

NAJ Funds Two Research Projects in 2013

National All-Jersey Inc. was founded in 1957 with a mission to “increase the value of and demand for Jersey milk and to promote equity in milk pricing.” One of the ways NAJ works to achieve that mission is by supporting research projects concerning milk and milk components, marketing opportunities for members, and other projects that increase the value of Jersey milk.

Over the last ten years, NAJ has invested over \$70,000 in research. Past projects have addressed the cheese yield potential of Jersey crossbred cows, the benefits of Livestock Gross Margin-Dairy insurance for Jersey herds, and a contribution to the American Jersey Cattle Association’s genomic testing program. The most recent example of NAJ-funded research is the Capper-Cady sustainability study that captures the efficiency of the Jersey breed in a way that speaks to current concerns of both producers and consumers.

At their March meeting, the NAJ Board of Directors approved funding for two Jersey milk marketing-specific research projects totaling \$11,585. These projects were submitted through the AJCC Research Foundation’s Request for Proposals process and ranked highly as part of the research committee’s review process. The two projects were selected to be passed along to the NAJ Board of Directors to consider funding using Equity dollars rather than AJCC Research Foundation funds. The NAJ Board determined these research projects will provide tangible benefits and beneficial information for Jersey producers and fully funded both proposals.

The first project funded this year is titled “A Web-Based System for Evaluating Class III Forward Price Contracts,” from Brian Gould at the University of Wisconsin-Madison. As the focus of dairy economics moves toward emphasizing margin rather than milk price, forward contracting is an

increasingly popular option for dairy producers to manage their price risk. The future of the dairy industry, for both producers and processors, will rely more on risk management and less on government safety nets and direct payments, making this research important for both today’s dairy industry and the future.

The problem facing Jersey producers is that Class III and IV futures, like announced federal order prices, assume a standard milk composition of 3.5% butterfat and 2.99% true protein. For producers of above average milk components, it may be more difficult to determine what constitutes a “good” futures price because of their atypical mailbox price and basis.

The Gould research project will develop a web-based program that allows producers to create a password-protected account and store several years of mailbox prices. The program will then calculate the participating producer’s historical basis (average mailbox price minus Class III price) and an average relationship between the producer’s basis, the production month, and the previous month’s basis. The program will estimate the likelihood of future Class III prices actually occurring and provide producers with several analysis options, generated graphs, and basis calculation results. Knowing the probability of a futures price occurring will help producers determine if a Class III contract is a viable offer for their operation, considering their average basis. The program should be ready for producer use by the 2014 AJCA-NAJ Annual Meeting.

The second research project funded by the NAJ Board of Directors for 2013 addresses a different activity supported by NAJ: direct marketing Jersey products. “Are Consumers Buying What Jersey Producers Are Trying to Sell? Understanding Consumer Preferences for Milk and Enhancing the

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All-Jersey and Queen of Quality Brands,” is a project from Brenna Ellison of the University of Illinois and Kathleen Brooks of West Texas A&M University.

Consumers face hundreds of labels during every shopping trip, from whole grain to gluten free, organic to humanely-raised. While price is still the primary driver behind most purchasing decisions, production methods, location, ingredients, and nutrition are increasingly taken into account. The Queen of Quality® seal must stand out among all these production claims while conveying quality, nutrition, and sustainability to consumers.

Ellison and Brooks conducted initial consumer surveys at three grocery stores in central Illinois that sell fluid milk from Kilgus Farmstead and cheese from Marcoot Jersey Creamery, both displaying the Queen of Quality trademark. Out of 49 survey respondents, 8 consumers (16.3%) recognized the Queen of Quality label and, when asked what it meant, most responded that “the milk came from Jersey cows.” While this is accurate, the Jersey cow also represents quality milk, nutritional value, and sustainable production. As the number of Queen of Quality products grows, so will the exposure of consumers across the country to the Jersey trademarks. The Ellison-Brooks research will identify what messages are reaching consumers and help NAJ take the next step in connecting quality, nutrition, and sustainability to the Queen of Quality trademark.

The initial research also asked consumers to rank different product attributes in order of importance to their buying decision. The central Illinois shoppers ranked “taste” as the most important product attribute, followed by “production methods” and “nutrition.” “Price” was the fourth most important consideration, followed by origin, or where the milk was produced. “Shelf life,” or expiration date, was the fifth most considered attribute for milk purchases, and “milk source,” or breed of origin was ranked at the bottom of attributes valued by

consumers. This initial survey indicates the messages of superior taste and nutrition of Jersey products resonate more with consumers than sustainability or Jersey breed recognition.

Jersey producers recognize the need for Jersey-specific research and NAJ is proud to add two projects to the list of funded research for 2013. One of these projects will produce a tool to help all Jersey producers evaluate Class III futures in relation to their historic basis and mailbox price. The other will help guide current and future Queen of Quality producers, as well as NAJ, in telling our Jersey story through the Queen of Quality trademark. Thank you to all Equity members for supporting NAJ’s efforts in milk marketing, especially Jersey-specific research.



Queen of Quality® Updates

Two new producers have signed up for the Queen of Quality® program. Jersey Girls Dairy in Chester, Vermont is in the process of installing equipment to bottle Jersey milk to sell with their already-successful Jersey veal. Also just getting started is Meadowburn Farm in Vernon, New Jersey. Cheesemaker John Miller plans to make cheese and bottle milk to start, with other products likely to come later. Welcome to both Jersey Girls Dairy and Meadowburn Farm!

Three Queen of Quality cheeses earned awards at this month’s U.S. Cheese Championship Contest in Green Bay, Wisconsin. Spring Brook Farm’s Tarentaise won Best in Class in the Smear-Ripened Hard Cheese category and was also named Runner-Up in the final round of judging, making Tarentaise the second-best cheese in the United States. Spring Brook Farm’s other entry, Reading, also earned Best in Class honors, placing first in the Smear-Ripened Semi-soft Cheese category. Queen of Quality Clothbound Cheddar from Grafton Village Cheese placed third in the Bandaged Cheddar, Sharp to Aged Cheese category. Congratulations to everyone at Spring Brook and Grafton on your outstanding Jersey milk cheeses!

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