



2012 ACS CHEESEMAKER INDUSTRY SURVEY REPORT

In December 2012, the American Cheese Society (ACS) concluded its 2nd annual survey of artisan, specialty, and farmstead cheesemakers in the United States and Canada. The survey data will help ACS to better serve, educate, promote, and advocate for North American cheesemakers.

In total, 211 producers participated in the survey. 62% of participants were ACS members. The survey was anonymous. The confidence level of the survey results is 95% and the confidence interval is +/- 5.8%.

For the purposes of this summary, the term *cheesemaker(s)* will be understood to include artisan, farmstead, and specialty cheesemakers. Definitions of these terms can be found on the ACS website at <http://www.cheesesociety.org/i-heart-cheese/cheese-glossary>.

An overview of key findings from the survey is below. For more information about the survey or these data, please contact ACS at 720-328-2788 or info@cheesesociety.org.

CHEESEMAKING TRENDS

Milk Type: The majority of survey participants produce cheese with cow's or goat's milk. 63% of respondents use cow's milk, and 56% use goat's milk. A smaller proportion of cheesemakers (17%) produce cheese from sheep's milk. Just 2% of survey participants use buffalo's milk. Many cheesemakers utilize multiple milk sources: nearly one-third (30%) use more than one milk type in their operations, and nearly one-fifth (19%) reported producing some cheese(s) made with mixed milks.

Sourcing Raw Materials: When it comes to sourcing raw materials for cheesemaking, nearly three-quarters (71%) of survey participants reported managing and milking their own animals. Nearly half (49%) source milk directly from one or more dairy farms, milk aggregators, or cooperatives. Just 3% purchase curd or milk solids to make their cheese. 25% of cheesemakers use more than one source for materials.

Organic Practices: More than half (59%) of survey participants describe their production practices as organic, yet only 10% are certified organic. Organic certification was fairly evenly distributed among cheesemakers by size of production, but it is worth noting that uncertified producers adhering to organic practices tended to be smaller, producing 25,000 lbs of cheese or less each year.

Cheese Styles: Most cheesemakers surveyed (76%) produce more than one type of cheese. On average, this group produces more than 2 types of cheese among fresh, soft and/or ripened, semi-soft (including washed rind), aged, and blue types. Aged and fresh cheeses are the most common types produced.

Production & Sales Volume: While cheesemakers produce varying quantities of cheese annually, the majority (71%) produce 25,000 lbs of cheese or less each year:

ANNUAL PRODUCTION VOLUME	%
Less than 10,000 lbs	50
10,001—25,000 lbs	21
25,001—100,000 lbs	12
100,001—500,000 lbs	8
Over 500,000 lbs	9

Most survey participants indicated that they sell approximately the same amount of cheese as they produce each year. Less than 1% sell more than they make, and 3% sell less than they make – possibly due to the popularity of aged cheeses among survey participants.

RAW MILK CHEESEMAKING

More than half (59%) of cheesemakers responding to the survey produce some raw milk cheese. Please note: this does not exclude the production of cheeses from pasteurized milk; cheesemakers may produce both raw and pasteurized cheeses. Approximately one-third (35%) make *exclusively* raw milk cheeses.

Cheesemakers with less than 100,000 lbs of annual cheese production were much more likely to produce cheese with raw milk, while operations producing over 100,001 lbs of cheese were less likely to do so.

BUSINESS TRENDS

Gross Sales: Nearly two-thirds (65%) of cheesemakers reported less than \$250,000 in gross sales in their most recent fiscal year. 17% reported sales between \$250,000—\$1,000,000, 10% reported sales between \$1,000,001—\$5,000,000, 4% between \$5,000,001—\$10,000,000, and 5% over \$10,000,000.

Profit Margins: Profit margins among survey participants varied widely, from -10% to 92%. The most commonly reported profit margins were zero and 10%, both reported by 15% of participants. However, it is worth noting that 37% of participants reported a profit margin of 20% or greater. Several cheesemaking operations were too new to accurately report on their profit margins yet.

Expense Allocation: Cheesemakers' expenses are heavily distributed toward raw materials and labor. Very little expense is directed toward areas such as advertising and marketing or research and development. On average, survey participants allocated their expenses to the following categories:

EXPENSE CATEGORIES	AVERAGE %
Raw Materials (Milk, Rennet, etc)	32
Labor	30
Facilities	10
Equipment	8
Insurance	7
Advertising & Marketing	5
Research & Development	3

Sales Avenues: Cheesemakers sell their products via many different avenues, but direct sales from cheesemakers to retailers (84%), restaurants (73%), and consumers via farmers markets (74%), were most commonly reported. Just over half of survey participants also sell through distributors (53%). In addition, a number of survey participants sell products at their own stores (47%) and via their own websites (42%).

FOOD SAFETY PRACTICES & PROTOCOLS

HACCP Planning: Nearly half of cheesemakers responding to the survey (48%) reported having a HACCP (Hazard Analysis & Critical Control Points) plan in place for their business. 44% of raw milk cheesemakers have a HACCP plan in place, and 54% of cheesemakers that do not produce raw milk cheese have a HACCP plan in place. ACS members are more likely to have a HACCP plan in place than non-members. More than half of ACS members (55%) have a HACCP plan, whereas more than two-thirds (69%) of non-members do not have a HACCP plan in place.

Product Recall & Crisis Management Planning: More than half (56%) of survey participants reported having a product recall and/or crisis management plan in place. 55% of ACS members and 51% of non-members have such a plan in place.

Good Manufacturing Practice Procedures: 61% of survey participants have documented Good Manufacturing Practice (GMP) procedures in place. 62% of ACS members and 51% of non-members have documented GMP procedures in place.

Independent Testing: 48% of respondents conduct some level of independent pathogen testing in their cheesemaking facility. More than half (55%) of ACS members conduct independent pathogen testing. In contrast, just one-third of non-members (33%) conduct such testing. Testing ranges from daily (22%) to weekly (22%), monthly (40%), and annually (16%).

FDA Inspections: Nearly half (46%) of cheesemakers reported an audit or inspection by the FDA. Most (85%) of the respondents identified their latest inspection as taking place in either 2011 or 2012. The majority of inspections (71%) were unannounced, providing the cheesemakers without any advance notice. Of FDA inspections that were reported in this survey, 71% were conducted by an FDA inspector, and 32% were conducted by a state inspector on behalf of FDA.

ABOUT THE AMERICAN CHEESE SOCIETY (ACS)

ACS is the leading organization supporting the understanding, appreciation, and promotion of farmstead, artisan and specialty cheeses produced in the Americas. At 1,500 members strong, ACS provides advocacy, education, business development, and networking opportunities for cheesemakers, retailers, enthusiasts, and extended industry. ACS strives to continually raise the quality and availability of cheese in the Americas. Since its founding in 1983, ACS proudly hosts the foremost annual educational conference and world-renowned annual cheese judging and competition. The 2013 ACS Conference & Competition will be held in Madison, WI from July 31-August 3, 2013. For more information, visit www.cheesesociety.org.