

Producer perspective on the future of dairy

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Abstract

Future outcomes of the dairy industry will impact those in supporting roles to include the practicing veterinarian. Lifestyles, and therefore consumer trends, are not static over time. Successful industry segments are those that respond adequately to that changing landscape. The dairy industry enjoys a firm position in consumer choice of food supply in the current period, providing 16% of all protein consumed in the U.S. Opportunities for growth exist in both domestic and international markets, but accessing those growth opportunities is not guaranteed.

Keywords: dairy, consumers, protein

Introduction

It is rational for early-career veterinarians to assess professional and industry trends in order to best position themselves for success throughout their careers. While positive secular trends in a given market sector are helpful, individual circumstances and efforts also play a large role. A rising tide floats all boats, but some boats can be built to cross all seas.

The path forward

The question of whether a certain industry segment can flourish over a long planning horizon can be broken down into two basic aspects. One aspect is the question of if the endeavor in question is fundamentally a good idea over a range of economic and social circumstances. Another aspect is the matter of if the idea is executed well enough to remain acceptable and in high demand for consumers over that same range of circumstances. This paper will briefly examine both questions.

The social discourse around food, and especially foods of animal origin, has plenty of gloom and doom. Over the last decade, trends in the consumption of beverage milk have been dismal and this is often highlighted in the media and among industry players. Other industry segments that are hopeful replacements for dairy foods have an economic interest in amplifying that part of the conversation.

However, under the headlines, total domestic commercial disappearance of total dairy solids has been quite resilient in its growth. While there is sound evidence that consumption of dairy beverage has shown a consistent downward trend over more than a decade, there is just as much evidence that that is merely a transition from drinking our dairy foods to eating our dairy foods, and not a trend toward decreasing total dairy consumption. This has remained consistently true despite headline growth in the consumption of self-described alternatives to dairy foods.

In order to preserve these positive trends, the dairy sector will need to keep abreast of what motivates its consumers and continue to adapt at a rate equal to or greater than the upstart alternatives. Food consumers consider four basic domains of dietary choices they may deem “sustainable”.

Those domains can be described in the form of the following question:²

- Is this food nourishing and healthy?
- Is this food affordable?
- Does this food meet current social standards?
- Can this food be produced without undue harm to the environment?

Dairy foods have a potentially durable competitive advantage regarding all these domains. Dairy foods are very nutrient dense,¹ and this nutrition is delivered in a very balance manner as compared to many other food choices. Dairy does not constitute “empty calories” being endowed with a wide range of both macro and micronutrients, something that is true of very few foods.

Dairy foods have remained relatively affordable when all aspects of meeting nutrient requirements are considered.¹ There are less expensive sources of calories and crude protein on the market, but when variety of calorie source and quality of protein as measured by amino acid content are considered, dairy foods will rate high against most others.

Meeting current social standards is a moving target and will depend upon how the industry responds to its customers’ needs as they evolve.

Dairy production systems that are well designed and executed are perfectly capable of protecting natural resources and the environment. It is highly likely that further efforts in terms of both execution and communication will be needed to convince consumers of this basic truth.

It remains the opinion of the author that dairy foods are a fundamentally good idea for meeting the mission of nourishing the planet’s population and will continue to enjoy increasing commercial disappearance in the case where the response to consumer views of sustainable nutrition is constructive. It will be necessary that this response is not as passive as has historically been the case. Consumption of dairy foods has long been associated with human success across the globe and that will likely remain the case.

There is some evidence that the domestic economy is a relatively mature market and that growth there will remain moderate at best. It is also likely true that international markets will grow at a faster pace than domestic markets and the U.S. dairy sector is well positioned to take advantage of those trends to keep growth in the industry robust.³ Tailwinds include the competitive costs and prices of some of the finished products that are produced in the U.S. and the fact that this geography is well endowed with the natural resources necessary for dairy production. Headwinds may include changes in value of the domestic currency as well as vagaries of trade policy as dictated by federal jurisdictions within and without the U.S.

Conclusion

The future of dairy foods, and therefore dairy veterinary practice, appears promising. While there will likely be a continuation of demographic trends around consolidation in the number of players in both production and practice, the long-term players should continue to see a fertile plain within which to conduct successful careers.

References

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