



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

**Adding Value to Milk through the Production of Cheese and Other
Dairy Products on the Farm in The Netherlands**

Mrs. B. Booij-de Hann

**Paper prepared for presentation at the 13th International Farm Management Congress,
Wageningen, The Netherlands, July 7-12, 2002**

Copyright 2002 by Mrs. B. Booij-de Hann. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Adding value to milk through the production of cheese and other dairy products on the farm in the Netherlands

Mrs. B. Booij-de Haan, Farmer and President of the Union of Farmhouse Dairy Processors in the Netherlands.

Abstract

Making cheese on the farm has been a way of adding value to milk for many dairy farmers in the Netherlands through the centuries. It can be seen as a way of vertical enlargement of the farm.

The author combines her cheese making and selling activities on the farm with her position as president of the Union of Farmhouse Dairy Processors in the Netherlands. In the paper the sector of farm made dairy products is analysed from both perspectives. Her conclusion is that there will be a good future for the production and selling of farm made dairy products. This will require:

- a. continuous efforts for guaranteeing product safety and product quality as conceived by consumers*
- b. diversification of products*
- c. open communication with the consumer on the basis of a clear message with craftsmanship and full and pure taste as strong points.*

Introduction

The author lives with her husband, three children and grandmother at a dairy farm in the Alblasserwaard, a polder which is located in the western part of the Netherlands, 25 km east of Rotterdam.

The polder is 1.50 meter below sea level, surrounded by high dykes, protecting it against the water from the canals and rivers that surround it. The polder offers a typical Dutch “peat district” landscape with dairy cows grazing on green meadows separated by ditches, and windmills that were used to pump the water into the river and canals in former days.

We started in 1973, taking over the dairy farm of my husband’s parents with 27 dairy cows at the border of the river Lek (which is part of the river Rhine). I was employed myself by a hospital as an intensive care nurse; My husband however preferred my presence on and involvement in the farm. Having this in mind he proposed to process our milk production on the farm after the birth of our first baby. This plan appealed to me. So we decided to start producing farm made cheese on a daily basis, using fresh milk directly from the cows without any heat treatment whatsoever. At the same time our region was involved in a re-allotment scheme. We used this opportunity and built a new farm in the polder. After our son two daughters were born. At the moment we process about on third of the milk of our cows (600.000 kg in total) on the farm and especially during the grazing period we make cheese. We sold the products through a co-operative society in the beginning, and through wholesale dealers later on. At this moment the majority of the production is sold directly from the farm to the consumer and to restaurants.

Our son got interested in farming during his training. In 1999 he became member of the business partnership. We are now milking 70 cows and we try to grow in size at a rate that is necessary for economic continuity.

The sector: Producers of farm dairy products

About 550 dairy farmers in the Netherlands (amongst which 30 organic farmers) process the milk of their herd into farm made Gouda cheese using traditional methods. The special quality of this cheese arises from the fact that it is processed from fresh milk without any heat treatment. It is a semi-soft cheese with a dry rind. The cheese is sold to the consumer after an ageing period that differs in length from two months (young), through 4-8 months (ripe) to one year and more (old). In total 70 million litres of milk is processed into a little bit more than 7 million kg farm made Cheese (in addition to “Gouda” also “Leiden” and herb cheese). Moreover, 13 million litres of milk is pasteurised and processed into liquid dairy products. For comparison: the dairy industry in the Netherlands processes 10 milliard litres of cow milk yearly.

Reasons for farmers and farmers’ wives to produce farm made cheese and other dairy products are for instance:

- vertical farm enlargement using available family labour
- being located in isolated areas such as islands from where it is difficult to transport liquid milk
- having a preference for working at home
- value of tradition
- having ideals like expressing craftsmanship or satisfying regular customers with quality products
- enjoying contacts with customers through direct selling of dairy products at the farm

The level of costs per farm is increasing at a high rate in the Netherlands; the milk price is stabilising and the prices of animals and beef have decreased considerably. Yet the children of dairy farmers like to farm; the price of milk quota (milk production rights) continues to increase. Production rights are required to produce more milk and more milk production is required to outweigh the increasing costs of production. The famous spiral!!

The producers of farm made cheese are also confronted with this phenomenon. Larger farms produce cheaper because of the economies of scale. Farmers could benefit from the economies of scale also by bringing their milk together and process it at one farm. This is hampered however because of the high demands on hygiene and quality of the milk that is processed into cheese without any heat treatment. In general, only farms processing more than 1 million kg of milk to dairy products on the farm can afford additional paid labour.

The remuneration for making cheese and other farm made dairy products, which roughly spoken averages 8 to 17 euro per hour, varies not only with the size of the operation however. Also other factors are involved such as the character, quality and age of the product and the marketing channel.

Farm made cheese is sold through four channels that, roughly spoken, contribute each for 25 % in the total quantity. These four marketing channels are: (a) the Co-operative

Society “De Producent”, (b) wholesale dealers (about 35 in number), (c) direct selling to supermarkets, specialised shops and marketplaces, and (d) direct selling to the consumer at the farm.

Traders will always try to buy the cheese at a low price. Farm dairy producers have to distinguish by quality, special types and/or special size or shape of products: produce exactly what the buyer wants. In case of selling cheese to wholesale traders or supermarkets the farmer guarantees the quality for 3 to 9 months and therefore may be obliged to repay part of the price after some time in case quality expectations are not met.

The volume sold at marketplaces is diminishing in favour of the volume sold to supermarkets.

Farm shops, where a diversity of products is sold, is a segment growing in size. Direct selling however requires different skills of the entrepreneur than just producing. But a more all-round person than an agricultural entrepreneur can hardly be found. Direct selling at the farm includes the margins of trade and retail but requires more labour and implies 10 % weight loss of cheese). The results show that many entrepreneurs are doing very well in direct selling. Several of them broaden their assortment by selling products of colleagues.

Goat milk:

50 farms produce 450.000 kg of cheese from goat milk.

Sheep milk:

22 farms produce 60.000 kg of cheese from sheep milk.

The Union of Farmhouse Dairy Processors (BBZ)

The Union of Farmhouse Dairy Processors (in former days: the Union of Farmhouse Cheese Producers, which was set up in 1914 with the aim of promoting the common interests of its members) has 450 members.

Promoting the common interests means: promote the own products, stand up for the sector and defend it against external threats. And external threats do exist!

Through time we had a sort of arch enemy: merchants!!

When times were bad for the cheese producing farmer, we felt the merchant paid too little for the cheese and when times were good we thought the merchant made too much profit!!

A common enemy makes a group united. And so it happened that the Association in its young days became the co-initiator of the co-operative trading society “de Producent”. Together with “de Producent” the Association also introduced the cheese hallmark (transformed into State cheese hallmark in later years) as a guarantee for origin and fat content.

The promotion of common interests includes more aspects however, such as:

- The maintenance of relations with the Government and governmental bodies such as the food-inspection department, and with fellow-farmers organisations and the Animal Health Service,
- The advancement and monitoring of product quality through organising courses and quality contests, publishing our monthly magazine “de Zelfkazer” and the supervision of product quality research and control (financed through a levy on farmhouse dairy products).
- The organisation of communication concerning the products and production methods. The development and distribution of materials for promotional information.
- The advancement of chain thinking and chain organisation:
 - a) quality control from producer to consumer
 - b) the organisation of promotional activities together with other stakeholders in the chain such as traders and retailers.

The future

Continuous efforts for improving product safety and product quality through:
 Farm certification - optimisation of animal health status, many producers of farm made cheese participate in the eradication programme for para tuberculosis on a voluntary basis.

All producers of farm made dairy products comply with EU directive 92/46. This directive is meant to guarantee a high level of protection for public health. It implies requirements for production and buildings as well as storage and transport of dairy products. Inspection officers of the COKZ (Central Organisation for Quality Affairs in the Dairy Industry) inspect the farm every second year. Based on the inspection, the farm receives a licence with a licence number. This licence number must be applied to all products of the firm.

H.A.C.C.P. is being fostered within the framework of farmers' study groups. It requires a systematic registration and control of production and ripening processes (be good and show it!)

An ongoing and open communication with the consumer will remain a topic of utmost importance: a clear message with **craftsmanship** and **full taste** as the strong points. Our device is: Farm made cheese means pure craftsmanship and pure taste.