



PRODUCT CHANNEL DEVELOPMENT

BY FRED HALL - IOWA STATE UNIVERSITY EXTENSION AND OUTREACH

The Iowa dairy goat industry is actually a tale of two industries. Eastern Iowa is home to over 200 licensed dairies selling raw milk to creameries and processors while Western Iowa has smaller family operations producing milk for home consumption and to be made into soap, lotions, chap sticks and cheese.

The primary milk buyers in Eastern Iowa include Saputo, SW Wisconsin Dairy Goat Group and a short list of independent processors. In Western Iowa, raw dairy goat milk is processed by private dairies either for cheese or making non-edible products like soap and lotions. In fact, there is no commercial milk buyer in the area.

Much like many areas of the country, these Western Iowa dairies are active in farmer's markets, convenience stores and niche markets promoting local crafters and artisans. This group of producers along with the information collected from the Fall 2019 Iowa Dairy Goat Farm Survey are the basis for this article. (the survey is available at: <https://store.extension.iastate.edu/product/Iowa-Dairy-Goat-Farm-Survey-Fall-2019>)

From the 88 licensed dairy producers who responded, we found 48

percent of producers market milk through an independent processor, 44 percent market through a dairy farm cooperative, and 5 percent market to an organic dairy cooperative. From discussions during the Western Iowa dairy goat Extension programing, there was consistent interest in having a raw milk market with most current producers indicating they would increase herd size if a market was available.

The state-wide survey found 90 percent of producers responded that dairy goats are profitable at current prices with 49 percent indicating they planned to expand their herd in the next five years. The current average price per hundred-weight of dairy goat milk received was \$37.91, with a range of \$25 to \$57. The average price they receive for buck kids was \$45, cull does \$115, and replacement female kids was \$142.90. Eighty-nine percent of

operations sell buck kids; with 43% selling at 10 days of age or younger and 44% selling 90 days or older, averaging 67 days old when sold.

From the Iowa survey, producers indicated over 34,000 milking does in Iowa. However, remember that tally was projected from only the licensed dairies surveyed. The segment of producers in Western Iowa who do not sell fluid milk was not included. Anecdotal information would suggest that number could be half again larger.

So, returning to the subject of developing a product market outside of the edible market which require adherence to numerous federal and state regulations, this focus will be on soaps, lotions and other non-edibles.

The prospective entrepreneur needs to focus on two tasks: producing a product that is high quality, consistent and that somebody wants to buy; and finding the marketplace where buyers will find your product.

For consumers the product is personal, whether it is a family recipe or one from a friend or the internet. But it must be high-quality and useful. I buy a hand lotion from

a dairy in Indiana because it is the best lotion I've found to protect my hands and face in the wintertime and I like the smell. Not over-powering, but clean and non-medicinal. I had bought a hand lotion from a friend in Texas, but they only produced a limited amount and halfway through the winter I was looking for another product as they consistently ran out at Christmas time. They both are a high-quality product, but only one meets my consistency standard.

If you are milking a few does and your facilities or other limitations prevent expansion, your customer base will be local- farmers markets and maybe a vendor who specializes in local products. However, if you want to make a living from the enterprise, your first step will be to develop a business plan. This basically means setting some goals.

A good business plan guides you through each stage of starting and managing your business. You'll use your business plan as a roadmap for how to structure, run, and grow your new business. It's a way to think through the key elements of your business.

Your lender will require a business plan and use it to help you get funding. Lenders want to feel confident they'll see a return on their investment. Your business plan is the tool you'll use to convince people that working with you — or investing in your company — is a smart choice.

Talk to your lender, the US Small Business Administration or Extension Specialist to get help starting your business plan.

A business plan also goes hand-in-hand with developing useful records. Using the Dairy Goat Trans computer spread sheet developed by Dr. Larry Tranel with Iowa State Extension is simple to use and provides enough information to make good decisions. The Dairy Goat Trans spread sheets helps analyze both past business performance and can help evaluate a change in

your operation.

After you've made these financial decisions and implemented them, and have perfected your product, it's time to expand your visibility with your potential buyers. There is no big secret, you have to get out there and rub shoulders with the buyers- get your product in front of as many of them as you can find. A successful dairy goat entrepreneur said it best- "sales or marketing only becomes hard when your product is not up to grade."

The transition from a side business to a full-time venture means adding exposure. Expanding from craft shows and farmers markets may take the route of a web-based business that feeds from Facebook and Pinterest or developing a relationship with a regional chain. Most states have a group who promote products made in that state.

Expansion most likely will include adding complimentary products to your offering- it's a big way to create sales with clients. Lip balm, heel balm plus don't forget products for the "guys".

No matter the target audience, it's important to remain true to your brand, labeling and presentation. Whether your brand includes a smiling goat or a red barn- make sure it's "front and center" on the label of everything you sell. Labels and signage should convey the image you have tied to the product line. Natural, local, Old-fashioned or "New wave" make sure your story is told the way you intended.

Finally, while this may sound trite, have fun. People sense it if you enjoy what you are doing. An artist whose paintings I enjoy and have several displayed in my home always has a smile on her face. I've seen her at World Dairy Expo laughing and having a good time and milking at her home farm also with a smile on her face. It's important that clients associate you and your products with a positive image and pleasant experience as well as a high-quality product. ■