

The percentage of respondents that describe themselves as *Heath Conscious* when purchasing dairy products in the Tallahassee is higher than the percentage reported by Atlanta area residents. A significantly higher percentage of the respondents in the Tallahassee area (27%) described themselves as health conscious when purchasing diary products that were their counterparts in the Atlanta area (20%).

On the other hand, it appears that Atlanta residents are significantly more concerned with purchasing brand name milk products than are Tallahassee area residents.

Type of Diary Product Shopper by Market Segment			
Response	**Total (n=660)**	**Tallahassee Area (n=73)**	**Atlanta Area (n=94)**
Value oriented	29%	32%	32%
Generic labels	17%	19%	15%
Brand name items	25%	14%	30%[1,2]
Premium food labels	2%	3%	0%
Health	21%	27%[1]	20%
Other	5%	5%	3%

[1] Indicates that value is significantly different than corresponding value in either the Tallahassee or Atlanta Area Column.
[2] Indicates that value is significantly different than corresponding value in either the Total Column.
Note: Columns may not add to 100% due to rounding error.

Purchase Location

To access the fluid milk market, it is important to determine where potential consumers are most likely to purchase milk products, Table 8. The survey asked respondents where they purchased their milk products. Not surprisingly, supermarkets and grocery stores were the retail outlets where most of the fluid milk products are purchased. However, it was noticeable that only a small amount of fluid milk was reportedly purchased at convenience stores. The dairy should focus its marketing efforts on the grocery store supermarket marketing channel and consider expanding into the convenience store and mass merchandise outlets in the future. These outlets only represent a small proportion of milk sales as reported by the respondents.

Table 8. Milk Purchases by Retail Outlet – Market Segments			
Shop	**Total (n=674)**	**Tallahassee Area (n=73)**	**Atlanta Area (n=94)**
Grocery store/supermarket	87%	88%	94%
Super center	10%	12%	6%
Convenience store	1%	0%	0%
Warehouse/discount clubs/bulk	1%	0%	0%
Dollar store	0%	0%	0%
Other	1%	0%	0%
Note: Columns may not add to 100% due to rounding error.			

Further segmentation reveals that milk purchasing patterns with regard to where milk is purchased do not vary significantly by consumer type, Table 9. The only noticeable difference lies with shoppers whom are premium food label buyers. These respondents are more likely to purchase milk from super centers than the other consumer segments.

Table 9. Milk Purchase by Retail Outlet – Shopper Type						
	Type of Dairy Product Shopper					
Shop	Value oriented (n=189)	Generic labels (n=113)	Brand name items (n=167)	Premium food labels (n=36)	Health (n=138)	Other (n=36)
Grocery store/supermarket	87%	85%	87%	75%	88%	83%
Super center	10%	14%	10%	19%	9%	11%
Convenience store	1%	0%	1%	6%	0%	3%
Warehouse/discount clubs/bulk	1%	0%	1%	0%	1%	0%
Dollar store	0%	1%	0%	0%	0%	0%
Other	1%	0%	1%	0%	2%	3%
Note: Columns may not add to 100% due to rounding error.						

Likelihood to Purchase

The respondents were then asked if they would be willing to purchase a locally produced milk product. Overall, 89% of the respondents indicated that they would be willing to purchase a locally produced milk product. The results do not vary when examining the Tallahassee and Atlanta market area. A more important question may be if the respondents are willing to pay more for a premium milk product. The number of respondents that are willing to pay more for this product falls significantly from those that would be willing to purchase a locally produced product. Over one-quarter (27%) of the respondents would be willing to pay more for a premium milk product. These results differ significantly by market area, both the Tallahassee (34%) and Atlanta (37%)market area respondents indicated they would be willing to pay more for a the locally produced product. The willingness to purchase was gauged by asking respondents how interested they were in purchasing the proposed products. The average interest values suggest that the respondents are interested in purchasing a locally produced milk product. Again, consistent with the willingness to pay results, respondents residing in Tallahassee and Atlanta are significantly more interested in purchasing this product than are other southern respondents.

Table 10. Willingness to Purchase and Pay more for Locally Produced Milk			
	A Total (n=651)	**B Tallahassee Area (n=71)**	**C Atlanta Area (n=90)**
Willingness to Buy	89%	94%	90%
	A Total Percent (n=634)	**B Tallahassee Area (n=71)**	**C Atlanta Area (n=86)**
Willing to Pay a Premium	27%	34% [A]	37% [A]
Interested in Purchasing	**A Total Percent (n=666)**	**B Tallahassee Area (n=73)**	**C Atlanta Area (n=92)**
1-Not interested at all	7%	5%	2%
2-Not interested	7%	5%	5%
3-Non-committal	26%	25%	27%
4-Interested	32%	40% [A]	39% [A]
5-Very interested	26%	22%	22%
Don't know	3%	3%	4%
Mean	3.54	3.69[A]	3.76 [A]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

The data is also displayed by the type of shopper each respondent described them selves as with regard to purchasing milk products. Brand name respondents are significantly less likely to express a willingness to purchase a locally produced milk product. This may be explained by assuming these respondents rely on brand products to alleviate the worry, confusion or risk of purchasing a product with which they are unfamiliar. When asked if they would be willing to pay more for the product, the premium food label segment was significantly more likely to indicate they would pay more than were their other segment counterparts. This is reinforced by the results indicating that the premium food label segment is significantly more interested in purchasing this product than the other segments.

Table 11. . Willingness to Purchase and Pay more for Locally Produced Milk						
	A Value oriented (n=189)	**B Generic labels (n=113)**	**C Brand name items (n=167)**	**D Premium food labels (n=36)**	**E Health (n=138)**	**F Other (n=36)**
Willingness to Buy	93% [C]	93%[C]	79%	100%[C]	92% [C]	94% [C]
	A Value oriented (n=189)	**B Generic labels (n=113)**	**C Brand name items (n=167)**	**D Premium food labels (n=36)**	**E Health (n=138)**	**F Other (n=36)**
Willing to Pay a Premium	23%[F]	27% [F]	24% [F]	63%[A-C,EF]	37% [A-D,F]	18%
Interested in Purchasing	**A Value oriented (n=189)**	**B Generic labels (n=113)**	**C Brand name items (n=167)**	**D Premium food labels (n=36)**	**E Health (n=138)**	**F Other (n=36)**
1-Not interested at all	4%	4%	14%	6%	4%	8%
2-Not interested	8%	8%	9%	0%	5%	3%
3-Non-committal	32%	23%	28%	19%	20%	19%
4-Interested	31%	38%	26%	31%	35%	33%
5-Very interested	23%	23%	21%	44%	32%	33%
Don't know	1%	4%	2%	0%	4%	3%
Mean	3.62	3.70	3.33	4.06 [A-C,EF]	3.88 [A-D]	3.83
[A-F] Indicates that value is significantly different than corresponding value in column A-F. Note: Columns may not add to 100% due to rounding error.						

These results indicate that there is a significant interest and willingness to pay for locally produced milk products as indicated by the average interest in purchasing. The mean values of greater than 3.50 suggest the respondents are interested in purchasing a locally produced milk product. Further inspection reveals that there is more interest in the two targeted markets, Tallahassee and Atlanta, and among the Premium food label segment than in the other respondent categories.

The information presented in Table 12 provides insight into the consumer that is most interested in purchasing locally produced milk. This profile can be best described as male, between 25-64 years old, with household income exceeding $30,000, college or more education with children in the house. This is not to say that females and other respondents falling into other demographic categories are not likely to purchase this product, they are less likely.

Table 12. Demographic Profile of People Interested in Purchasing Locally Produced Milk.	
Demographic Variables	**Interested** (combined interested and Very Interested responses)
Gender	
Male	88%
Female	77%
Age	
18-24	73%
25-34	84%
35-44	85%
45-54	83%
55-64	85%
65+	69%
Household Income	
Under $15,000	58%
$15,000 - under $20,000	93%*
$20,000 - under $25,000	63%
$25,000 - under $30,000	78%
$30,000 - under $40,000	86%
$40,000 - under $50,000	94%
$50,000 - under $60,000	81%
$60,000 - under $70,000	83%
$75,000 and over	88%
Mean	*$56,000*
Education	
< High school degree	86%*
High diploma/GED	76%
Some college/technical	79%
College graduate	83%
Post-graduate degree	88%
Race/Ethnicity	
White	81%
Black	72%
Asian	100%
American Indian	75%
Multi-racial	87%
Hispanic	80%
Marital Status	
Married	81%
Divorced	79%
Separated	100%*
Widowed	71%
Single	82%
Focused Market	
Tallahassee	85%
Atlanta	89%
* Small sample size results unstable	

Uniqueness of Locally Produced Milk

A locally produced milk product does not appear to be viewed as a unique product on average, the average rating was a 3.44 out of five suggesting the product is considered to be only slightly unique. Interestingly, there were significant differences between the general respondent base and the two targeted markets, Table 13. Tallahassee respondents consider a locally produced milk product to be significantly less unique than their Atlanta counterparts and other respondents.

Table 13. Uniqueness of Locally Produced Milk

	A Total (n=587)	B Tallahassee Area (n=62)	C Atlanta Area (n=85)
1 - Not at all unique	11%	15%	6%
2	10%	15%	16%
3	27%	31%	29%
4	26%	19%	29%
5 - Very unique	25%	21%	19%
Mean	3.44	3.18 [A&C]	3.39 [A&B]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Again, by segmenting the respondent into shopping categories, it appears that there is less noticeable difference in the uniqueness of a locally produced milk product that is found in the city segment above, Table 14. Again, on inspection of the average uniqueness rating, it appears that the respondents indicate that locally produced milk is only slightly unique.

Table 14. Uniqueness of Locally Produced Milk

	A Value oriented (n=165)	B Generic labels (n=98)	C Brand name items (n=145)	D Premium food labels (n=15)	E Health (n=120)	F Other (n=32)
1 - Not at all unique	11%	8%	10%	13%	12%	19%
2	8%	11%	10%	20%	10%	13%
3	30%	33%	28%	13%	23%	22%
4	27%	23%	29%	13%	28%	13%
5 - Very unique	23%	24%	24%	40%	28%	34%
Mean	3.43	3.45	3.48	3.47	3.49	3.31

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Grass Fed Milk

A similar set of questions was asked to respondents to gauge their interest in purchasing a grass-fed milk product, Table 15. The purpose was to determine if there was a difference in "interest" for a locally produced milk product and a grass-fed milk product. The respondents were read a brief description of grass-fed milk to provide them some base information for answering the question.

Again, there are some significant differences by market with the Tallahassee respondents being significantly more interested in a grass-fed milk product that their Atlanta and other Southeastern

Counterparts. The largest difference is with the respondents that indicated they are very interested. Tallahassee respondents are more likely to indicate that they are very interested and less likely to respond that they are less than interested in purchasing a grass-fed milk product. On average, it appears that the respondents are interested in purchasing grass fed milk.

Table 15. Interest in purchasing Grass Fed Milk

	A Total (n=)	B Tallahassee Area (n=74)	C Atlanta Area (n=94)
1 - Not at all interested	9%	6%	8%
2 – Not interested	7%	5%	5%
3 – Non-committal	17%	16%	18%
4- Interested	30%	35%	35%
5 - Very Interested	35%	36%	32%
Don't Know	2%	1%	1%
Mean	3.83	3.90 [A&C]	3.79 [A&B]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Again, there are some significant differences by type of dairy product shopper category with generic, brand and health respondents being significantly more interested in a grass-fed milk product that their Value and Other Respondent Counterparts, Table 16.

Table 16. Q13. Interest in purchasing Grass Fed Milk

	A Value oriented (n=165)	B Generic labels (n=98)	C Brand name items (n=145)	D Premium food labels (n=15)	E Health (n=120)	F Other (n=32)
1 - Not at all interested	7%	5%	10%	13%	9%	14%
2 – Not interested	9%	10%	7%	13%	3%	6%
3 – Non-committal	20%	12%	15%	6%	16%	17%
4- Interested	35%	32%	29%	31%	26%	26%
5 - Very Interested	28%	38%	38%	38%	41%	37%
Don't Know						
Mean	3.65	3.77 [A&F]	3.74 [A&F]	3.69	3.73 [A&F]	3.66

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Additional segmentation by gender revealed an interesting difference, Table 17. On average, females are significantly (4.00) more likely be interested in purchasing grass-fed milk products that were their male (3.74) counterparts.

Table 17. Q13. Interest in purchasing Grass Fed Milk

	Level of Interest					
	1 = Not at All Interested	2	3	4	5= Very Interested	Avg.
Male	7%	9%	19%	32%	33%	3.73
Female	8%	4%	15%	27%	46%	4.00

Table 18 provides a demographic profile of the survey respondents that indicated they would be interested and those that are not interested in purchasing a grass-fed milk product.

Table 18. Demographic Profile of People Interested in Purchasing Grass Fed Milk (With in Group Comparison)	
Demographic Variables	**Interested**
Gender	
Male	81%
Female	80%
Age	
18-24	81%
25-34	84%
35-44	88%
45-54	83%
55-64	80%
65+	69%
Mean	48 year
Household Income	
Under $15,000	58%
$15,000 - under $20,000	85%
$20,000 - under $25,000	83%
$25,000 - under $30,000	92%
$30,000 - under $40,000	80%
$40,000 - under $50,000	89%
$50,000 - under $60,000	80%
$60,000 - under $70,000	87%
$75,000 and over	84%
Mean	
Education	
< High school degree	78%
High diploma/GED	78%
Some college/technical	80%
College graduate	85%
Post-graduate degree	81%
Race/Ethnicity	
White	81%
Black	84%
Asian	75%
American Indian	60%
Multi-racial	78%
Hispanic	100%
Marital Status	
Married	81%
Divorced	83%
Separated	100%
Widowed	65%
Single	83%
Focused Markets	
Tallahassee	83%
Atlanta	86%

Uniqueness of Grass-Fed Milk

A locally produced milk product does not appear to be viewed as a unique product on average where as the grass fed milk product does. The average rating for the uniqueness of the grass fed milk product was a 3.93 on a five point scale. This suggests that the respondents consider this product to be unique. Interestingly, there were significant differences between the general respondent base and the two targeted markets, Table 19. Atlanta respondents consider a locally produced milk product to be significantly less unique than their Tallahassee counterparts and other respondents.

Table 19. Uniqueness of Grass-Fed Milk

	A Total (n=675)	B Tallahassee Area (n=74)	C Atlanta Area (n=93)
1 - Not at all unique	8%	11%	6%
2	5%	3%	6%
3	16%	20%	14%
4	28%	32%	35%
5 - Very unique	43%	35%	40%
Mean	3.93[B]	3.77 [A&C]	3.97[B]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Again, by segmenting the respondent into shopping categories, it appears that there is less noticeable difference in the uniqueness of a grass-fed milk product that is found in the city segment above, Table 20. The only exception is with the other category with thought the product was significantly less unique than the respondents in the other categories. On average, the respondents indicate that grass-fed milk is really unique.

Table 20. Uniqueness of Grass-Fed Milk

	A Value oriented (n=165)	B Generic labels (n=98)	C Brand name items (n=145)	D Premium food labels (n=15)	E Health (n=120)	F Other (n=32)
1 - Not at all unique	7%	5%	6%	0%	10%	13%
2	4%	7%	5%	14%	6%	6%
3	16%	17%	20%	7%	13%	16%
4	31%	28%	24%	43%	28%	25%
5 - Very unique	41%	43%	46%	36%	43%	41%
Mean	3.94	3.96	3.99	4.00	3.90	3.75

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Organic Milk

A similar set of questions was asked to respondents to gauge their interest in purchasing an organically-produced milk product, Table 21. The purpose was to determine if there was a difference in "interest" for a locally produced milk product and an organically-produced milk product. The respondents were read a brief description of organically-produced milk to provide them some base information for answering the question. On average, the respondents appear blasé with regard to their interest in purchasing organic milk.

Again, there are some significant differences by market with the Tallahassee respondents being significantly more interested in an organic milk product that their Atlanta Counterparts. The largest difference is with the respondents that indicated they are very interested. Tallahassee respondents are more likely to indicate that they are very interested and less likely to respond that they are less interested in purchasing an organically-produced milk product.

Table 21. Q13. Interest in purchasing Organic Milk

	A Total (n=675)	B Tallahassee Area (n=74)	C Atlanta Area (n=94)
1 - Not at all interested	17%	16%	19%
2 – Not interested	12%	9%	10%
3 – Non-committal	17%	14%	15%
4- Interested	29%	36%	37%
5 - Very Interested	22%	23%	18%
Don't Know	4%	1%	1%
Mean	3.38[C]	3.45[C]	3.29 [A & C]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Again, there are some significant differences by type of dairy product shopper category with generic, brand and health respondents being significantly more interested in a organic milk product that their Value and Other Respondent Counterparts, Table 22.

Table 22. Q13. Interest in purchasing Organic Milk

	A Value oriented (n=165)	B Generic labels (n=98)	C Brand name items (n=145)	D Premium food labels (n=15)	E Health (n=120)	F Other (n=32)
1 - Not at all interested	19%	8%	25%	13%	15%	21%
2 – Not interested	15%	9%	15%	6%	9%	6%
3 – Non-committal	19%	21%	16%	19%	13%	21%
4- Interested	31%	37%	23%	25%	33%	26%
5 - Very Interested	16%	25%	21%	38%	30%	26%
Don't Know	4%	4%	3%	0%	5%	6%
Mean						

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Additional segmentation by gender revealed an interesting difference, Table 23. On average, females are significantly (3.74) more likely be interested in purchasing organically-produced milk products that were their male (3.53) counterparts.

Table 23. Interest in Purchasing Organic Milk by Gender

	Level of Interest					
	1 = Not at All Interested	**2**	**3**	**4**	**5= Very Interested**	**Avg.**
Male	11%	8%	24%	28%	28%	3.53
Female	11%	7%	18%	24%	39%	3.74

Table 24 provides a demographic profile of the survey respondents that indicated they would be interested and those that are not interested in purchasing a grass-fed milk product.

Organic Milk Customer Profile

Table 24. Interest in Purchasing Organic Fluid Milk (within group Comparison)	
Demographic Variables	**Interested**
Gender	
Male	61%
Female	65%
Age	
18-24	63%
25-34	68%
35-44	70%
45-54	64%
55-64	66%
65+	54%
Mean	48 Years
Household Income	
Under $15,000	38%
$15,000 - under $20,000	61%
$20,000 - under $25,000	53%
$25,000 - under $30,000	68%
$30,000 - under $40,000	72%
$40,000 - under $50,000	74%
$50,000 - under $60,000	68%
$60,000 - under $70,000	70%
$75,000 and over	71%
Mean	$50,000
Education	
< High school degree	56%
High diploma/GED	54%
Some college/technical	62%
College graduate	71%
Post-graduate degree	75%
Race/Ethnicity	
White	64%
Black	63%
Asian	67%
American Indian	50%
Multi-racial	71%
Hispanic	86%
Marital Status	
Married	63%
Divorced	58%
Separated	100%
Widowed	60%
Single	71%
Focused Markets	
Tallahassee	70%
Atlanta	66%

Uniqueness of Organically Produced Milk

An organically produced milk product appears to be viewed as a somewhat unique product, the average uniqueness rating was a 3.68. Interestingly, there were significant differences between the general respondent base and the two targeted markets, Table 25. Tallahassee respondents consider an organically produced milk product to be significantly less unique than their Atlanta counterparts and other respondents.

Table 25. Uniqueness of Organic Milk

	A Total Percent (n=675)	B Tallahassee Area (n=73)	C Atlanta Area (n=94)
1 - Not at all unique	11%	9%	14%
2	8%	6%	9%
3	19%	23%	17%
4	25%	24%	29%
5 - Very unique	36%	38%	31%
Mean	3.68	3.76 [C]	3.54 [A$B]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Again, by segmenting the respondent into shopping categories, it appears that there are significant differences in the uniqueness of an organically produced milk product that is found in the city segment above, Table 26. On average, the respondents indicate that organically produced milk is somewhat unique with the premium food shopper believing it is really unique.

Table 26. Uniqueness of Organic Milk

	A Value oriented (n=165)	B Generic labels (n=98)	C Brand name items (n=145)	D Premium food labels (n=15)	E Health (n=120)	F Other (n=32)
1 - Not at all unique	16%	9%	18%	20%	27%	19%
2	9%	12%	14%	0%	11%	25%
3	34%	30%	33%	0%	24%	19%
4	41%	49%	35%	80%	38%	38%
5 - Very unique	69%	46%	44%	180%	59%	113%
Mean	3.82 [C-F]	3.77 [A,B, D,F]	3.50 [A,B, D,F]	4.43 [A-C & F-G]	3.58 [A,B, D,F]	3.94 [A,B,D,F]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Interest in Purchasing Three Milk Products - Comparison

The respondents were significantly more interested in a grass-fed milk product than they are in a product that is just locally produced and organically produced milk, Table 27. On average, the interest in purchasing a locally produced milk product was 3.54 compared to 3.83 for grass-fed milk and 3.38 for organically produced milk. This difference is statistically significant. The differences by city were similar as were the differences by shopper description.

Table 27. Interest in Purchasing Different Milk Products

	Total Population Surveyed		
	A Locally Produced (n=675)	**B Grass Fed (n=675)**	**C Organic (n=675)**
1 - Not at all interested	7%	9%	17%
2 – Not interested	7%	7%	12%
3 – Non-committal	26%	17%	17%
4 - Interested	32%	30%	29%
5 - Very Interested	26%	35%	22%
Don't Know	3%	2%	4%
Mean	3.54	3.83 [A&C]	3.38 [A&B]

[A-C] Indicates that value is significantly different than corresponding value in column A-C.
Note: Columns may not add to 100% due to rounding error.

Table 28 provides a demographic profile of the survey respondents that indicated they would be interested in purchasing locally produced milk, grass-fed milk and organic milk. Table 29 provides a demographic profile of the survey respondents and whether they consider where their dairy products are produced and their thoughts on locally produced dairy products.

Table 28. Interest in Purchasing Various Milk Products Produced on Farm			
Demographic Variables	**Locally Produced**	**Grass Fed**	**Organic**
Gender			
Male	88%	81%	61%
Female	77%	80%	65%
Age			
18-24	73%	81%	63%
25-34	84%	84%	68%
35-44	85%	88%	70%
45-54	83%	83%	64%
55-64	85%	80%	66%
65+	69%	69%	54%
Mean	48 years	48 years	48 years
Household Income			
Under $15,000	58%	58%	38%
$15,000 - under $20,000	93%*	85%	61%
$20,000 - under $25,000	63%	83%	53%
$25,000 - under $30,000	78%	92%	68%
$30,000 - under $40,000	86%	80%	72%
$40,000 - under $50,000	94%	89%	74%
$50,000 - under $60,000	81%	80%	68%
$60,000 - under $70,000	83%	87%	70%
$75,000 and over	88%	84%	71%
Mean	$56,000		$50,000
Education			
< High school degree	86%*	78%	56%
High diploma/GED	76%	78%	54%
Some college/technical	79%	80%	62%
College graduate	83%	85%	71%
Post-graduate degree	88%	81%	75%
Race/Ethnicity			
White	81%	81%	64%
Black	72%	84%	63%
Asian	100%	75%	67%
American Indian	75%	60%	50%
Multi-racial	87%	78%	71%
Hispanic	80%	100%	86%
Marital Status			
Married	81%	81%	63%
Divorced	79%	83%	58%
Separated	100%*	100%	100%
Widowed	71%	65%	60%
Single	82%	83%	71%
Household Composition			
Children (<18) in home	87%		
Focused Markets			
Tallahassee	85%	83%	70%
Atlanta	89%	86%	66%

Table 29. Consideration for Where Dairy Products are Produced and Feelings about Locally Produce Dairy Products.				
		Statement most closely represents feeling about buying milk from a local dairy		
Demographic Variables	**Consider Where Dairy products are s produced**	**Higher Quality**	**Buy it because locally produced**	**No difference**
Gender				
Male	29%	27%	33%	40%
Female	35%	24%	37%	39%
Age				
18-24	36%	24%	22%	54%
25-34	38%	24%	32%	44%
35-44	29%	31%	36%	33%
45-54	35%	22%	45%	33%
55-64	38%	29%	34%	37%
65+	29%	20%	35%	45%
Household Income				
Under $15,000	47%	23%	13%	65%
$15,000 - under $20,000	61%	29%	38%	33%
$20,000 - under $25,000	43%	29%	43%	29%
$25,000 - under $30,000	32%	7%	53%	40%
$30,000 - under $40,000	24%	33%	30%	37%
$40,000 - under $50,000	36%	38%	40%	22%
$50,000 - under $60,000	25%	33%	27%	40%
$60,000 - under $70,000	41%	43%	26%	31%
$75,000 and over	27%	24%	43%	33%
Education				
< High school degree	44%	9%	38%	53%
High diploma/GED	37%	23%	35%	42%
Some college/technical	30%	24%	33%	43%
College graduate	33%	28%	36%	36%
Post-graduate degree	30%	33%	39%	28%
Race/Ethnicity				
White	30%	25%	38%	37%
Black	49%	28%	26%	46%
Asian	20%	0%	0%	100%
American Indian	83%	0%	75%	25%
Multi-racial	42%	37%	37%	26%
Hispanic	52%	14%	43%	43%
Marital Status				
Married	30%	25%	37%	37%
Divorced	29%	29%	35%	35%
Separated (small sample)	83%	40%	0%	60%
Widowed	38%	18%	35%	47%
Single	38%	28%	34%	38%
Household Composition				
Children (<18) in home				
Focused Markets				
Tallahassee	22%	26%	42%	32%
Atlanta	34%	33%	31%	36%

Estimating Market Potential

The following section provides an estimate of the market potential for non-traditional milk products in the Atlanta and Tallahassee Markets. It is important to remember that these figures are based on survey respondents and their self reported interest in purchasing these products. The reality is that there maybe a disconnect between what people say they will do and what they actually do. However, it does provide a rough estimate of what might be sold in each of these markets.

These market potential estimates are then followed up using data from a national grocery store chain. The chain provided the CAED with actual sales data which has been extrapolated to represent the entire Georgia market.

Estimating the Atlanta Area Fluid Milk Market Potential:

The principles of determining market share and market potential are the same for all geographic areas. First determine a customer profile (who) and the geographic size of the market (how many). This is the general market potential. Knowing the number and strength of your competitors (and then estimating the share of business you will take from them) will give you the market potential specific to your enterprise. Using this approach, the estimated market potential for fluid milk consumption in a 45 mile radius around Atlanta Georgia is 25 million gallons of milk annually.

Table 30. Estimated Fluid Milk Consumption by Age (Reported in Gallons Per Capita)

Atlanta Area (45 mile radius) Population in 2005 = 1,580,594			
Age Breakout	**Atlanta Area Population figures 2005 Census**	**Gallons Consumed Per Capita***	**Annual Consumption (Gallons) by Age**
Less than 6 yrs.	143,141	25.4	3,635,774
6 - 12 years	144,080	24.6	3,544,368
13-17 years	137,358	27.9	3,832,288
18-34 years	401,612	15.0	6,024,175
35-49 years	378,710	11.1	4,203,677
50-59 years	170,437	10.9	1,857,762
60+ years	205,257	9.5	1,949,942
Total estimated Annual Per Capita Consumption of Fluid Milk in Gallons for the Atlanta Area			25,047,987

* Age group per capita consumption figures were taken from NFO Research Inc published in the International Dairy Foods Association's *Milk Facts*, 2003

Based on the estimated fluid milk consumption for The Atlanta Area, there appears to be sufficient volume to allow the dairy to enter the market. Using the adjusted interested in purchasing a premium locally produced milk product figure of 61% found in Table 10, it is possible to obtain a better estimate of what the dairy might be able to sell.

Estimated Market Potential The Atlanta Area:

Table 31. Estimated Atlanta Area Market Potential for New Supplier by Milk Product.

Milk Product	Percent Interested in Purchasing Product	Assumed Market Share	Estimated Sales Gallons per Year
Locally Produced	61%	5%	763,964
Grass Fed	67%	5%	839,108
Organic	55%	5%	688,820

Table Calculations:

25	Million gallons of fluid milk consumed annually
x 61%	of respondents Interested in purchasing locally produced premium milk
15,279,272	Gallons of locally produced milk

Then:	15,279,272	thousand gallons of fluid milk market potential
	x 5%	Assumed market share
	763,964	Gallons of locally produced milk.

Sixty-one percent of approximately 25 million gallons of milk annually sold in the Atlanta market equates to 15,279,272 gallons. Assuming that the dairy can capture five percent (5 %) of this estimated potential, the dairy ***could potentially sell 763,964*** gallons of fluid milk annually in The Atlanta Area. These figures are based on accessing consumers residing within a 45 mile radius of Atlanta.

Estimating the Tallahassee Area Fluid Milk Market Potential:

A similar producer was used to estimate the fluid milk potential for the same products in the Tallahassee Market. The principles of determining market share and market potential are the same for all geographic areas. First determine a customer profile (who) and the geographic size of the market (how many). This is the general market potential. Knowing the number and strength of your competitors (and then estimating the share of business you will take from them) will give you the market potential specific to your enterprise. Using this approach, the estimated market potential for fluid milk consumption in a 45 mile radius around Tallahassee Florida is 25 million gallons of milk annually.

Table 32. Estimated Fluid Milk Consumption by Age (Reported in Gallons Per Capita)			
Tallahassee Area (45 mile radius) Population in 2005 = 1,580,594			
Age Breakout	**Tallahassee Area Population figures 2005 Census**	**Gallons Consumed Per Capita***	**Annual Consumption (Gallons) by Age**
Less than 6 yrs.	32,847	25.4	834,303
6 - 12 years	35,078	24.6	862,910
13-17 years	36,668	27.9	1,023,050
18-34 years	133,932	15.0	2,008,977
35-49 years	96,697	11.1	1,073,337
50-59 years	47,828	10.9	521,325
60+ years	64,095	9.5	608,898
Total estimated Annual Per Capita Consumption of Fluid Milk in Gallons for the Tallahassee Area			**6,932,800**
* Age group per capita consumption figures were taken from NFO Research Inc published in the International Dairy Foods Association's *Milk Facts*, 2003			

Based on the estimated fluid milk consumption for the Tallahassee area, there appears to be sufficient volume to allow the dairy to enter the market. Using the adjusted interested in purchasing a premium locally produced milk product figure of 62% found in Table 10, it is possible to obtain a better estimate of what the dairy might be able to sell.

Estimated Market Potential The Tallahassee Area:

It appears that the estimated market potential for selling each of the three premium products in the Tallahassee area is between 200,000 and 250,000 gallons per year. This assumes that five percent (5%) of the total per capita consumption of milk in within a 45 mile radius of the Tallahassee area can be captured.

Table 33. Estimated Tallahassee Area Market Potential for a New Supplier by Milk Product.			
Milk Product	**Percent Interested in Purchasing Product**	**Assumed Market Share**	**Estimated Sales Gallons per Year**
Locally Produced	62%	5%	214,917
Grass Fed	71%	5%	246,114
Organic	59%	5%	204,518

Table Calculations:

7	Million gallons of fluid milk consumed annually
x 62%	of respondents Interested in purchasing locally produced premium milk
4,298,336	thousand gallons of fluid milk market potential

Then	4,298,336	thousand gallons of fluid milk market potential
	x 5%	Assumed market share
	214,917	Gallons of locally produced milk.

Sixty-two percent of approximately 7 million gallons of milk annually sold in the Tallahassee market equates to 4,298,336 gallons. Assuming that the dairy can capture five percent (5 %) of this estimated potential, the dairy ***could potentially sell 214,917*** gallons of fluid milk annually in the Tallahassee Area. These figures are based on accessing consumers residing within a 45 mile radius of Tallahassee. Also, it is important to note that the estimated Tallahassee market is roughly one-third the size of the Atlanta market estimate.

Store Sales Data for Georgia

Using data supplied by a national supermarket chain with a major presence in Georgia, it is possible to determine organic milk product movement in the state. The supermarket chains sales data has been extrapolated to reflect sales statewide.

The information contained in Table 34 provides insight into how many one-half (½) gallons of organic milk are being consumed in Georgia. For instance, approximately 1.2 million ½ gallons of 2% and fat free milk are sold in Georgia annually. These numbers are expected to grow significantly as indicated by the change in product movement over the past year. Sales of organic whole milk have increased nearly 92% over the previous year. This is phenomenal growth and if it continues will create significant demand in the near future.

Table 34. Georgia Annual Movement of Organic Milk - ½ gallon Containers

Product	Change in Movement from Previous Year	Georgia Product Movement
2% fat milk 64 oz	45%	1,273,433
Fat Free Milk 64 oz	55%	1,212,980
Whole Milk 64 oz	92%	1,108,158
1% low fat milk 64 oz	46%	653,545
Total 64 oz (½ gallon)		4,248,116

Again, these numbers represent organic milk sales in Georgia. The total number of Organic Milk sold in Florida, Alabama, Tennessee and the Carolinas will be significantly higher.

Organic Milk Retail Prices

Analyzing the data supplied by the supermarket chain, it is possible to determine the retail price for each of the four milk products as described by their fat content. Each of the ½ gallon containers of organic milk retails for $3.00.

Earth Fare Grocery Store – Athens Georgia.

Earth Fare is a regional grocery store chain that specializes in products ranging from organic and local produce, healthy groceries and supplements, artisan cheeses, specialty beer and wines, and natural meats and seafood. This retail chain provides an ideal market for selling premium milk products to consumers.

The dairy display case in this market presented milk packaged in the contemporary waxed cardboard material, plastic, and "old fashion" deposit required glass bottles. Glass half gallon and quart bottles, each requiring $1.50 deposit. Several varieties of milk were displayed: grass fed, grass fed organic and all Jersey milk. Also several processes were highlighted such as, ultra pasteurized, Pasteurized not homogenize, and flash pasteurized. Also displayed was butter milk, 2%, 1%, skimmed, whole milk, low fat, and chocolate milk.

Management felt that a "Georgia grass fed milk" product would likely be a marketing niche for a new dairy product Those processors marketing specialty milk furnished other dairy products such as, half and half, heavy cream, heavy whipping cream, butter and buttermilk.

Sales Volume

Table 35 represents annual sales by volume of three largest (by volume) brand name processor of certified organic milk namely: Homestead, Horizon and Organic Valley. Volume information was furnished for products of a conventional processor, Mayfield Dairies, as a means of comparison. In Table 35, the column labeled Annual units give total annual sales of that milk product by type package and the column to the right labeled Annual gallons has converted all units to annual gallons sold for uniform comparison. The total annual gallon sales of all four processor stand at approximately 5003 gallons. The sales leader among the four processors is Organic Valley with 2,370 gallons annual constituting 47% total milk sales. The conventional milk sales came in second with nearly 40 percent of the total annual sales.

Table 35. Earth Fare Annual Volume Milk Sales for Athens Georgia - Comparing Conventional Milk with Organic				
Mayfield Milk				
Type	**Size**	**Monthly Unit Sales**	**Annual units**	**Annualized into gallon**
1%	Half gallon	51	617	309
2%	Pint	15	180	23
2%	Half gallon	81	969	484
2%	Gallon	61	737	737
2%	Gallon	11	129	129
1%	Gallon	29	343	343
Total			*2,974*	*2,025*
Homestead Clear Glass Return Bottles				
Type	**Size**	**Monthly Unit Sales**	**Annual units**	**Annualized into gallon**
2%	Half gallon	21	257	129
1%	Gallon	11	137	137
Total			*394*	*266*
HORIZON ULTRA PASTURIZED				
Type	**Size**	**Monthly Unit Sales**	**Annual units**	**Annualized into gallon**
2%	Pint	76	909	114
2%	Half gallon	54	651	326
Total			1,560	439
Organic Valley				
Type	**Size**	**Monthly Unit Sales**	**Annual units**	**Annualized into gallon**
Lactose free	Quart	25	300	75
Low fat	Quart	21	257	64
fat free	Gallon	106	1,269	1,269
2%	Gallon	78	934	934
Total			*2,871*	*2,370*
TOTAL SALES FOR ALL MILK BRANDS				5,003

According to the data in the Table 36, Earth Fare in Athens Georgia sells more organic milk products than conventional milk products. Organic milk product sales account for 61% of total milk sales compared to 39% for conventional milk. However, the total sales volume of milk sales in the Earth Fare grocery store is small compared to more traditional grocery stores.

Table 36. Summary Comparison Of Organic Sales With Conventional Milk –Earth Fare, Athens Georgia				
Milk	**Units Sold**	**Proportion of Sales**	**Annualized into gallon**	**Proportion of Total Sales**
Conventional	2,974	38%	1,928	39%
Organic	4,825	62%	3,075	61%
Total	7,799	100%	5,003	100%

Package Type

The sales leader by package type for conventional milk was the 2% half gallon waxed package with accounted for 32.6% of sales followed by 2% gallons accounting for an additional 24.8% of sales by volume. The milk packaged in the clear glass returnable bottles, quarts, half gallons and gallon had great eye appeal and was promoted as pasteurized not homogenized. Pricing and price comparison are illustrated in table 2.

Earth Fare Organic Milk Prices

The data in Table 37 provides insight into organic milk prices in the Athens Earth Fare grocery store. Prices range from $1.89 for a quart of organic milk to $3.69 for a ½ gallon of organic milk.

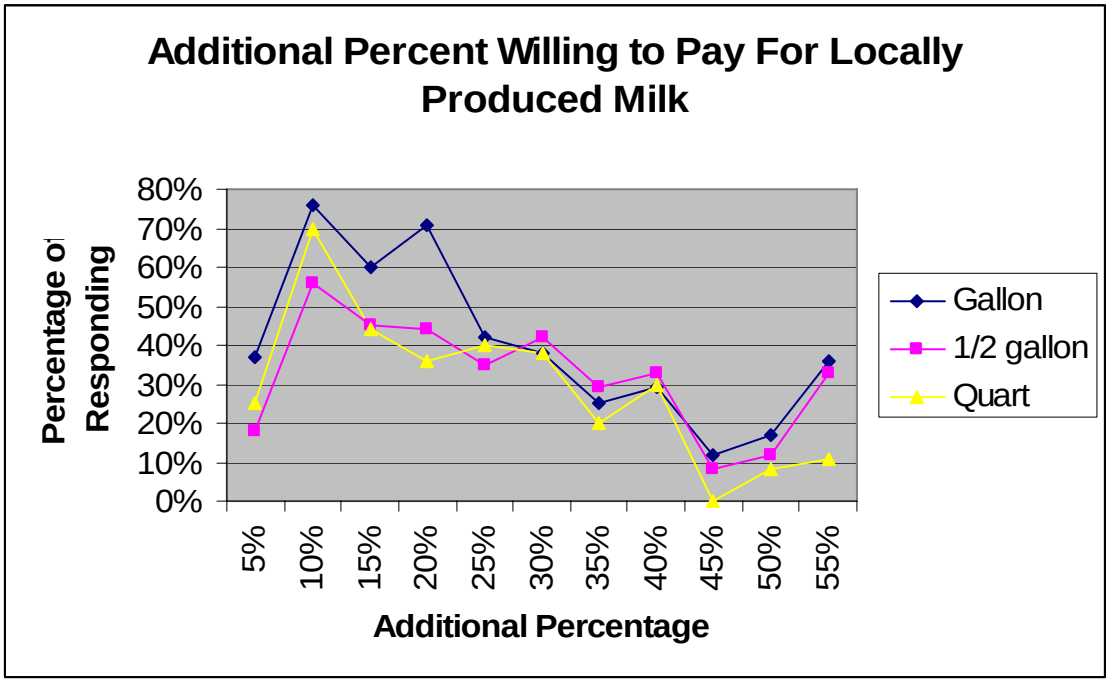
Table 37. Organic Valley (Organic)- Earth Fare, Athens Georgia		
Type	**Quart**	**Half Gallon**
fat free	$ 2.99	$ 3.69
Low fat	$ 2.99	$ 3.69
Reduced Fat	$ 2.99	$ 3.69
Whole	$ 2.99	$ 3.69
Homestead Creamery (Organic)		
Type	**Quart**	**Half Gallon**
No Fat	$ 1.89	$ 2.99
Skim	$ 1.89	$ 2.99
Whole	$ 1.89	$ 2.99
Chocolate	$ 1.89	$ 2.99
Horizon Organic (Ultra Pasteurized)		
Type	**Quart**	**Half Gallon**
fat free	NA	$ 3.99
Low fat	NA	$ 3.99
Reduced Fat	NA	$ 3.99
Whole	NA	$ 3.99

CONCLUSION: Data from this brief market survey indicates organic milk products will out sell conventional milk products in this type of outlet. Table 37 shows that organic packages out sold conventional milk by nearly 2000 units and 1000 gallons. Organic milk sales represent 62% of overall milk sales. Although this milk display carried only one conventional brand of milk product and against several brands of organic these data and observations still indicates a strong consumer demand. Recommendation to this client could be to begin packaging product for one or several existing dairy distributors using its labels and specification. **Willingness to Pay**

Locally Produced Milk Products

The survey respondents were asked to provide an estimate of what they are currently paying for milk products along with the type of container they generally purchase. The respondents were then asked weather they would be willing to pay anywhere from 5% to 55% more for that same product if it was produced locally. Figure 1 provides data on the percentage of respondents that were willing to pay a premium, expressed in an increased percentage, for locally produced milk products. The average additional percentage consumers are willing to pay for a locally produced milk product was between 25% and 30% for each container of milk.

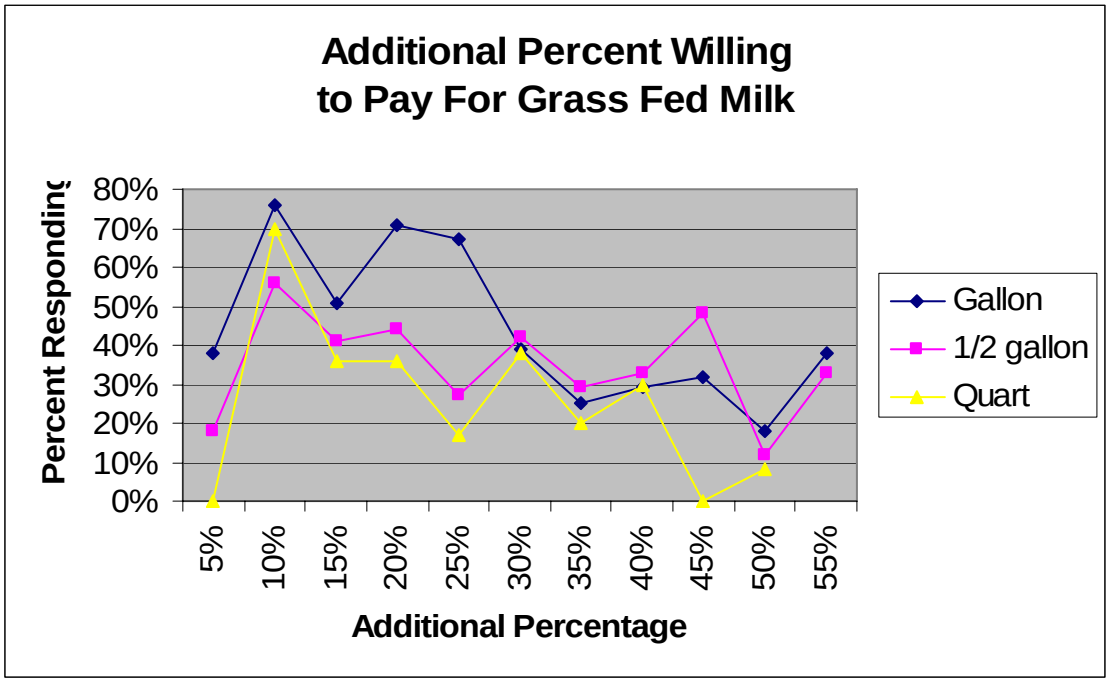
Figure 1.



Grass Fed Milk Products

The survey respondents were also asked to provide an estimate of what they are currently paying for milk products along with the type of container they generally purchase. The respondents were then asked weather they would be willing to pay anywhere from 5% to 55% more for grass fed milk products in their preferred package size. Figure 2 provides data on the percentage of respondents that were willing to pay a premium, expressed in an increased percentage, for grass fed milk products. The average additional percentage consumers are willing to pay for a grass fed milk product was between 30% and 35% for each container of milk.

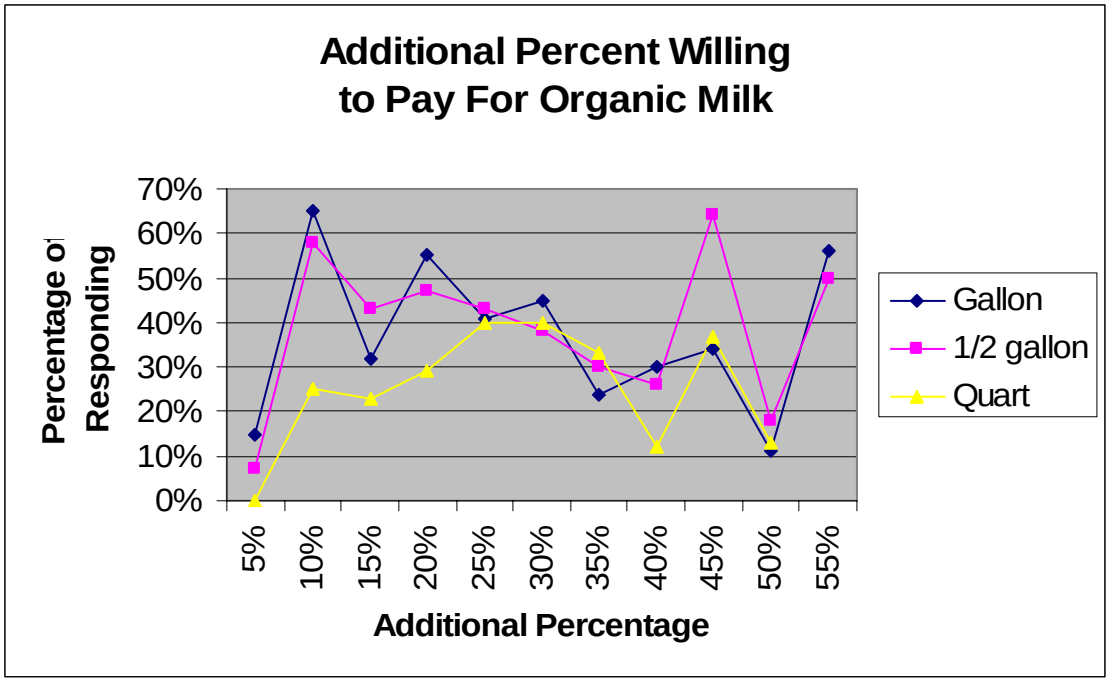
Figure 2.



Organically Produced Milk Products

The survey respondents were then asked to provide an estimate of what they are currently paying for milk products along with the type of container they generally purchase. Figure 3 provides data on the percentage of respondents that were willing to pay a premium, expressed in an increased percentage, for organically produced milk products. The average additional percentage consumers are willing to pay for an organically produced milk product was between 30% and 35% for each container of milk.

Figure 3.



Container Preference by Interest in Purchasing Proposed Milk Product

There appears to be no significant difference in container size preference of respondents that indicated they would be interested in purchasing a premium, grass fed or organic locally produced milk product. The packaging results for each of the milk products are similar to the other milk product results as well as what the overall population indicated they purchase when they purchase milk (gallon size container).

Table 37. Container Preference by Likelihood to Purchase Premium, Grass-Fed and Organic Milk

		Interested in Purchasing Milk Product*		
Container	**All Respondents**	**Premium**	**Grass Fed**	**Organic**
Gallon	64%	64%	65%	64%
One-half gallon	28%	28%	26%	28%
Quart	8%	7%	8%	6%
Pint	0%	1%	0%	1%

* Only includes respondents who indicated they would be interested or very interested in purchasing the product.

Based on these results, it appears that potential customers are most likely to purchase these potential milk products in a gallon container, followed by the one-half gallon container. However, the difference in the purchase of the gallon and one-half gallon container is statistically significant, meaning that potential consumers are significantly more likely to purchase milk in gallon packages than they are in one-half gallon packages.

Conclusion

Data from this brief market survey indicates organic milk products will out sell conventional milk products in this type of outlet. Table 37 shows that organic packages out sold conventional milk by nearly 2000 units and 1000 gallons. Organic milk sales represent 62% of overall milk sales. Although this milk display carried only one conventional brand of milk product and against several brands of organic these data and observations still indicates a strong consumer demand. Recommendation could be to begin packaging product for one or several existing dairy distributors using its labels and specification.

The Center for Agribusiness & Economic Development

The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

> To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.
>
> To provide agricultural, natural resource, and demographic data for private and public decision makers.

To find out more, visit our Web site at: http://www.caed.uga.edu

Or contact:

John McKissick, Director
Center for Agribusiness and Economic Development
Lumpkin House
The University of Georgia
Athens, Georgia 30602-7509
Phone (706)542-0760
caed@agecon.uga.edu

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J. Scott Angle, Dean and Director