



From Farmers for You



2024 National Agri-Marketing Association
Student Marketing Competition Executive Summary

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Introduction



Canadians love milk and count on dairy as an important part of a healthy diet. However, there are concerns about the carbon footprint of dairy. Canada is warming at more than twice the global rate.¹ Canadians are experiencing drastic changes in weather patterns that impact their daily lives. Global issues, high food inflation, decreasing disposable incomes, and a changing climate create the potential for a pessimistic view of the future. Yet, 36% of Canadians believe that their lives will be better in the future.² The grass can be greener if we act now. Greener Pastures, a new product line for Stone Road Dairy Co-op, will be established with the knowledge that we can profitably lower our emissions. We aim to use our existing position in the dairy industry to bring to market a product that partners with farmers, retailers and consumers to lower dairy greenhouse gas (GHG) emissions. Greener Pastures will be the lowest-emissions milk on the Canadian market. Our milk is from farmers, for you and our shared future.

About the Company:

Stone Road Dairy is a Canadian owned dairy co-op based in Guelph. A leader in the Canadian dairy processing industry for over 50 years, Stone Road Dairy has existing milk processing facilities and established relationships with retail chains. Their products are currently sold through the Loblaws grocery chain – the largest food retailer in Canada, and other independent retailers.

STONE ROAD DAIRY

ESTABLISHED 1954



Why Low-Emissions?

Eight in ten Canadians believe it is necessary for Canada's dairy farms to achieve net-zero GHG emissions by 2050.³ Stone Road Dairy has identified this need. To avert the impacts of climate change, Dairy Farmers of Canada has set a goal to reach net-zero emissions by 2050, meaning that the industry strives to strike a balance between the GHGs that are being emitted to the atmosphere and being removed.⁴ Consumers will see tangible progress from dairy farmers and retailers working together to continue to feel confident enjoying the dairy products they love.

Key Planning Assumptions

- Stone Road Dairy is an established dairy co-op with existing processing facilities and retail relationships.
- Farmers a part of Greener Pastures will be granted government funding and carbon credits through existing programs.
- Research initiatives will continue to identify genetics and management practices to further reduce emissions.

Market Analysis

Key Trends, Market Potential & Market Size

Consumer

- 70% of Canadians are seeking food with environmentally sustainable production.⁵
- Milk consumption reached a low of 58.2L per capita in 2022. One of the reasons for this decrease is the consumer concern around emissions.⁶
- Canada's immigration plan is welcoming more than 1.5 million permanent residents in the next three years with 40% arriving in Ontario.⁷

Producer

- The Canadian dairy industry is a world leader in genetic quality, genetic evaluation and improvement programs which facilitate the implementation of new technology.⁸
- There are approximately 3,000 dairy farms in Ontario with an average of 85 milking cows per operation.⁹

Primary Research

In early 2024, we conducted two surveys.

Consumer Survey Highlights - 900 Canadians

- Roughly 70% of respondents drink cow's milk at least a few times a week.
- 56% of respondents say that price-point is their number one decision factor when buying milk.¹⁰

Producer Survey Highlights - 150 Ontario dairy farmers.

- 96% of dairy farmer respondents have an up-to-date environmental farm plan.
- 70% of dairy farmer respondents are interested in receiving carbon credits.¹¹



What are Carbon Credits?

1 carbon credit = 1 tonne CO₂ equivalent that is not released into the atmosphere. A credit is certified and can be bought/sold by public or private organizations.¹² Farmers receive these credits by implementing sustainable practices on their farms that sequester carbon or reduce emissions.



Target Markets:

Greener Pastures milk is for consumers that prioritize doing their part to help the environment, whether they grew up in Canada or are new to the Great White North. These consumers are mindful of prices and purchasing quantities, and milk is an essential!

Future-Focused Family - Suburbs, \$150 000, Millennials

- Jessica and Michael are happily married with two young boys who love milk and need it for their growth and development.
- The couple wants milk that is affordable and offered in large quantities.
- They care about their children's future, and make a point to buy sustainable products.



Eco-Friendly Young Adults - City Centre, \$65 000, Gen Z

- Sarah is single and beginning her career as a financial analyst
- It is her first time living away from home, making her own buying decisions.
- She was a member of her university's "Environmental Change" club.
- The products she buys must match her environmental activist mindset and her budget.



Environmentally Aware New Canadians - Suburbs, \$70 000, Millennials

- The Singh's are a family that immigrated to Canada from India.
- There are 3 generations living in their home.
- In India, they witnessed the negative effects of GHG emissions firsthand.
- They love milk as it helps them meet protein needs.



Goals

Greener Pastures aims to be the lowest emissions milk on the Canadian market, while enabling consumers, farmers, and grocery retailers to reach their sustainability targets.

Objectives

- 1 Obtain 48% of Loblaws milk market share within Ontario by the end of year three.
- 2 Farms with Greener Pastures have the lowest emissions in the Ontario dairy industry.
- 3 Maximize shareholder value for our co-operative, partner farmers and retailers.
- 4 Enable consumers to use their buying power to positively contribute to emissions reduction.

Strategy Statement

Greener Pastures will achieve our goals and objectives through our strong marketing plan, cutting-edge farm management practices, comprehensive financial incentives for farmers, and measurable sustainability initiatives. Our milk will stand out to consumers for its sustainable production, attractive pricing, and range of sizes for purchase.

Competitor Analysis:



	Greener Pastures Milk (1%)	Sealtest Milk (1%)	Silk Almond Milk
Price	0.17/100ml	0.15/100ml	0.24/100ml
Calories	130cal/250ml	130cal/250ml	30cal/240ml
Focused on Emissions Reduction	✓	✗	✗
Recyclable Packaging	✓	✗	✗

When compared to competitors, Greener Pastures Milk has the advantage in reducing emissions and being made of recyclable packaging. The slight pricing increase signifies the premium quality Greener Pastures stakeholders invest in.

SWOT Analysis:

- S**
 - Strong product differentiation
 - Diversifies Stone Road Dairy's portfolio
 - All stakeholders (farmers, retailers, and consumers) have a tangible environmental commitment
- W**
 - Competitive milk market with nondairy alternatives
 - Low brand recognition
 - Limited awareness of the carbon footprint of the dairy industry
- O**
 - More demand for "sustainable" products
 - Leverage producer efficiencies & consumer opinions on agriculture.
 - Lead the dairy industry in its transition to reduce emissions
- T**
 - Milk consumption decreasing in Canada per capita
 - Consumer Misunderstanding
 - Emissions reduction can be challenging to measure

Action Plan

Price

Greener Pastures milk will be priced 10% above conventionally produced milk. Greener Pastures offers a variety of milk products; however we project our bestseller to be the 1%, 1L milk. This product retails for \$3.65/unit, and considering the COGS/unit being \$1.34, this generates a production margin of 12%, 21%, and 27% in years one, two, and three respectively. Steady sales growth will help reduce COGS over the the three years. Greener Pastures anticipates lower sales levels in year one, and throughout our development, processing more milk allows for economies of scale, driving down our COGS. Pricing will remain consistent across all years to encourage fair competition amongst retailers and all channels while being consistent to our customers.



	1%	2%	Chocolate
250mL	-	\$2.45	\$2.65
1 L	\$3.65	\$3.65	\$4.65
4 L	\$6.05	\$6.05	-



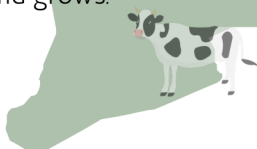
Place

20% of Canada's population lives in the Greater Toronto Area (GTA). This is more than 7 million people living in urban neighbourhoods. In our first year of operation, Greener Pastures will target the GTA in areas such as Toronto, Mississauga, and Brampton due to the region's dense population and proximity of retailers. For year two, expansion will take place to further regions and the outskirts of the GTA such as Pickering, Hamilton, and Oakville. In our third year on the market Greener Pastures will reach the rest of Ontario. After establishing brand recognition and a stable market share, Stone Road Dairy would consider other products (cheese, cream cheese, yoghurt, etc.).

Selling Location



Our primary partner is Loblaws, who has discount and mid-market stores. They represent approximately **40% of grocery sales in Ontario**.¹⁴ They are currently the largest independent carriers of our product and are committed to transitioning their inventory to low-emissions products. Loblaws has a goal to achieve net-zero by 2040.¹⁵ Loblaws and Greener Pastures are aligned in terms of packaging, transport, and emissions reductions goals. We will consider expanding to other retailers as demand grows.



Marketing Budget

	Y1	Y2	Y3
Milking the Moment	\$6,500	\$2,750	\$3,750
Dairy Delight (Producer Marketing)	14,400	19,800	26,000
Moo-re Milk	25,490	26,315	27,005
Digital Delight	11,451	17,176	22,901
Moove to Greener Pastures	4,000	4,000	4,000
Consultant Salaries	137,000	141,110	145,343
Staff Salaries x5 (3% annual increase)	352,500	362,775	373,358
Website Development	7,500	2,500	2,500
Total Marketing Activity Expense	\$558,841	\$576,426	\$604,858



Promotions

Milking the Moment Together

University of Toronto

- We will partner with the **University of Toronto** (largest Canadian University and voted most sustainable globally).
- Exclusive** provision of Greener Pastures in all campus facilities will help UofT meet sustainability goals and build awareness.
- Introductory cooking classes on campus will promote Greener Pastures milk while engaging students.
- This partnership plan is a **template** for further initiatives with other businesses and institutions.

Samosa Factory & Ample Food Market

- Partnering with the Samosa Factory in Mississauga and Ample Food Market in Brampton strengthens support for South Asian community members. These collaborations enhance **brand trust and credibility**, and the Samosa Factory will exclusively use GP milk in desserts and dairy-based products, with promotions including website/menu/poster features to endorse GP.

Planet Bean Cafe

- Our Partnership with Planet Bean Cafe, a sustainably oriented cafe in the GTA will serve eco-friendly young adults and the moms of the future focused families wanting to drink milk they can feel good about. A dash of Greener Pastures milk makes everyone's day better!

Moo-reMilk!

Feeding Our Future

- Our Greener Pastures milk stand at kids' hockey tournaments will fuel young athletes to get in their calcium and protein before their games. Parents watching the games will see their kids enjoying Greener Pastures milk and learn about the benefits of buying low-emissions milk for their children's future.

Family Fun

- Greener Pastures will have a booth at Farmers Markets in Toronto, as it is great brand exposure, and directly targets our young families and eco-friendly young adults. Customers can buy their carton of milk for the week or enjoy a cup of milk with cookies.

Welcoming Newcomers

- Greener Pastures will help integrate newcomers by welcoming new people to communities. Participating in celebrations like Diwali allows Greener Pastures to be front and centre in their experience.

- To directly target our new Canadians, posting paid promotions on apps they use daily are essential for building brand awareness. **Targeted ads in their native language will provide familiarity while building brand trust.**
- Securing new Canadian TikTok/ Instagram influencer, Shikha Agarwal (@theshikhadose) will help us engage with prospective Indian-Canadians among her 255k followers.

Dairy Dining

- Greener Pastures will host a **recipe competition** on social media: #MilkMasterChef, where customers will show us how they use Greener Pastures milk in their cooking. The winner will be featured on the Greener Pastures website and on a social media advertisement!

Milk & More

- Greener Pastures will be promoted through **blog posts** for parentclub.ca, posted by Caroline Fernandez, and targeted to parents reading lifestyle articles about parenting.
- Posting baking recipes with our milk, and kids' lunches with our single serve bottle will help make GP a staple in family households.

First Glance

- To improve visibility of Greener Pastures, **Search Engine Optimization** will bring our objective to the top for consumers!

Moo-veto Greener Pastures

For The Future

- Greener Pastures is nurturing the next generation of eco-conscious decision makers through our **scholarship challenge**.
- Four winners will receive \$1,000 each, giving them the opportunity to improve their communities, and further their education for the future.

Producer Benefit:

Greener Pastures is founded on the belief that we can profitably make an impact on climate change **today** through the Canadian dairy industry, GP empowers dairy farmers to produce the lowest emissions milk on the market with our two pillars of best management practices. Prioritizing our sustainability practices leads to increased production efficiency and newly generated carbon credits. This will result in cost savings and additional revenue for farms.

Marketing to Dairy Farmers

We will use our relationships with existing Stone Road Dairy co-op members to find suitable partner farmers for our program.

- Greener Pastures environmental farm plan consultants will support farmers in adapting low-emissions practices and applying to carbon credit programs.
- Document will detail Greener Pastures incentives and conditions and will be handed out to farmers at farm visits and events.



- We will offer continuing education seminars for farmers, nutritionists, and veterinarians.
- Our website will be a one stop hub for information, and have a contact number for our farmer service team.
- Presentations at annual dairy meetings to exhibit our progress.
- "The Canadian Podcow" is a podcast that dairy farmers know and trust, and it will have an episode covering Greener Pastures and its producer benefits.
- A spotlight article in Milk Producer/Ontario Dairy Farmers magazines will highlight our mission to reduce emissions from farm to fridge, and benefits for producers.

Best Management Practices

Cows generate methane - a GHG with consequences for our planet. Nearly 60% of emissions created globally during milk production come in the form of enteric methane, released into the atmosphere. This equates to three tonnes of CO2 equivalents every year for a single dairy cow. Greener Pastures' mission to reduce the GHG emissions will play an important role in mitigating further climate change. Dairy farms involved in the program will be held to the highest standards of sustainable production. Our two pillars of best management practices are:

- 1. Verified Genetics:** A methane efficiency measure assesses and decreases cattle emissions by using genetic selection without affecting production. Both a heritable and scoreable trait, reduction will improve as generations reproduce.
- 2. Feed Enhancers:** Innovative additives and ingredients can reduce a cow's emission yield and intensity, improve feed efficiency, and reduce environmental impacts. With 3NOP as an ingredient, (the most productive feed additive in Canada) emissions are reduced significantly.

By partnering with academic institutions like the University of Guelph, Greener Pastures provides farmers with the results from cutting-edge research to reduce methane production for a more productive herd.

Producer Benefit	GP Partnership
Available Carbon Credits:	
Genetic Structure	\$32/hd
Feed Additive	\$11/hd
Dividend Payment	\$27/hd
Net Benefit/hd	\$70/hd
Additional Benefits:	
Government Grant Assistance	✓
Feed Efficiency (↑ 6%)	✓
Straw Financing (50 straws)	✓
Low-emissions Beef	✓
Farm Operations Support	✓

Financial Analysis:

In our first year, Greener Pastures will return a net loss of \$162,630. Note that despite our strong gross margin, our marketing and employee expenses remain higher. This is because of our emphasis on marketing and telling our story to both consumers and farmers. Greener Pastures will generate \$5,852,472 in sales in our first year, growing to \$11,084,446 in our second year, and \$18,937,977 in our third year. As a result, Greener Pastures achieves net profit margins of -5%, 12%, and 22% in the first three years. Reflecting on our sensitivity analysis, Greener Pastures withstands an increased cost of goods sold of 10%, and a 10% decrease in our projected sales. Greener Pastures is still successful, illustrating the level of resiliency in our margins.

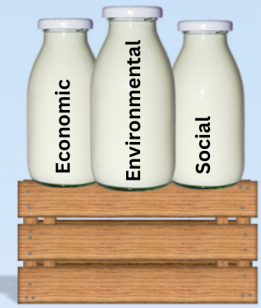
Income Statement

	Y1	Y2	Y3
Revenue			
1% Milk	\$2,516,449	\$4,936,459	\$8,295,250
2% Milk	1,787,750	3,066,875	6,060,326
Chocolate Milk	1,268,282	2,521,411	3,649,101
Cream Sales	279,990	559,980	933,300
Gross Revenue	5,852,472	11,084,725	18,937,977
Cost of Goods Sold	5,157,661	8,806,446	13,850,511
Gross Margin	694,811	2,278,278	5,087,466
Total Marketing Expenses	558,841	576,426	604,858
Total Employee Expenses	291,600	307,055	376,172
Total Dividend Expense	7,000	14,000	23,333
Net Expenses	6,015,101	9,703,927	14,854,873
Total Net Income	-\$162,630	\$1,380,798	\$4,083,104

Monitoring & Measuring Our Success Framework

<p>EMISSIONS REDUCTION</p>	<p>Year 1: 31% Year 2: 40% Year 3: 52%</p>	<ul style="list-style-type: none"> -Continue using successful BMPs -Continue pursuing new research and technology for further reduction 	<ul style="list-style-type: none"> -Reassess the effectiveness of our BMPs and our reduction goals
<p>FARMER SATISFACTION</p>	<p>Year 1: 80% Year 2: 88% Year 3: 96%</p>	<ul style="list-style-type: none"> -Continue with current program -Ask Farmers for positive testimonials 	<ul style="list-style-type: none"> -Support team will work to improve farmer relationship through 1-1 support
<p>SOCIAL MEDIA ENGAGEMENT</p>	<p>Year 1: 4% Year 2: 6% Year 3: 9%</p>	<ul style="list-style-type: none"> -Continue successful social media streams -Further invest in the highest engagement platforms 	<ul style="list-style-type: none"> -Reassess each social media stream -Pivot towards more successful initiatives
<p>IN-PERSON EVENT ENGAGEMENT</p>	<ul style="list-style-type: none"> -20% product coupon code -20% coupon redemption 	<ul style="list-style-type: none"> -Return to successful events the following year 	<ul style="list-style-type: none"> -Reassess unsuccessful events for marketing purposes

Sustainability Definition



Sustainability is built on the foundation of being economically viable, environmentally friendly, and socially responsible. These three pillars are the base of Greener Pastures' marketing plan and impact.

Conclusion

With Greener Pastures, Stone Road Dairy is laying the foundation for a brighter tomorrow by addressing environmental issues **today**. From farm to fridge, our stakeholders can have it all. By partnering with dairy farmers dedicated to reducing on-farm emissions, we produce low-emissions milk that embodies our shared commitment to sustainability. With each sip of Greener Pastures milk, consumers enjoy the same high-quality protein and nutrients essential for their well-being at an affordable price, while also contributing to a healthier, more sustainable future for generations to come. You can have your low-emissions milk and drink it too!



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