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Final Project Discussion – Udder Comfort

PART 1 – PRODUCT INFORMATION

Product Description

The company Udder Comfort makes the product Udder Comfort in which is going to be exported from Canada to Nepal explicitly. Udder comfort is marketed as the #1 product in North America and is the choice of champions (Udder Comfort, 2015). This company is located in Williamsburg, Ontario. Udder Comfort is a useful Canadian Agricultural Product for dairy farmers and farms with animals that have large mammary systems. The lotion product helps to ease stress on animals mammary systems. Udder comfort is made from a blend of essential oils that softens and soothes while the animal is milking and/or calving. These essential oils specifically include tea tree and peppermint oils with no added chemical preservatives (Udder Comfort, 2015). The lotion is an external application and may be used periodically to ensure proper udder management. The Udder Comfort brand of udder care management products began in 1998 with a unique natural product, the White Lotion, and then branched into other products in sprayable applications in 2009 (Udder Comfort, 2015).



Source:
[http://www.uddercomfort.com
/img/white_lotion.jpg](http://www.uddercomfort.com/img/white_lotion.jpg)

Cost of Product and Shipment

This lotion product comes in 300mL bottles (blue and white in colour) with a convenient shaped bottle that allows farmers to hang on milking lines during

application or storage retailed at \$22.95 (order 24 or more for \$20.95 each). There are also other sprayable lotion applications (in yellow and blue colour) that are sold in 500mL bottles retailed at \$37.49 (order 12 or more for \$33.49 each).



Additionally, the sprayable lotions come in various bulk refill quantities (Udder Comfort, 2015). The products are processed and assembled in Williamsburg, Ontario.

Source:
<http://www.leadstone.com/udder-comfort-8482.html>

Udder Comfort can be shipped in bulk to anywhere needed in Nepal



Source:
<https://media.glassdoor.com/o/246/fedex-office.jpg>

depending on the dairy farmers demand in different regions. According to FedEx Quotes, if shipped from Williamsburg, Canada to Kathmandu, Nepal, it will cost approximately \$167.80 or \$164.03 with UPS for one unit, however, is cheaper (per item) when shipped in larger quantities. If 500 units are

shipped, it will cost \$1,129.27 (FedEx, 2015). Depending on demand of consumers in Nepal, this quote for shipping may be altered. This is because the more product ship, the more it will cost, however, has the capability to a larger discount if more are shipped, within one shipment.

Product use and contribution to Animal Health

Udder health is crucial to the health and production of a mammary system and housing animals with udder health issues becomes costly. Maintaining good udder condition alongside rigorous parlor hygiene is one of the simplest things that can be done at farm level to reduce the impact of mastitis on herd profitability. Mastitis remains a major cause of financial loss for the UK Dairy Industry costing £144 million each year. This loss comes from direct costs such as treatment costs, but also indirect costs such as reduced yields, discarded milk, and fertility problems. Mastitis is also a serious welfare issue on Dairy Farms” (Dairy Direct, 2011). The use of Udder Comfort would help save money on input costs required for dairy health and ultimately the cost of unnecessary disease treatments.

Minimizing the rate of disease will help aid in a greater milk production. However, there are certain things to consider if disease prevention is not being considered within a herd. This would include somatic cell count (SCC). The effect of subclinical mastitis is shown in the SCC at the individual cow level and

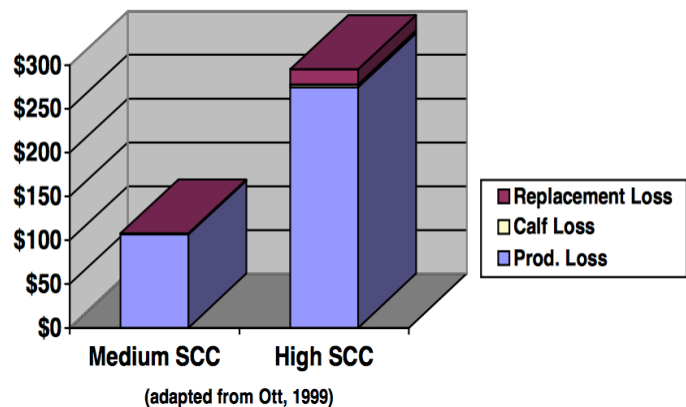


Table 1 – production losses associated with Subclinical Mastitis

Source:

<http://milkquality.wisc.edu/wp-content/uploads/2011/09/how-much-money-does-mastitis-cost.pdf>

ultimately in the bulk tank. The SCC of cows infected with subclinical mastitis rises as the cows immune system sends white blood cells to the udder to fight off mastitis

pathogens. Table 1 (above) shows the production loss associated with subclinical Mastitis on a Dairy farm. As seen above, production loss is a costly event and undesirable for any herd. Higher bulk tank SCC levels are not considered desirable by most milk purchasers as high SCC reduces quality and yield of dairy products (such as cheese). Controlling subclinical mastitis and producing lower SCC milk, therefore represents a potential profit opportunity associated with both increased production and increased milk price. Persistent long-term infections with contagious pathogens damage milk secretory cells and result in reduced milk production (Pamela Ruegg, 2012). This is important to keep in mind, as Udder Comfort is a healthy way to soften and sooth any mammary imperfections that may contribute to the build up of Mastitis and prevent the ultimate loss of production for Nepalese farmers.

Targeted Consumers

The product Udder Comfort mainly targets Nepalese dairy farmers and farmers with animals that have larger mammary system in need of contentment. Udder Comfort is exclusively for those in need of a product that will enhance the softness and well being for the animal's udder (Udder Comfort, 2015).

Canadian Benefits of exporting Udder Comfort:**Promotion of Canadian 'best practise'**

Canadian best practise promotion is aided by doing things that you should, but is not considered absolutely necessary (Government of Canada, 2015). This would include things such as pre and post dipping teats before milking. It is often deemed costly, however, significant in the



Source:
<http://realtybiznews.com/wp-content/uploads/2011/11/Canada-real-estate.jpg>

long run. Udder Comfort is considered a Canadian best practise because it is not a requirement or obligation to purchase in order to milk cows in Canada. On the other hand, it promotes healthy animal comfort for the welfare of the animal, and eases stress by softening and soothing. Often, few days after calving are fatal. As the quarters may swell and turn colour. This very rapidly affects the mammary system of the animal. In chronic state, udder hardens, aqueous secretion, eventual shrivel of the quarter. The milk also may be hotter than normal (Jean Duval, 1995). This is an important point to come across because Udder Comfort will help ease this fatality and makes the animal a lot more comfortable. This will decrease harsh calving's as well.

Increase of Canadian Agricultural Jobs

The agriculture and agri-food industry contributes over \$100 billion annually to Canada's gross domestic product (GDP) (Government of Canada, 2015). Canada

has a very large agricultural employment sector and is always growing with new products and its expansions when exporting to other countries. For the reason this product requires manual labour for processing, distribution and marketing, more Canadians will be needed in order make this product distribution successful.

Increase of Canadian Revenue

Agriculture in Canada contributes directly \$8.7 billion to Net Domestic Product (NDP is the GDP minus depreciation), however, when total effects are taken into consideration, it contributes \$16 billion (CAPI-Canadian Agri-Food Policy Institute, 2005). Despite the small-scale dairy industry in Nepal, exporting Udder Comfort lotion would increase revenue for the company Udder Comfort as well as the Canadian Government for tax on exported items (EDC, 2015).

PART 2 – EXPORT POTENTIAL TO NEPAL

The Emerging Dairy Industry in Nepal

Agriculture plays a crucial role in Nepal's economy. It is the main source of employment for the majority of the population (USAID, 2015) and occupies a total one-third of GDP.

Agriculture represents an important source of

growth and remains, and is the largest employment sector for over three-quarters of the population (World Bank, 2013). There are many opportunities to help ensure an adequate food supply for all Nepalese farmers (USAID, 2015). However, recognizing



Source:
http://www.godrenews.us/wpcontent/uploads/2015/04/map_nepal.gif

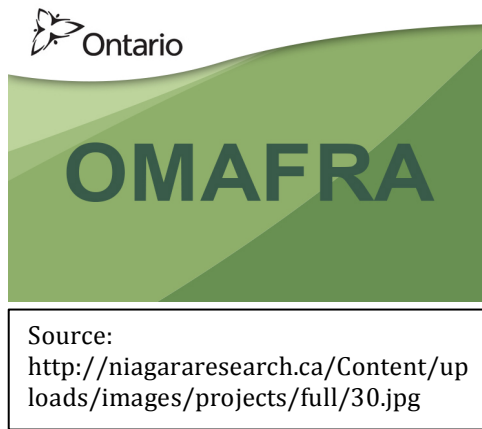
differences and comparing historic ways of milking will help change Nepal's dairy sector. This includes the recognition of standard means of milking, amount of milk produced per cow, and taking inadequate supplies into consideration. Livestock is found to contribute significantly to agricultural income both in the form of home production consumed within the households and agricultural cash income (PPLPI-FAO, 2004).

Optimistic Approach to Agriculture

With reports stating specific dated interim reports, Nepal has considered into developing a strong agricultural sector. This would include things such as increasing agricultural production and productivity, ensuring food security, transforming subsistence agriculture into commercial one and making it competitive, increasing employment opportunities for rural youth, women, disabled, Muslims and deprived groups, and conservation, and promotion and utilization of agro- biodiversity through environment friendly technologies (FAO, 2007-2010). This is important to focus on because as the Nepal continues to develop this vital sector, it provides Canada a chance to work along side and give insight on how to make their sector more successful.

Canadian Agricultural Product Export Support

According to the Conference Board of Canada, every \$100-million increase in exports creates approximately 1,000 new jobs (OMAFRA, 2015). In terms of Canadian agricultural small-scale companies coming to market exporting products,



the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) is very supportive through their Global Growth Fund- Ontario's trade strategy. The goal of this fund is to improve Ontario's export performance, with a special focus on helping Ontario's small and medium enterprises (SMEs) (OMAFRA, 2015). The Ministry uses a combination of its sectors to help connect business and government in order to successfully export Canadian Agricultural products. The Ontario Chamber of Commerce connects exporters to new markets through programs (OMAFRA, 2015). The Early Stage Exporters fund helps smaller companies to develop and grow export markets and generates new sources of funding, while the Ontario Exporters Fund helps to cover the costs of hiring an export manager (up to \$80,000) (OMAFRA, 2015).

This is a great opportunity and aspect to take into consideration for the company Udder Comfort, as it is an SME that would be a possible applicant for this funding exportation program.

Transportation and Logistics

In the process of exporting Udder Comfort to Nepal, clients would primarily have to assess their herd to see if the product is needed or deemed suitable for their herd. This would require assessing the mammary system (both fore and rear udder) for roughness, and examining the amount of stress and discomfort the animal has

when pre and post calving (Udder Comfort, 2015). If the product deems to become needed, the Nepalese farmer would place an order via a dairy cooperative, in which would be responsible to distribute the lotion to consumers. Udder Comfort would be shipped via FedEx (airlines – price is as quoted in Part 1, subheading ‘costs’).

Benefits to Nepal

Increase of Jobs

Milk is considered a cash crop for small holders, converting low value forages and crop residues, and using family labour, into a valued market commodity. The dairy industry occupies a unique position among other sectors in agriculture for Nepal, as milk is produced every day and provides a regular income for farmers. Milk production is highly labour intensive, providing a lot of employment (Shelhaas, 1999). Udder comfort would help increase efficient milk production in which will limit the stress of farmers having down cows less frequently. This translates to higher production, as well as more milk to carry and collect. More employees may be needed, as more litres per cow would be produced. Since Nepalese farmers tend to have herds smaller in size, this lotion would help maintain the limited cows productions up, opposed to the farmers having a distressed herd that will not produce.

Increased Milk Production

Milk from dairy cows and other milk-producing animals is significant to any country. However, production is a key role in determining efficiency of the animal's capability to meet demand for farmers in Nepal. Milk production per cow in Nepal is less than half of the production of



Source:
<http://blogs.mcgill.ca/oss/files/2012/06/Glass-milk.jpg>

an average Canadian cow (IFCN, 2012). More yields will render higher incomes. A farmer using Udder Comfort will not only have the satisfaction of producing higher yields, but also meet the growing demand of milk. Currently, Dairy consumption is increasing by 2.6% per year, and population is growing by 1% per year (IFCN, 2012). Healthier mammary systems would allow Nepalese farmers to meet this demand. Currently, Milk production is increasing as seen Table 2 below.

Table 2: Milk Production in Nepal 2005-2010 (mt.)

S. N.	Milk Products	Year				
		2005/06	2006/07	2007/08	2008/09	2009/10
1.	Cheese	143	143	148	164	187
2.	Butter	710	150	201	165	137
3.	Ghee	644	658	823	628	459
4.	Yoghurt	985	1,274	1,705	2,009	2,299
5.	<i>Paneer</i>	50	58	78	96	123
6.	Ice cream	39	37	51	53	65
7.	Sweets (<i>Rasbari, Lalmohan and Peda</i> etc)	-	-	168	176	196

Source: DDC

In Table 2 (above), the milk product values for each year are totalled in metric tonne. Currently, milk production alone is increasing in Nepal. New innovative exports from Canada like Udder Comfort would help contribute to this growing advantageous sector.

Greater Quality of Life

Malnutrition among children is also very common in Nepal. Many people suffer from malnutrition and there are many factors that directly or indirectly cause this. Researchers have found child malnutrition as cause of a combination of inadequate or inappropriate food intake (this would include lack or accessibility to dairy products) (NHRC, 2004). Milk is one of the most nutritionally complete foods available on the food market to date. Relatively small quantities of milk can provide a significant proportion of daily nutrient requirements for all age groups making it nutrient rich relative to its energy content (The Dairy Council, 2007). Increased milk production would help decrease cost of milk products, while increasing supply and ultimately improve health to the Nepalese.

Challenges of Export

Inadequate funding

Nepal has a very low level of funding in its agricultural sector (FAO, n.d). This makes it difficult for other countries to help in the development of Nepal's agricultural sector. Agricultural research is not getting high priority in government funding (FAO, n.d). Without funding for new potential agricultural products, Nepal's

sector challenges poorer living standards and product lines for Agricultural initiatives.

Minimal Farm Size and Fragmented Land

There is limited pastureland due to grazing (as some animals have inadequate or minimal feed supply). Farm sizes in Nepal are small, the land is fragmented and there is no land management (FAO, n.d). With this challenge to Nepalese farmers, animals are incapable of grazing and developing the appropriate size of mammary system to meet production.

Higher cost of production

As a consequential result to higher production, products are not competitive in national and international markets. There is no easy access to the market (FAO, n.d). This becomes a global issue for Nepalese agricultural sector because there is no capability for expansion to the markets, especially if farmers have inadequate funding. For the reason Udder comfort is quite expensive to export and process, Nepal's may not be able to even consider importing this product until the agricultural sector progresses.

Marketing Opportunities

In terms of agricultural suppliers in Nepal, there are limited opportunities to sell the product in these supply chains like in Canada. However, there is a prospect of being a research trial and error project for a sustainable, eco-friendly agricultural

technology organization development from the Nepalese Farming Institute (NFI, 2011). Opposed to more expensive vaccinations, Udder Comfort is a natural cream application that can be applied as needed and with ease.

Another seizing opportunity would be through the International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change, measurement and assessment, and natural resources management (IISD, 2005). The IISD reports international negotiations and share knowledge gained through collaborative projects with global partners, resulting in more rigorous research, capacity building in developing countries and better dialogue between North and South. This would be a good opportunity for Udder Comfort, as this is a valuable agricultural sustainable product that can be further researched into. This would raise awareness to multiple regions of Nepal that rely on the production and well being of their dairy animals for their annual income, and household supply.

Competitors

Currently, there are multiple companies within Canada that produce some kind of dairy udder cream. However, all are made of different products, and do not have any long-term proof of efficiency. Competition includes companies with the products such as Udderly Smooth Udder Cream manufactured in Salem Ohio, however, sold all over North and South America (Udderly Smooth, 2015). Unlike Udder Comfort, Udderly Smooth is a multipurpose cream that can be used on

humans and dairy animals for chapped skin worldwide. Udderly Smooth has been in operation for 30 years, which happens to be longer than Udder Comfort. It has multiple uses for application such as dry skin, sunburns, sports usage, and working usage (Udderly Smooth, 2015).

Another company that is competitive in this product market is DeLaval's Udder Cream. Their aims are to restore and maintain natural strength and smoothness. Product is available in handy, tough containers suitable for the farm (DeLaval, 2015). DeLaval has different udder creams for specific uses such as smooth care, moisturizing, revitalising, burn protection, and better circulation. Unlike Udder Comfort, this product has multiple uses and has a cheaper product line (DeLaval, 2015). Udder Comfort will have to compete with the market to gain more overall consumers with competitive product and companies.

PART III –OTHER INFORMATION AND CONCLUSION

Obstacles and the Unknown

The disadvantages include the product not having scientific proofs. However, multiple consumers/farmers that use this product have given positive feedback regarding herd advantage. Another disadvantage includes price of product. On average, the net income for a resident in Nepal is \$700US (UNICEF 2012). Although Udder Comfort is deemed efficient, it is a costly expense for Nepalese dairy farmers.

Feedback from consumers

Despite lack of scientific proofs for efficiency, Udder Comfort has been successful in many countries and places globally (Meerakker, 2015). This includes dairy herds in America such as Hampshire Illinois, and Okawill Illinois. According to Joe Engel breeder of Luck-E Holsteins, Udder Comfort is good for cows and for milk quality. It also gets udders ready fast he protests, as Engel shows his Holstein red and white cattle competitively and does extremely well at showcases such as World Dairy Expo in Madison, Wisconsin. Another herd that uses Udder Comfort is Elm Farms Inc, operated by the Hasheider family. At Elm



Source:
Meerakker, 2015

Farms, Udder comfort has been used for a decade with tremendous succession and large improvements. Despite lack of scientific proof for efficiency, Udder Comfort has been used by many dairy farms in North and South America with progressive feedback.

Conclusion

Udder Comfort would be an extremely reliable and profitable product for Nepalese farmers. The prospect of exporting this product to Nepal would be beneficial for both Canada and Nepal. With the growing dairy sector, potential to export good quality products from Canada will become possible eventually. With the possibility of becoming involved in the Ministry of Agriculture, Food and Rural Affairs Global Growth Fund, Udder Comfort may receive funding. However, this will rely on Nepal's Agricultural sector to fund this project to import as well. The export of Udder Comfort to Nepal is a practical product that should be considered as a Canadian Agricultural export.

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