



Feasibility Study on Direct Sale of Milk from Farm to Consumer

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Feasibility Study on Direct Sale of Milk from Farm to Consumer

This report provides practical guidance based on real food enterprise experiences to help evaluate the most suitable milk project or added-value dairy sales model for a food enterprise. The direct milk selling landscape encompasses non homogenised pasteurised milk, organic milk and raw milk, plus flavoured variants in some instances. There are other examples where the farmer has added value to the milk in the form of other products like cheese, kefir, ice cream & gelato, butter, yogurt and some dairy desserts. These added value products are referenced here but would require additional feasibility work based on the chosen product.

Interviews were conducted with the following farms/milk businesses:

- Killadoon Milk - <https://www.killadoon.ie/>
- Salt Rock Dairy - <https://saltrockdairy.ie/>
- Bonny Bo Milk - <https://bonnybomilk.ie/>
- Gleann Bui Farm - <https://gleannbui farm.ie/>
- Muchgrange Farm - <https://muchgrangefarm.ie/>
- Moo'Ghna Milk - <https://mooghnamilkclare.com/>
- Dingle Farm - <https://www.facebook.com/p/Dingle-Farm-100070664526064/>
- Ardfert Dairy - <https://ardfertfarm.ie/>

Profiles of Those Interviewed

Killadoon Milk https://www.killadoon.ie/	• Kildare Based. • Operate milk vending, with machines located at supermarkets, typically at the entrance door. • All the milk is pasteurised, non-homogenised from own farm. • Regular milk and flavoured milk options. • Also, have one vending machine in a café. Café customers buy milk from machine located at café & also café uses milk from machine to make coffee. • Killadoon will have 8 vending machine sites soon. • Now also delivering in bulk to other cafes. Some cafes store the milk in 100 litres tanks in a cold room. • Next project is to look at a “bag in box” milk dispensing unit for cafes. • Full time driver in van on the road weekly.
Salt Rock Dairy https://saltrockdairy.ie/	• Wexford based. • Operate mobile vending from an enclosed trailer which is parked at different locations. • Sell pasteurised, non-homogenised regular and flavoured milk. • Saturday to Tuesday, the trailer is on farm. Self-vending operated by customers who visit the farm.



	• Sell at a big market each Saturday from the trailer. Demand is very strong. • Potential to expand milk vending. 30% of customers are non-national who embrace the concept naturally. • Business operating 4 years in and still paying off original investment. • Margins are tight but demand is huge. It is very labour intensive. • Has recently started to produce Kefir, butter and yogurt which are generating strong customer interest and sold off farm plus via local shops.
Bonny Bo Milk https://bonnybomilk.ie/	• Westmeath based. • 2 years vending. • Sell pasteurised, non-homogenised regular and flavoured milk. • Vending machine was on farmyard initially but this was too remote for customers. • Moved to main road on the edge of the farm. Vending machine on own land but roadside. • Is just about to start selling 1 litre bottles of regular milk on shelf via local shops.
Gleann Bui Farm https://gleannbuifarm.ie/	• Mayo based. • Selling bottled organic raw milk to customer. • Has been doing this for 5 years. • Sales are either direct to consumers or on shelf via shops. • Customers can also come to the farm between March and November, Friday to Sunday and buy milk, cream, butter and yogurt. • Their catchment for retail shops is wide and includes Dublin.
Muchgrange Farm https://muchgrangefarm.ie/	• Louth based. • Selling pasteurised, non-homogenised milk. • Bottled on farm. Is not doing any vending. • Also supplying milk to cafes in 1 litre glass and 2 litre recyclable plastic. • Milk supplied to cafes is the biggest volume part of the business. • They also make ice cream and supply to local shops and cafes. • Has a busy on-farm shop selling milk and ice cream. • Has two vans on the road supplying customers.



Moo’Ghna Milk https://mooghnamilkclare.com/	• Clare based. • Operating milk vending for the last 3 years. • Sell pasteurised, non-homogenised regular and flavoured milk. • Is operating 3 vending machines. • Machines are all located in high footfall areas with large surrounding populations. • Also supplying cafes in the 1 litre glass bottles which is returned when empty. • One café customer is opening a dedicated milk bar selling flavoured milks from the farm this summer.
Ardfert Dairy https://ardfertfarm.ie/	• Kerry based. • Was selling 1 litre glass and 2 litre plastic bottles. • The majority of sales were via 2 litre plastic bottles. • Customer order online and home delivery service. • Sold only regular pasteurised, non-homogenised milk (no flavoured). • Also supplied local retail outlets, incl SuperValu • The farm later ceased direct milk supply mainly due to challenges recruiting staff and wage costs. • The need for the farmer having to fill in for staff on holidays/sickness was also a factor.
Dingle Farm https://www.facebook.com/p/Dingle-Farm-100070664526064/	• Kerry based. • Sell pasteurised, non-homogenised regular milk plus cheese and yogurt. • Supplies in glass bottles and sells via local shops and supermarkets. • Bottle deposit scheme in place and shops return bottles. • Supplies a small amount bulk milk to hotels. • Also produces cheese and yogurt which works well.
Báinne Blasta N/A	• Kerry based. • New start up which will open Autumn 2025. • This farm will locate two vending machines in huts in the car parks of local convenience stores. • Will sell pasteurised, non-homogenised regular milk plus flavoured options to public and coffee shops. • They are now focused on launching social media profiles, etc to build brand awareness.



Channels Chosen:

Each of the farmers interviewed, had chosen to sell their milk via four clear channels:

- Milk vending machines
- Supply to cafes
- Supply to retail outlets
- Selling direct on farm (no vending)

Equipment Requirement:

For farms involved in selling milk locally typically the following equipment considerations are required but will depend on scale. Costs shown vary between min and max provided by interviewees, which was usually dependant on the project scale determined by the farmer.

- Milk Processing Equipment
 - Pasteuriser (€20,000–€28,000).
 - Milk Tank (size dependent).
 - Bottle Filling Machine (€4,000–€10,000).
 - Cold Room (€9,000) (for larger volume operations).
 - Ice Bank (€4,000) (It may be possible to use the existing on farm ice bank).
- Vending Setup (if applicable)
 - Milk Vending Machine (€17,000–€26,000).
 - Bottle Vending Machine (€12,000).
 - Trailer (for mobile vending).
 - Power Supply & Card Reader (site specific).
- Facility Infrastructure
 - Food-grade Processing Room: With appropriate surfaces, flooring (€4,500), and wall treatments (€4,000).
 - Separate Rooms: Required for pasteurisation, storage, and office/admin.
 - Hygiene Facilities: Toilet and changing room.
 - Lab Testing Setup: Typically outsourced at a cost of between €160 and €250 per month.

* The costs shown above can only be treated as indicative and were provided by farmers where available. If exploring the concepts, individual bespoke quotations will be required.

Milk Vending Overview:

Selling pasteurised non homogenised milk via vending machines placed on-farm, at supermarkets, or via mobile units

Those interviewed selling farm milk via vending did so by locating the vending machines at different locations:

- In farmyard or at main road near farm.
- At the entrance to supermarkets.
- Using a mobile vending machine located on farm certain days and at busy locations other days



Opportunities	Obstacles
• Direct customer connection with fresh, local appeal. • Control over pricing and branding. • High demand for non-homogenised milk. • Community feel, especially if on-farm. • Potential grants. • Optimum selling price for producer	• High setup costs: equipment costs can reach €60,000–€150,000. • Labour intensive and requires daily upkeep. • Regulation & compliance. • Low-traffic locations (like remote farms) generally underperform. • Technical issues like card payment delays or machine breakdowns. • Break-even volume: 700–900 litres per week.

Key Insight: Milk vending works best in busy areas and with multiple machines. Consider only if you have strong footfall or plan a mobile model.

Bottled Milk Supply to Shops

Pasteurised milk bottled on-farm and sold to local shops or butchers.

Opportunities	Obstacles
• Access to existing customer footfall. • Easier to manage logistics than vending. • Butcher shops are effective retail partners. • Flexible and scalable model. • Increased willingness from supermarkets to stock local milk • Optimise selling price for producer. • Moderate equipment investment.	• Requires cold storage, bottling space, and chilled transport. • Shop margins reduce farm margin. (Min. shop margins 25% and could be higher) • Consistent hygiene and supply are essential. • Shelf-life management needs tight controls on shelf. • If glass bottles in use, a willing retailer to take back empties required • On shelf beside retailer private label cheap milk requires strong “local milk” communication

Key Insight: Ideal for farms aiming for volume and simplicity. Focus on nearby towns and shops for best results, capitalising on “local milk factor”.



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Milk Supply to Coffee Shops

Delivering milk in bulk to cafés using bottles or tanks. In some instances, there was evidence of very large volume through this channel and if operated on a bulk tank model, eliminates the need and cost of vending machines, etc.

Opportunities	Obstacles
• Consistent, predictable demand. • Larger order sizes mean fewer transactions. • Systems like "The Udder Way" tank system streamline delivery. • New "bag in box" model. • A potential emerging model which may become a preferred model over time.	• Requires delivery vehicle and cold storage. • Must manage milk agitation, hygiene, and temperature in cafe. • Handling and cleaning reusable tanks adds complexity. • Not all cafes understand the uniqueness of non-homogenised milk and favour cheap milk.

Key Insight: A consideration for farms near urban areas. Works best with a reliable delivery schedule and infrastructure.

Pricing Overview

As a guide to possible return on investment, the litre price comparison the farmer can achieve is set out here:

Sales Channel	Farmer Price Per Litre.
Bulk to Coop	0.52c (will vary)
Vending Regular Milk	€1.70 - €2.00
Sell to Cafe	€1.50
Sell Retailer	€1.60 - €1.87

It should be noted that with some models the farmer has to fund additional ongoing costs like staff/own wages, deliveries, marketing, compliance, card payment fees, retail packaging, marketing etc, which must be considered when accessing the price received per litre.

Advice From Farmers Interviewed

Farmers interviewed were asked to provide advice for other farmers starting out and the advice is summarised as follows:

- Time Resources
 - Before starting out review the current resources and spare time the famer/family has
 - Many talked about direct sales "being hard work"
 - One interviewee (a farmer's wife) stated that there is no way her husband could have taken on direct sales without her additional involvement



- Investment
 - Almost all interviewees acknowledged that investment is required to get local milk supply off the ground
 - There was a general sense that it wasn't possible to get started in a small way unless pasteurising equipment was already in place, or if raw milk was to be sold thus eliminating the pasteuriser. Raw milk would however have its own challenges around testing and meeting department requirements.
 - The approach to funding varied. Some farmers had funded local milk supply projects from the farm, or bank loans. Others had secured grants from either LEADER or Local Enterprise Office for added value aspects of milk production
- On Farm Sales
 - Consider if the farm is set up for visitors e.g. parking, access, insurance etc
 - Other considerations might include restricting on farm selling days to only certain days of the week
 - Some farmers had opted not to have any on farm aspect of the model and concentrated fully on supply via other locations
- Vending
 - The cost of vending machines is significant which can make the model challenging.
 - There was repeat advice that high footfall locations were essential, with plenty population nearby, and that these locations should ideally be where the customer is in "shopping mode" already.
 - There were mixed views on locating vending machines on farm/edge of farm. A location at the side of a very busy road, with strong marketing works for some, but others had to move machines to busy areas away from farm.
 - From those vending, a number of farmers referenced the need to have 3 machines on the go to justify investment.
 - It was found that serving 3 machines was manageable by one person and supported the wage and other overheads.
- Minimum Volume
 - Several respondents talked about needing to sell at least 800 + litres per week to make financial sense.
 - Reference made to getting as close to 1500 litres as being "the sweet spot"
 - Some interviewees were selling thousands of litres per week from direct sales.
 - Café supply tended to be part of these larger volume operations.
- Café Supply
 - Many farmers talked enthusiastically about café supply which has constant volume.
 - New models are being explored like mini bulk tanks and "bag in box" supply, which if successful, offers a better model than bottles etc.
 - Using local non homogenised milk to make coffee is generally accepted as producing a richer coffee.
 - Some café owners can command a premium from consumers for coffee made on local milk thus justifying a higher spend on local farm milk.
- Marketing
 - The critical importance of having an active social media strategy was emphasised by all. "Telling the farm story" was seen as a part of the success formula.
 - Instore tastings for those selling in shops, was an important factor.



- Some farmers found that engaging with local schools by giving talks motivated the parents of these children to subsequently buy their milk.
- Regulation
 - While sometimes frustrating, all interviewees agreed that regulation was necessary.
 - DAFM are responsible for approving all on farm activities like pasteurising, storage etc.
 - The local Environmental Health Officer needs to be involved when the milk was sold off farm in most cases.
- Other Revenue Sources
 - While milk was the focus on this research several other farm revenue models were mentioned
 - Cheese
 - Kefir
 - Ice Cream
 - Butter
 - Yoghurt
 - Farm tours/experiences

Recommendations for Dingle Peninsula Food Enterprises

- Direct milk sales from individual farms is at an earlier stage of evolution. To some degree, “the book has not been written” fully on this area yet.
- The farmers interviewed all pointed to potential successes, but in most cases are still evolving their models.
- For vending, a farmer needs to be confident of selling at least 800 litres/week; 1,500 litres is the “sweet spot” for profitability. Access to high footfall is certainly a key factor if considering vending.
- Regular orders, bulk delivery, and high volumes make cafés an interesting route to explore, especially with tank or “bag-in-box” models. These models however have not been fully tested yet and are still emerging.
- Direct sales are labour-intensive; many farms rely on additional family help, and this would be an important consideration before embarking on any journey.
- Thinking about how the milk can be positioned differently to help justify the premium required, will also be important e.g., raw milk, organic milk or milk from a rare breed herd, etc.
- A good social media presence and local engagement (like school talks) has the potential to boost success.
- LEADER, DAFM, LEO, or Údarás grants could be explored to fund equipment and setup costs for added value projects. (LEO/Údarás added value requirement)
- Full setup (equipment, rooms, vending, etc.) can hit €60–€150k or more depending on the number of vending machines. Starting small isn’t easy, as the minimum requirements will involve pasteurising equipment and either bottling or vending equipment.
- Being near to towns or tourist areas helps with café supply, retail access, and on-farm visitor potential.
- Products like yogurt, kefir, and cheese may offer future growth but would need a feasibility study based on the chosen product. There is certainly emerging evidence that suggests some separate opportunities exist within these categories.



Resources

Below is a list of articles and reference points connected to added value milk projects.

- Teagasc information on milk vending [Dairy on Demand: Farm-Fresh Success with Milk Vending - Teagasc | Agriculture and Food Development Authority](#)
- Information for those considering raw milk production [Farmers & Sellers | raw milk ireland](#)
- How to find your Environmental Health Officer (EHO) [Contact your Environmental Health Office - HSE.ie](#)
- Information on labelling of milk products [Labelling of milk and milk products | Food Safety Authority of Ireland](#)
- Tips for direct selling of milk [Factors to consider when setting up a Milk Vending Machine Business in Ireland](#)



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