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A2-Milk

Existing Markets, Marketing Strategy and Opportunities for
A2 Products in the Netherlands

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CONCLUSION AND ADVICE

This advice is based on a research conducted to concentrate available information of existing markets of A2-milk and to provide an insight into the Dutch market and its possibilities. The conclusions drawn from those insights are directed to the *Stadsboerderij Dungense Polder* in 's-Hertogenbosch, the Netherlands, to help establish A2-milk and derived products in the Dutch dairy market.

The insights this study gave into consumer interest and the first impression of farmers' opinions on the topic of A2-milk show the importance of promoting the alternative milk throughout the Netherlands. Farmers still feel insecure about picking up production of A2-milk; making the product more popular might provide enough security for farmers to believe the product could have grip in the market. Also customers are still sceptical about A2-milk and its claimed effects. Providing more information and making the difference to common cow milk known to the general public could help customers making an educated decision about buying or not buying A2-milk instead. It is also of high importance to conduct more studies and trials on humans to be able to support claims with valid and applicable data. Evidence for the benefits of the consumption of A2-milk to humans can be found; however, much of this evidence is not scientific.

Increased popularity could be achieved by applying the marketing principles of the a2 Milk Company in the Netherlands, which have proven to be not only efficient but also effective in promoting consumption of A2-milk.

After or while A2-milk gains public interest, it needs to be decided in which way producers want to present the product – in a niche market or appealing to the broad public.

When marketing A2-products as a niche product, a smaller group will be targeted. Not only will the price of the product be higher, which already causes a large group of potential customers not to buy it, but also the availability will be limited. Specialty products are often only available in specialised places such as organic supermarkets or delicacy shops. The limited availability will further diminish the customer base, but at the same time define a different target group – one which is smaller, but has a stronger purchasing power and different taste than the broad public: More expensive, unique, and luxurious. This will affect the branding of A2-milk in the same direction.

Designing marketing for the product to appeal to a larger group will have different effects on the image of the product. It will be more mainstream, possibly replacing part of the fresh milk supply from other cow milk producers. It would need to be widely available in supermarkets to reach as many customers as possible. Also the price would need to be lower for as many people as possible to try it and stick with the product. In return, production costs should go down as sales and production quantity increase. This might lead to a larger segment in the market, and thus to a different image of the brand; making A2-milk and its benefits available to as many people as possible.



In conclusion, it can be said that there is potential for A2-milk in the Dutch market. Interest on both sides, consumers and producers, is there, but strongly depending on the popularity and branding of the product. To decide this, the target group and market need to be defined, and farmers need to collaborate in promoting and producing A2-milk to take production and thus availability to a feasible level to start meeting the demand in either the niche market or for A2-milk to become a staple in the Dutch diet.



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1. Introduction

The present report was written to provide an overview of the market developing around A2-milk and other dairy products derived from it. In order to establish these products in the Netherlands and to build the necessary network, it is crucial to gather all related information about the products, marketing, prominent producers and consumer interest. In Australia and New Zealand, A2-milk is already an established product and has growing market shares to show for its success. Also in the UK, the particular milk is on the rise. Because of its prominence in the mentioned states, the focus will be put on the production and marketing there to gain insights into the process of establishing the niche product.

The purpose of this paper is thus to concentrate available information of the mentioned markets and to provide an insight into the Dutch market and its opportunities to help build the base for the A2 market in the Netherlands.

The report was written in collaboration with and is directed to the *Stadsboerderij Duingense Polder* and its owner Carel van Acht. These insights are thought to help him establish A2-milk and dairy products derived from it in the Netherlands. The urban dairy farm is producing A2 milk since 2014 and is at the moment setting the production of yoghurt and cheese as well. From February 2016 on the production will be certified organic. The logo of the farm is shown on the right.



2. Methodical Approach

The main goal of this research was to provide an insight into the opportunities for A2-milk in the Dutch market, leading to an advice to the previously mentioned farmer. The methodology behind the findings presented in this report will be explained in the following.

The project was conducted over a period of 20 weeks; starting in September 2015 and finishing in February 2016. Most information on the background of A2-milk, about available products and the main player in the market, the a2 Milk Company, were based on literature study; all sources are listed at the end of the paper. Important input to define the marketing strategy of the a2 Milk Company was an interview with the chief marketing officer of the company by Rob Grant, which is also listed in the sources.

The consumer insights, however, on which the advice is based, were drawn from a survey conducted for the purpose of this research. The survey was published on the 8.01.2016 and open for answers until the 12.01.2016. It consisted of a written questionnaire, featuring 10 questions on the tolerance and consumption of cow milk, the knowledge about A2-milk and the consumer's willingness to buy it. A complete list of the questions can be found in *Appedix 1*. The questionnaire was sent to all students of HAS University of Applied Sciences in the Netherlands. 180 people responded by filling in the questionnaire, of which 40,6% male and



59,4% female. 7,8% of the respondents were younger than 18 years, 82,2% at the age of 18-24, 8,9% at 25-34 and 1,2% 35 and older. The results were compiled in a spreadsheet and visualised as graphs, of which the most relevant ones can be found in this report.

The insights into the views of Dutch farmers were gathered through placing a call in the newsletter of ZLTO. Seven farmers replied, who then received a list with questions (see *Appendix 2*) and were asked to answer those questions during a visit, through a phone call or via e-mail. Three farmers replied by e-mail; conclusions from their answers are presented in a later chapter as well.

3. A2-Milk Background

In Australia and New Zealand, A2-milk is already an established product and has growing market shares to show for its success: In Australia the a2 Milk Company had a share of 9% in 2014 (a2 Milk Company, 2014) and predicted growth of about 10% for the following year (Astley, 2014). Also in the UK, the particular milk is on the rise. The following chapter shows the difference between conventional milk and the A2-variety, as well as prominent health claims and scientific views on those claims and criticism.

3.1 The Difference

This chapter describes the difference between A1- and A2-milk. The explanation follows the figure below, which shows a visualisation of the difference on the protein schematically.

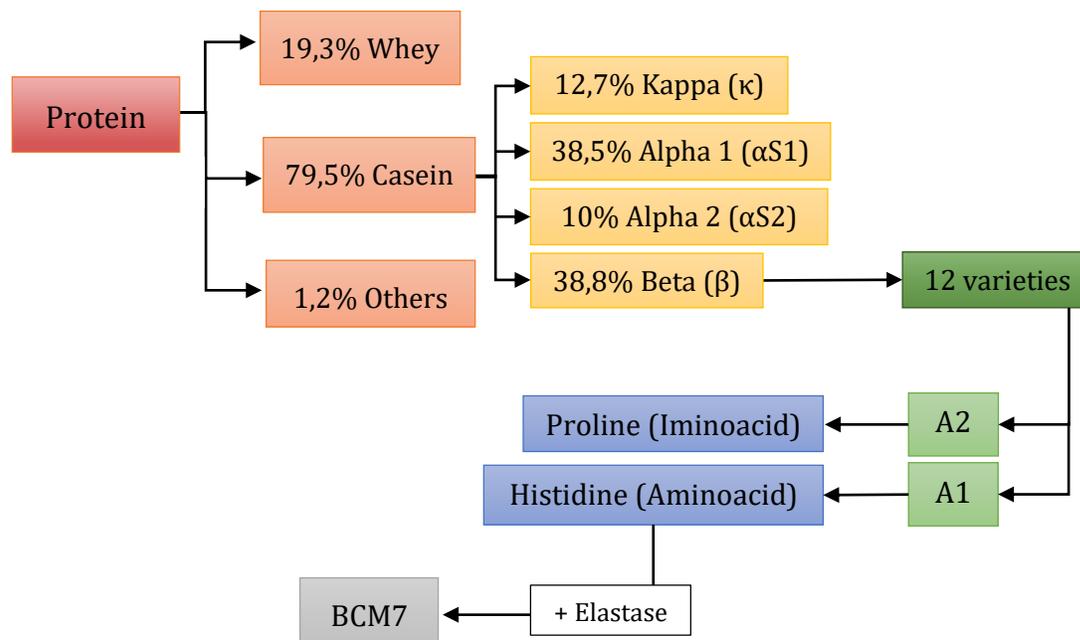


Figure 1: Chemical Difference between A1 and A2-milk



Cow milk contains roughly 3% of protein, of which approximately 80% are forms of casein. This casein can be divided into four groups, amongst which are α S1-, α S2- and β -casein. With about 30% of the total protein in milk, β -casein makes up the largest amount of the protein. There are twelve different sub-groups of β -casein, of which the most prevalent ones are A¹, A², A³ and B; those are found in nearly all cattle (Tailford, 2003). The presence of A¹ or A² β -casein determines if the milk is of the so called A2-variety or 'common' milk.

A¹ and A² β -casein only differ in codon 67 of their amino acids. In A1-milk there is *histidine* in the position of the 67th codon; in A2-milk it is *proline*. As *proline* is a particular form of amino acid, a so called imino acid, it is not split by enzymes. *Histidine* on the other hand is split by *elastase* between the 66th and 67th codon, creating *betacasomorphine-7* or BCM7. This peptide is, especially in people suffering from 'Intestinal Permeability', able to pass through intestinal walls into the blood, where it is said to have a number of effects: It can work as an opioid, reduce the sensation of pain, influence cell growth and reproduction or immune response (Kamiński, 2007).

3.2 Benefits of Consumption

BCM7 has been linked to a number of chronic diseases, which is why the consumption of A2-milk is said to reduce the risk of those, including Diabetes Type 1, heart disease, schizophrenia and autism.

Diabetes Type 1 can be caused by the presence of BCM7 in the blood stream, because the human immune system builds antibodies against the peptide. Those antibodies recognize a specific peptide at the end of the BCM7 chain in order to destroy it; however, the same one is also found in GLUT2, which is produced by the body to transport glucose. As the antibodies do not only tackle BCM7, but also GLUT2, the transport of glucose to the cells is impaired, leading to Diabetes.

Heart disease has been linked to BCM7, and thus to A1-milk, through epidemiological studies, which have shown a relation between a country's consumption of A1-milk and deaths in men due to heart disease. This effect has been proven in a study with rabbits, in which the ones that were fed a diet high in A1-beta casein showed a thickening of artery walls, which is known to be a factor causing various heart diseases. Furthermore, two trials have been performed on humans to assess the effects of A1- and A2-beta casein (Chin-Dusting et al., 2006; Venn et al., 2005).

Autism and schizophrenia are said to be effects of BCM7 because of its opioid properties. As it passes through cell walls and into the bloodstream, it can also reach brain cells and connect to opioid receptors, possibly causing the mental illnesses.

(Paragraph: Woodford, 2007)



3.3 Scientific Credibility

The diseases described above have been linked to the protein in A1-milk mainly through animal studies on rabbits, rats and mice. As mentioned, also epidemiological reasoning has been applied to relate the occurrence of heart disease to the consumption of A1-milk. However, not many studies have been done on humans yet.

One of the most prominent statements, which has set back the marketing of A2-milk in the past, came from the *European Food Safety Authority* or EFSA, after being asked by the *New Zealand Food Safety Authority* to review the science supporting A2-milk in 2009. The EFSA concluded the following:

A cause and effect relationship is not established between the dietary intake of BCM7, related peptides or their possible protein precursors and non-communicable diseases. Consequently, a formal EFSA risk assessment is not recommended. EFSA, 2009

Since the publication of this assessment, the authorities have not reviewed the risks or benefits of A1 and A2 milk again. However, the release of Keith Woodford's book "The Devil in the Milk" which preceded the request of the New Zealand Food Safety Authority brought enough attention to the matter that many studies have been carried out since, and a lot of research is still being done.

One of the first conclusive studies for humans was published in September 2014. It was a trial of eight weeks, conducted by Professor Sebely Pal of the Curtin University in Perth and funded by The a2 Milk Company™ Limited. The trial was blind and randomised, including 41 males and females who underwent a dairy-washout with rice milk before testing both A1 and A2 milk separately. Pal concluded that there are different gastrointestinal responses in humans consuming A1- or A2-beta casein, but that larger studies are required to confirm the effects. She also recommends studies to assess the effect of A2-milk in individuals who report an intolerance for cow milk, as some individuals reported less symptoms when consuming A2-milk. (Pal, Ho, Woodford and Kukuljan, 2014)

4. Products and Brands

Different products can be derived from A2-milk, as for the A1 variety. However, the availability for other dairy staples such as yoghurt, cheese or cream from A2-milk has only developed in recent years and is still limited. According to the a2 Milk Company, fresh milk has the largest market share. However, derivatives of A2-milk are becoming increasingly popular, as the sudden increase of products offered by the company shows.

4.1 Popular Products

A2-milk has first been marketed in New Zealand in 2003 (Nzherald, 2003; Courtney, 2006). Since then the market has grown immensely, and seven years later, in 2010, the A2



Corporation launched the first yoghurt made solely from A2-milk in Australia. In 2013 they released an infant formula, which was heavily marketed in China, followed by thickened cream in 2014; both are available in New Zealand and Australia as well. In Australia, Ice Cream in various flavours is available since August 2015. (NZX/ASX Market Release, 2015)

Apart from these products offered by the a2 Milk Company Limited and other dairy producers to be mentioned later, there are numerous small farmers producing their own products, including cheese. An example is the Grange Farm in Lower Leigh, Shaffordshire, UK. The herd of the farm consists only of Guernsey cows, of which about 88% naturally produce A2-milk (American Guernsey Association, 2014). The farm started producing a variety of cheeses in 2012, which triggered positive response from consumers, including reports of health benefits which show a large difference to the consumption of conventional cow milk (English Guernsey Cattle Society, 2012)

4.2 Brands

Most A2-milk products are sold by the a2 Milk Company, which was the first to establish the product in Australia. After successfully creating a brand image and increasing sales, *Dairy Farmers* and *Pura*, both brands of Lion, started to adjust their branding, mentioning on the packaging that their dairy products “naturally contain A2 protein” (Lion, 2015). However, those products also contain the A1 protein and are thus not relevant as A2-milk.

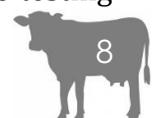
a2 Milk dominates all markets so far. Starting in Australia and New Zealand, the company is the only brand of pure A2-milk as well in China, the U.S. and UK. However, there are small local farmers, such as Ernie Durose from the Grange farm, who breed their herds toward pure A2 genes and provide A2-milk and products derived from it. These are likely present in all described markets, but often do not extensively market their products and are difficult to identify.

5. Marketing A2

As mentioned previously, A2-milk is most prominent in Australia, New Zealand and the UK. The first company to establish A2-milk was the a2 Milk Company, formerly the A2 Corporation, which was founded in New Zealand. It first launched the product in Australia, where the company still has its base operations. As there are not yet significant other players in the market, the focus will be put on the marketing strategy of the a2 Milk Company, how they established their products and on their future perspectives with respect to marketing.

5.1 Establishing the a2 Milk Company

The a2 Milk Company was founded by Dr. Corran McLachlan and Howard Patterson, after Mc Lachlan discovered a link between the consumption of A2-milk and improved health during his studies. They based the company in New Zealand and filed a number of patents, intellectual property licenses and trademarks and focused on backing their findings with research. Recognizing the potential of the idea, and having secured the approach to testing



cows for the A2-gene legally, the A2 Corporation started to form a brand in Australia. It mainly attracted consumers by advertising the possible benefits which they backed up with the scientific findings of previous years. (Grant, 2015)

As the business started to establish as a brand a few years later, they secured their supply by building stable relations with their suppliers, especially by paying a premium price in comparison to conventional milk, and by doing the payments one week in advance of delivery, instead of once a month and after delivery (Courtney, 2006).

Soon afterwards they also started to expand to overseas markets. The key to doing this was the collaboration with other companies: To gain traction in China, they sold a large part of the A2 Corporation in 2004 to Fraser & Neave, who started marketing the milk in Asia. (Nzherald, Dec. 2004). In 2006, they bought their shares back with the profits from the Australian market, without investing a lot into the Chinese market themselves. Another example is a joint venture formed in 2005 with the U.S. based Idea Sphere Inc. (ISI). After the branch was established in the United States, the A2 Corporation bought back ISI's 50% of the company in 2010, leaving ISI with a small 1% share in the A2 Corporation (NBR, 2010).

5.1.1 Initial Marketing

In order to establish A2-milk as a product and to gain almost 10% market share, the a2 Milk Company had to have a solid approach to marketing. Most of the marketing of A2 products of course focuses on what makes it different from conventional milk: Its health benefits. However, in most countries the law prohibits therapeutic claims in advertisement, unless the product is adequately tested and registered as medicine. A licensee of the former A2 Corporation was fined 15.000\$ in court after being convicted for making misleading claims (Nzherald, Oct. 2004); after this incident the A2 Corporation became more careful with health claims in its marketing. Often the products are described as "risk-free", which suggests the benefits of the A2-milk and at the same time conveys a message of safety when consuming the special type of milk instead of conventional dairy.

5.1.2 External Influences

At specific occasions, also external influences can benefit the marketing and popularity of certain products. For A2-milk, one of those occasions was the release of Keith Woodford's book "The Devil in the Milk". The story Woodford tells about the composition of milk, the risks of conventional milk and the success of A2-milk in animal studies reached many people, especially in New Zealand and Australia, where sales "increased substantially", according to a press release of the A2 Corporation (A2 Corporation, 2007). Opportunities like this might also arise in the future, if more research is carried out on the benefits of the A2 protein in humans. The release of positive scientific findings could always be used to call attention to the product, as with the release of Woodford's book.

5.2 Current Strategy

According to Susan Massasso, chief marketing officer of the a2 Milk Company, the key to the successful marketing of the brand is its focus. The idea of the company is based on one very



important finding: That A2 protein can be beneficial to human health, and that idea remains the centre of the entire brand and its actions. Keeping that in mind, the a2 Milk Company has a few strategies which make its marketing so efficient.

Direct your marketing towards the right crowd

“Rather than use a tiny budget in mass communication channels, [...] it’s better to delight a smaller group who can credibly influence many, many more.” (Grant, 2015)

In the case of a2 Milk, the right crowd are healthcare professionals in a broad field, including paediatricians, nutritionists, and general practitioners. Rather than investing large budgets into mass-marketing for the general crowd, limited investments are made to support educational programs with professionals from this specific branch. Conventional marketing to reach the consumer, especially with such a distinct product, would reach a relatively small number of people. Focusing on those people who are able to judge the science behind the claims instead saves a lot of money and adds credibility to the brand for the consumer, according to Massasso: “For people with an issue, to be told there is a solution from someone who understands the science speaks volumes. It is what makes our brand really sticky.”

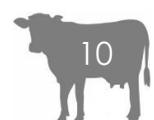
This is important to keep in mind when bringing a distinct product as A2-milk into a new market. To begin with, and to secure a small share for the products this approach works very well. Later on, however, it became important for the a2 Company to reach out to the consumers as well.

Focus on results when addressing consumers

“Scientific jargon [...] is meaningless to a busy mother” (Grant, 2015).

As wider-scale marketing is required at some point in order to keep growing, it is important to have a strategy when addressing the consumer. According to Massasso, it is best to focus on the results. Directing marketing and according research towards the effect for the individual consumer is vital for a successful marketing campaign. This means that it is not necessary to find multiple ways to convince the consumer to buy the product, but to confront the right people with the one thing on which the company is founded: The benefits of A2-milk for human health.

Also a multi-media approach helped conveying the message: The online-presence of a2-milk lead to discussions in forums and online-communities, where people could share their stories and in that way display the positive effects of A2-milk. Propaganda amongst people and from people who are convinced of the product is also important to win new customers, as it conveys the message on a more personal level and often is connected to trust between different people within communities.



Be different within your sector

“[...] break the classic code of milk advertising: no cows, no fields, no farms.” (Grant, 2015)

Massasso also stressed the importance of distinguishing the brand from other dairy producers. The a2 Milk Company had a breakthrough after focusing on direct physical benefits, when appealing to the emotion of the consumer. People who avoided cow milk for years could drink it again; a unique story in the dairy sector. Avoiding the usual references in marketing and instead making use of what makes the product different helped the a2 Milk Company create their first successful campaign, which featured the stories of individual customers whose life had changed as they could drink cow milk again.



Figure 2&3: Popular Campaigns of the a2 Milk Company. “Thank you a2” (left) and “Welcome back” (right)

5.3 Future Competition

The described strategy of the a2 Milk Company could as well be applied in the Netherlands to make A2-milk more popular and establish it as an alternative product; the success in the US and especially the UK suggest that the marketing can widely be applied in Western societies. Competition could occur as soon as the a2 Milk Company itself tries to expand to the Netherlands as well. If a different brand is to be established as the main player in the Dutch market, this should be done before the prominent Australian company decides to launch their products in the Netherlands, as it has been shown that other companies can hardly overtake the a2 Milk Company once it is established – see Australia and New Zealand.

The reactions of the sector could be diverse: the a2 Milk company’s marketing director revealed two different strategies of competing dairy companies. The brands Dairy Farmers and Pura, which are both owned by Lion, reacted by picking up on the trend – and stating on their own products that they naturally contain A2-protein. “Of course, their products still contain the A1 proteins, but it seems they have seen the success of the new upstart and want a piece of the action.” (Grant, 2015). Parmalat, which owns the Australian brand Pauls, did the opposite. Instead of getting on board with the A2 trend, they tried to damage the image of the product by publishing articles questioning the credibility of supporting research (Grant, 2015). The reaction of Campina in the Netherlands is difficult to predict – although



this would only become an issue when A2-milk is starting to gain relevant market shares, thus at a later stage of establishing the product.

To ensure credibility in the Dutch market, now or at a later stage, further studies will need to be carried out in any case. Pals study on the effects of A2-milk in humans was only very small-scale; her recommendations to conduct further research should be followed to gain the trust of producers and consumers.

6. Possibilities in the Dutch Market

The following chapter discusses the possibility of establishing A2-dairy products in the Netherlands. In order to get an insight into consumer interest and preferences, a survey was conducted. The views of the farmers were collected by contacting a small number of dairy farmers who expressed interest in the topic of A2-milk. A combination of both will lead to a conclusion on how large the interest and popularity is at this moment and if it could be possible to establish A2-milk in the Dutch market.

6.1 Consumer Insight

The survey which was conducted to gain the following insights was done with a total of 180 participants. The questions focused on their tolerance for cow milk, consumption, purchasing habits and attitude towards A2-milk. The provided data is thought to help target the marketing of A2-milk more concrete. Especially where customers retrieve milk for consumption plays a role in targeted distribution and marketing.

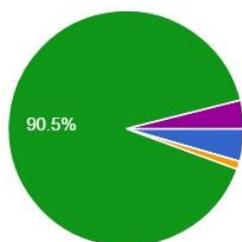
Of the 180 participants, roughly 40,6% were masculine and 59,4% feminine. 82,2% were between 18 and 24 years old, 8,9% were between 25 and 34, while 7,8% were younger than 18. Minorities of 0,6% accounted for the age groups of 35-44 and 45-54 each.

Only 72,8% of the tested population drink cow milk. 23,3% are tolerant for cow milk but do not consume it and 3,9% consider themselves intolerant for cow milk and choose lactose-free alternatives such as rice-, soy- or goat milk. However, of the group which does consume cow milk, 62,8% regularly buys milk with a fat percentage of 1,5-1,8. Others choose low-fat milk, unskimmed milk or organically produced milk.

90,5% of the respondents indicated their daily consumption of milk or vegetal milk alternatives. The average consumption is roughly 350 ml per day or slightly more. The following graph shows the distribution of where the questioned people buy their milk.



Waar koopt u normaal uw melk?



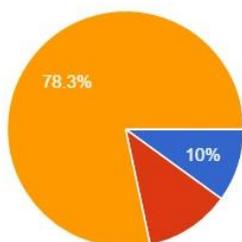
Bij een boerderij	8	4.5%
Op de wekelijkse markt	0	0%
Bij een biologische supermarkt	2	1.1%
Bij de supermarkt	162	90.5%
Other	7	3.9%

Graph 1: Responses on the question "Where do you usually buy milk?"

90,5% of the consumed milk is bought at the supermarket, 4,5% at a dairy farm and 1,1% at an organic supermarket. 1,6% get their milk from the tank at their own farm, and another 1,6% do not consume any milk or alternatives.

With 78,3% a clear majority of the questioned people have never heard of A2-milk. 21,7% have heard of it or know what it is exactly, as can be seen below.

Heeft u ooit van A2 melk gehoord?

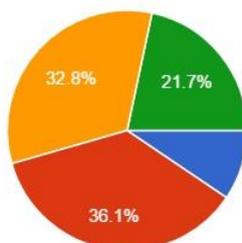


Ja, ik weet wat A2 melk is	18	10%
Ja, ik heb ervan gehoord maar wil graag wat informatie*	21	11.7%
Nee, ik heb nooit van A2 melk gehoord*	141	78.3%

Graph 2: Responses to the questions: "Have you heard of A2-milk before?"

The most widespread replies were given on the question whether or not the consumer would consider buying A2-milk, as can be seen in the following graph.

Zult u overwegen A2 melk te kopen?



Ja, zeker	17	9.4%
Alleen wanneer het niet meer kost	65	36.1%
Als het in de supermarkt verkrijgbaar is wel	59	32.8%
Nee, liever niet	39	21.7%

Graph 3: Responses to the question "Would you consider buying A2-milk?"

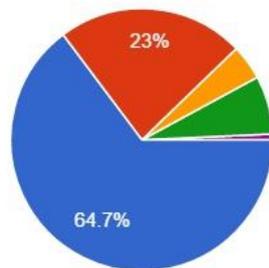
It can be seen that price and availability are important to the consumer. Only 9,4% are sure to try it, but 36,1% make price a priority and 32,8% find it important to have it easily available at the supermarket. 21,7% are not willing to try A2-milk at all. Considering that 27,2% do not consume cow milk, this means that actually more people would try it to replace



other alternatives. The reasons given to why A2-milk would not be an option are various: Some do not want to pay more, others do not have any issues with cow milk (but do think it could make a difference for sensitive people) and others consume a vegan diet. Only few directly express their doubts about the research on A2-milk.

Of the 78% who are willing to try it, 77% indicated a reason. Of that group, 48,9% believe in the benefits of A2-milk and 30,9% are curious about it. 7,9% are intolerant for cow milk and would try A2-milk as an alternative. Several people indicated that they would buy A2-milk, if it was organic and without additives. Also a lower caloric values was mentioned as favourable when advertising it as an alternative to milk. Other responses showed that people consider A2-milk the best alternative for people who are intolerant instead of vegetal milk alternatives (see *Appendix 3*) and also considered family and friends who are intolerant.

Hoeveel zult u meer betalen per liter?



0,10 - 0,30 Euro	90	64.7%
0,30 - 0,50 Euro	32	23%
0,50 - 1,00 Euro	6	4.3%
1,00 - 1,50 Euro	10	7.2%
2,00 Euro of meer	1	0.7%

Graph 4: Responses to the question "How much more would you pay per litre"?

As mentioned before, most people are concerned with the price and make the cost a large factor when deciding if they would buy A2-milk. The figure above shows that 64,7% would pay 0,10-0,30€ more per litre. 23% would pay a surplus price of 0,30-0,50€ and 4,3% 0,50-1,00€. 7,2% indicated to be willing to pay 1,00-1,50€ more, although this number might have been mistaken for the full price per litre; which could explain the peak. This once again shows that, when aiming for a large consumer population, the price is a crucial factor.

6.2 Farmers' views

To determine if A2-milk could become part of the dairy market in the Netherlands it is not only crucial to assess consumer demand – also producers need to be interested. In order to get an impression of how Dutch farmers view A2-milk, a non-representative group of farmers who showed interest in the topic of A2-milk was interviewed. They were asked if they would consider switching their production to A2-milk, and what the reasons for or against it would be.

It can be concluded from their answers that it plays an important role to establish A2-milk to reach a reasonable market share, and that they are confident about the effects of A2-milk because of its success in Australia and NewZealand. All would be willing to and interested in working together to produce and distribute A2-milk. Regarding margins, there is a consensus that A2-milk should generate higher revenues than common cow milk: "It is an



exclusive product, and it needs to be marketed as such” (Mark Verhoeven, 2016). Although the research behind A2-milk appears credible to the farmers, they seem to be primarily interested in improving their profit. It was also mentioned that it is important to not convey a negative image of normal cow milk, and to let the consumer choose as soon as both types of milk are on the market.

6.3 Conclusions on Market Insights

Considering both the consumer survey and the responses of the farmers, it becomes very clear that price plays a large role for both. While the producers are hoping to reach a specially high price in order to generate higher margins for their product, consumers are only limitedly willing to pay more for A2-milk: 64,7 % would be willing to pay 0,10-0,30€ more per litre, while 36,1% indicate that they would buy A2-milk only if it did not cost more than normal cow milk.

A second hurdle is the availability of A2-milk, which will especially in the beginning be limited. However, it is of high importance for consumers to have the product easily available, only few actually go to the farm or organic market to buy the milk they consume.

What is of even more importance is the popularity of A2-products. So far, almost 22% of the questioned population have heard of it. Many are sceptical of its benefits or would simply not decide to buy it because they do not know the product. The same goes for farmers – very few have heard of it and even fewer are aware of the difference to normal cow milk.

Promotion of A2-milk thus turns out to be the crucial element in the start-up phase, to overcome scepticism and make people aware of the benefits the product might have. After being sufficiently informed, producers as well as consumers might change their mind – consumers might be willing to pay more or make an effort to retrieve the product, or farmers might realize that it should be widely available to a lower price so everybody at least has the possibility to benefit from it. The people in the Netherlands only first need to be made aware of it.



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Appendix

Appendix 1 – Questions of the Survey

1. Do you consider yourself intolerant to cow milk?
2. How much milk do you consume on average?
3. Where do you usually buy milk?
4. Which type of milk do you usually buy?
5. Have you heard of A2 milk?
6. Would you consider buying A2 milk?
7. How much would you pay per liter?
8. Would you tell friends and family about it?
9. How or where do you usually hear about new products?
10. Which marketing appeals the most to you?

Appendix 2 – Questions Directed to Farmers

1. How large is your herd?
2. Which breed(s) do you have?
3. Have you heard of A2 milk?
4. Would you consider switching production?
5. If not, what are the negative points for you?
6. Would you work together with other farmers?
7. How would you market your A2 milk?
8. Do you see competition in A2 milk?
9. If it was an established product, would you join?
10. Why are you interested?
11. To which extent do you want to be informed further?
12. Which information do you want or need?

Appendix 3 – Positive Responses

Als ik erachter zou komen dat ik intolerant ben
Als het biologisch verkrijgbaar is ben ik wel benieuwd
maakt niks uit, ik ben wel benieuwd of er een smaak verschil is
ik drink normale melk maar heb er soms last van
Hoef het niet perse te proberen maar ben er ook niet tegen
waarschijnlijk niet
alleen als er geen toevoegingen zijn gedaan
Indien de lactose beter daadwerkelijk beter verteerbaar is door het lichaam en het liefst een lagere calorische waarde heeft.
ik gebruik melk in de pannenkoeken en denk dat A2 melk gezonder is
familieleden zijn intolerant
Ik verwacht geen verschil in smaak/kwaliteit, maar heb wel een vermoeden dat ik intolerant ben voor normale koemelk. Om deze reden drink ik zelden koemelk. Ik zou A2 melk daarom wel eens uitproberen.
Nieuwsgierig naar andere smaken
Zeer interessante ontwikkeling en mocht er iemand bij ons komen eten die intolerant is voor A1 melk(of mengsel A1 A2 melk) ben ik niet te beroerd om A2 melk aan te schaffen
Ik probeer niet zo snel iets nieuws. Ik probeer ook zo min mogelijk melk te drinken.
maakt geen verschil voor mij denk ik
ik wil kijken of het verschil maakt in smaak
Voor mij heeft het geen voor of nadelen, dus mij niet uit welk van de twee ik zou kopen. Als in de supermarkt ligt en net zo duur is als anders, zou ik het gewoon kopen.

