

In the news: pricing of milk

[Business](#), [Industries](#)



This year so far milk sales have decreased and dairy farmers are stuck with large amounts of inventory that they can't do anything with. This called for them to lower the price of the milk to under three dollars a gallon in hopes that people would buy more milk. The content of this article is relevant to the class because it covers supply and demand. In addition to this it also covers business strategy. Ultimately dairy farmers were making a lot more money in 2014 because there was a very high demand for milk.

When milk sales decreased the dairy farmers were left with inventory that they could not do anything with. At this point they had to make a decision to try to save some of the inventory they had left over. In regards to food products it's a little different compared to items that do not have a sell by date. Milk expires after a certain day and it can no longer be sold. For this reason the dairy farmers and retailers were forced to cut costs to try and get more people to buy more milk. This could ultimately fix their overstock problem.

By lowering the cost they were hoping that people would buy more milk. If people purchase more milk it can potentially help them get rid of left over inventory. This can also be bad for dairy producers because if they are losing money on every gallon of milk they sell. If they purchased more heavy machinery and hired more workers they may have to lay people off due to plummeting costs.