The Changing Dairy Scene

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Producers are well aware of how the dairy farm scene has changed in the last 20 years. The numbers of herds and cows have both declined, while milk production has increased. Many of the remaining herds have either increased in size, or found a way to retain their size and stay in business. Niche marketing enterprises have become common in many parts of the country.

The USDA yearly inventory report of dairy operations released in February 2008 shows very dramatically how the U.S. dairy industry continues to change. Twenty years ago there were about 218,000 dairy farms. The 2007 number has dropped to only about 71,510 herds. The number of herds with more than 100 cows was only 17,095 in 2007, but they produced 81.2% of the milk. Herds with over 500 cows continue to increase, with the 2007 number estimated to be 3,215. This number, while being only 4.5% of the total number of herds, is producing the majority of the milk in the U.S. In 2007 those herds with over 500 cows produced 51.1% of the milk. Talk about a concentration of production by a small number of operations! And, I expect the trend to continue.

In looking at the data for North Carolina we see similar trends. The number of farms with one or more dairy cows has declined to only 470. There were 315 herds with less than 100 cows, and 155 farms with more than 100 cows. Those 155 herds produced 83% of the milk in 2007. The number of herds in the state with 500 or more cows has increased to 13, and they produced 32% of the state’s milk in 2007.

So, as we look at these data and contemplate the future of the dairy industry what might we expect? I don’t think there will be a dramatic reversal in the trends. I expect that the size of the herds in the west and northwest will continue to increase, as will their share of the U.S. milk production. There will be places in the Midwest, northeast, and southwest that also will see their average herd size increase (while experiencing declining herd numbers), but they will continue to produce a significant percentage of the U.S. milk. The south and southeast, however, will continue to see their number of herds and production volume decline.

Now all is not doom and gloom for the dairy industry in the south and southeast. As the population continues to increase in those parts of the country, there will continue to be an increasing demand for fluid milk. The dairy industries in those states need to address how they can stabilize, and perhaps even grow, their herd numbers and the size of their herds so they can produce a significant percentage of the fluid milk needs of their states and region. The North Carolina dairy industry has recently addressed this challenge and has developed a strategic plan for how they will try to stabilize and grow their dairy industry. They call their plan Dairy Advantage. While the NC dairy industry realizes they can’t turn back time, they do believe they can slow the rate of change and keep dairy farming an important contributor to the state’s agricultural economy. For information about their plan contact me at my email address donald_pritchard@ncsu.edu.