

CHAPTER 1

THE DAIRY PROMOTION PROGRAMS

In 2001, the National Dairy Promotion and Research Board (Dairy Board) and the National Fluid Milk Processor Promotion Board (Fluid Milk Board) continued to develop and implement programs to expand the human consumption of fluid milk and dairy products. While each promotion program has many unique activities, the two programs continued the integration of their fluid milk programs for the third year in 2001.

National Dairy Promotion and Research Board

The mission of the Dairy Board is to coordinate a promotion and research program that expands domestic and foreign markets for fluid milk and dairy products produced in the United States. The Dairy Board is responsible for administering the Dairy Promotion and Research Order (Dairy Order), developing plans and programs, and approving budgets. Its dairy farmer board of directors administers these plans and monitors the results of the programs.

The Secretary of Agriculture (Secretary) appoints 36 dairy farmers to administer the Dairy Order. The Secretary makes the appointments from nominations submitted by producer organizations, general farm organizations, qualified State or regional dairy product promotion, research, or nutrition education programs (Qualified Programs), and by other means as determined by the Secretary (7 CFR 1150.133(a)). Dairy Board members serve 3-year terms and represent one of 13 regions in the contiguous 48 States. Dairy Board members elect four officers: Chair, Vice-Chair, Treasurer, and Secretary. Current Dairy Board members are in **Appendix A-1**. A map of the contiguous 48 States depicting the 13 geographic regions is in **Appendix B-1**.

Total Dairy Board actual revenue for 2001 was \$84 million (includes assessments and interest). This amount was less than the Dairy Board budget of \$84.7 million for that period. The Dairy Board revised budget for 2002 projects total revenue of \$85 million from assessments and interest. The Dairy Board administrative budget continued to be within the 5-percent-of-revenue limitation required by the Dairy Order. A list of actual income and expenses for 1999-2001 are in **Appendix C-1**. USDA's oversight and evaluation expenses for 1997-2001 are in **Appendix C-2**. **Appendix C-3** displays the Dairy Board's approved budgets and a comparison of program funding by function for 2000-2002. An independent auditor's report for 2001 is in **Appendix D-1**.

The Dairy Board has two standing committees: the Finance and Administration (F&A) Committee and the Executive Committee. The F&A Committee is made up of the Dairy Board officers and appointees named by the Dairy Board Chair. The Dairy Board Treasurer is the Chair of the F&A Committee, and the committee elects a Vice-Chair. The full Dairy Board serves as the Executive Committee. The remaining committees for the Dairy Board are joint program committees with the United Dairy Industry Association (UDIA).

In March 1994, the Dairy Board approved the creation of Dairy Management Inc.[™] (DMI). DMI is a joint undertaking between the Dairy Board and the UDIA. UDIA is a federation of 19 of the 62 active Qualified Programs under the direction of a board of directors. DMI merged the staffs of the Dairy Board and UDIA to manage the Dairy Board programs as well as those of the American Dairy Association[®] and National Dairy Council[®] throughout the contiguous 48 States. DMI is a merger of the two separate program and administrative staffs into a single staff that serves both boards and is structured into four support groups. The domestic marketing group supports advertising, school marketing, nutrition and product research, product publicity, and retail promotion activities. The industry relations/communications group provides outlets for news about dairy through its media contacts as well as communication regarding the dairy checkoff program to producers and the rest of the dairy industry. The research, planning, and evaluation group provides analysis of domestic and foreign marketplaces, program effectiveness, consumption patterns, and consumer perceptions for effective program planning, implementation, and measurement. The export group serves as a resource for U.S. dairy processors to improve export capabilities of the U.S. dairy industry.

Since January 1, 1995, the Dairy Board and UDIA have developed their marketing plans and programs through DMI. DMI facilitates the integration of producer promotion funds through a joint process of planning and program implementation so that the programs on the national, regional, State, and local level work together. The goals of DMI are to reduce administrative costs, to have a larger impact on the consumer, and to drive demand thereby helping to increase human consumption of fluid milk and dairy products.

DMI funds 1- to 3-year research projects that support marketing efforts. Six Dairy Foods Research Centers and two Nutrition Institutes provide much of the research. Their locations and the research objectives are listed in **Appendix F-1**. Additionally, lists of DMI's dairy foods and nutrition projects are contained in **Appendices F-2** and **F-3**, respectively. Universities and other industry researchers throughout the U.S. compete for these research contracts.

In 2000, the DMI Board consisted of 12 dairy farmers from the Dairy Board and 12 dairy farmers from the UDIA Board. An amendment to the articles of incorporation of DMI to expand the DMI Board size took effect January 1, 2001, and the expanded DMI Board now comprises all Dairy Board and all UDIA Board members.

The committees for program activities are comprised of board members from both the Dairy Board and UDIA Boards. The Dairy Board and UDIA Board separately must approve the DMI budget and annual plan before they can be implemented. In October 2000, both boards approved a 2001 unified dairy promotion plan budget and national implementation programs. The 2001 unified dairy promotion plan was designed to invest dollars where consumers are – not where dairy cows are. The unified dairy promotion plan was consistently implemented in demand-building consumer markets nationwide.

During 2001, DMI hosted the second series of dairy director regional planning forums across the country to review and develop marketing strategies for development of the 2002 unified dairy promotion plan. These forums were originally designed to create one unified dairy promotion plan and allow opportunity for State and regional dairy board members to ask questions, raise concerns, and offer their thinking on the direction and development of a

unified dairy promotion plan. At the 2001 forums, dairy directors across the country helped to finalize dairy promotion's long-term unified marketing plan, which for fluid milk focuses on kids and the mothers of those young children and for cheese focuses on adult segments called cheese "Cravers" and "Enhancers." Other outcomes from the 2001 forums included dairy farmer input that (a) emphasized programs with less reliance upon television advertising; (b) emphasized continuance of successful foodservice and retail activities; (c) highlighted the need for heavier focus on kids and school milk problems; (d) stressed more focus on industry partnerships; and (e) emphasized a stronger, more proactive image protection of dairy products. Combined spending for the unified dairy promotion plan totaled more than \$267 million. In addition to funding from the Dairy Board, the unified dairy promotion plan leverages resources from State and regional organizations, the Fluid Milk Board, the U.S. Dairy Export Council, and UDIA. These organizations will turn their attention to developing a new five-year strategic direction for the unified dairy promotion plan in 2002.

The joint Dairy Board and UDIA Board committee structure provides the framework for DMI program activities. The Dairy Board and UDIA Board Chairs assign their respective board members to the following joint program committees: Cheese, Communications and Technology, Export and Dry Ingredients, and Fluid Milk. Each committee elects a Chair and a Vice-Chair. The joint committees and the DMI staff are responsible for setting program priorities, planning activities and projects, and evaluating results. Two additional ad-hoc committees added during 2000 that continued to operate in 2001 were the Joint Industry Partnering Committee and the Joint Evaluation Committee. The Dairy Board and UDIA Board review and approve all DMI activities. During 2001, the Dairy Board and UDIA Board met jointly six times.

The following information describes the activities for each program committee during 2001. **Appendix E-1** contains the DMI and Dairy Board contracts for projects reviewed by USDA during 2001.

CHEESE

The DMI umbrella cheese campaign "Ahh, the power of Cheese™" continued to promote cheese directly toward "Cheese Lovers," with an emphasis on cheese "Cravers" and cheese "Enhancers." Cheese "Cravers" eat cheese primarily as-is directly out of the package or off the block and consume cheese as an important component of their food consumption routine. Cheese "Enhancers" have equally positive attitudes toward cheese but their consumption primarily takes the form of cheese as an ingredient in meal preparation. As in previous years, the DMI cheese television advertising campaign was recognized for creative excellence, winning numerous awards, including Creative Best Spots for "Disaster," "No Pain, No Gain," and "Break In" by *Adweek* Magazine. At the 2001 Chicago International Film Festival, DMI 2000 television executions won the Silver Plaque (Mom), Gold Plaque (Election), and the Gold Hugo Award (entire cheese campaign) in the Food Products Category. **Table 1-1** contains a listing of DMI's 2001 cheese advertising executions.

TABLE 1-1 2001 Dairy Management Inc. Cheese Advertising

<u>Television</u>	<u>Print</u>
Disaster	Mighty Mouse
No Pain, No Gain	Crackers
Big Cheese	Fishing
Break In	Holiday
Moon	Kitchen
Santa	Peppers*
	Chicken & Cheese*
	Artichoke*

SOURCE: Dairy Management Inc. (*Denotes Trade and Foodservice Print Advertising)

As in previous years, the cheese marketing effort included major retail co-marketing programs implemented in supermarkets representing more than 60% of U.S. retail grocery sales volume. These accounts included large national accounts like Kroger, Wal-Mart Supercenters, Safeway, and Albertsons. In these efforts, DMI provides retailer-customized media (television, radio, or direct mail) and in-store sampling, which are combined with the retailer's own advertising and merchandising support to drive cheese sales. Research has consistently shown that these co-marketing programs contribute to increased cheese category volume in participating stores.

In foodservice, DMI continued to implement trade advertising and public relations campaigns to keep cheese top-of-mind with restaurant operators. The trade print advertising is listed in **Table 1-1**. DMI also worked closely with four of the top five national restaurant chains, including Taco Bell[®], Wendy's[®], and Pizza Hut[®] to drive cheese volume and ensure that cheese was prominently featured in menu items. For example, DMI staff provided Taco Bell[®] with consumer research and trend data to show the large impact of cheese in how customers decide which menu option to choose. As a result, Taco Bell[®] developed and launched a new *Chicken Quesadilla* item, which featured a blend of Cheddar, Pepper Jack, and Mozzarella cheeses. Taco Bell[®] reports using more than double their usual amount of cheese during the five-week promotional debut of the *Chicken Quesadilla*. And, for the third straight year, Wendy's[®] restaurant introduced its popular Cheddar Lovers' Bacon Cheeseburger sandwich. During the four-week promotion period, Wendy's[®] sold more than 12 million sandwiches, each featuring two slices of Cheddar cheese and a Cheddar sauce. The promotion used nearly 1.7 million pounds of cheese and the chain's cheese use grew by 15 percent, compared to the same time period a year ago. DMI assisted Wendy's[®] with the development of this cheese-friendly sandwich in 1999.

DMI also executed a comprehensive product publicity program for cheese in 2001 that leveraged the continued success of the "Ahh, the power of Cheese" advertising campaign. For the sixth consecutive year, and to kick off National Grilled Cheese Month in April 2001, DMI partnered with Mr. Food[®] and executed a new program called the "Mr. Food's[®] Hometown Grilled Cheese Recipe Contest." The grand-prize winning recipe – a Spicy Cajun Bayou Grilled Cheese recipe – was prepared on Mr. Food's[®] nationally syndicated television show and reached over 10 million viewers. Other cheese publicity highlights included "Flights: Changing the Course of Cheese" and "Simply American" programs.

“Flights: Changing the Course of Cheese” capitalized on emerging consumer interest in wines by showcasing flavorful pairings of domestic artisanal cheeses and wine. A large media event was held at a New York City restaurant with more than 200 cheeses on its menu, featuring 25 domestic artisanal cheeses. “Simply American” showcased Americans’ love for comfort food and highlighted cheese as a versatile, easy, and delicious ingredient that makes one-dish meals better. The program also used survey results to generate additional cheese messages and regional media angles supporting the one-dish theme.

Also in 2001, website www.ilovecheese.com was enhanced with several new features aimed at triggering cheese lovers’ craving for cheese. It now includes a “Virtual Cheese Case,” which supplies detailed information about 35 domestic cow’s milk cheeses. Also, an interactive “Cheese Profiler Survey” assists website visitors in determining which cheeses best fit their lifestyle and suggests meal combinations and recipes. Website www.ilovecheese.com also promoted the full-page advertorial in *Redbook* magazine “Warm up with Cheese!” The advertorial featured a three-cheese dish and tips on making familiar recipes with cheese. Redbook sponsored a one-dish recipe contest that was announced in the advertorial. The website is sponsored by the American Dairy Association®, whose programs are managed by DMI.

DMI’s product research activities for cheese during 2001 continued to feature extensive investigations of manufacturing methodology, ripening, stability and physio-chemical rheology, and functional properties of cheese. Of note, research through DMI’s Extraordinary Dairy program (which is discussed further in the Export and Dry Ingredient section) led to the development of a comprehensive descriptive sensory language for Cheddar cheese flavor, which provides the dairy industry with a common language to define and describe critical cheese characteristics. The language resource is known as the “Cheese Lexicon.” It was generated from the analysis of 220 Cheddar cheeses and 70 other cheeses representing age, fat content, and geographical regions. The Lexicon can help cheesemakers and cheese users characterize their products and improve quality issues by measuring and controlling the presence of chemical compounds associated with flavor defects.

COMMUNICATIONS AND TECHNOLOGY

Consumers receive mixed messages through the media about the nutritional value and benefits of food. DMI worked to provide consumers with education and information based on sound nutritional science and communicated the value of dairy products to consumers, as well as to health professionals and educators.

DMI also worked to inform dairy farmers about how their assessment dollars were being used. DMI continued to communicate to dairy producers and other industry audiences through publications (such as the annual report, joint newsletters with State and regional dairy promotion groups, and dairy cooperative check stuffers), dairy industry events (including major trade shows and producer meetings) and media relations (including press releases, feature placements, and farm broadcast interviews). For the fourth year, DMI continued its “Dairy Ambassadors” program, which uses a select group of dairy farmers to deliver consistent messages about the dairy promotion program to dairy producers and other industry audiences.

DMI continued its support for butter through cooperation and public relations activities with the American Butter Institute, including the website www.butterisbest.com, a consumer resource center with current cooking trends and ideas, butter recipes, and links to other butter-related sites. DMI also co-funded butter promotion activities with the California Milk Advisory Board in 2001.

DMI's Chair, CEO, and board members participated in meetings with dairy cooperatives, industry associations, processors, and other groups throughout the country. The Dairy Board and the UDIA House of Delegates also agreed to continue dairy director regional planning forums in 2002. The 2001 national dairy director forum, which brought together dairy farmers from all over the country to share ideas and thoughts about future dairy promotion activities, was successful in solidifying industry support for continued regional planning forums and a unified marketing plan approach to dairy promotion.

Another activity of the Communications and Technology program was the issues management program. The objective of this program was to identify, monitor, and manage key issues that may influence consumer perceptions of dairy products. DMI coordinated its issues management activities with State and regional dairy promotion groups, as well as other dairy and agricultural groups. DMI worked with these groups to bring forth sound, science-based information to address consumer issues. Dairy Reputation Management, an industry-wide effort that interacts with the Issues Management, Industry Relations, and Dairy Image Programs, continued a proactive program to educate and reinforce the positive attributes of dairy foods, dairy farmers, and dairy farming practices to consumers.

A new program was designed and initiated in 2001 to enhance existing dairy image and issues management programs. One important component of the new program included development of an industry-wide crisis communications and preparedness plan to address a potential animal disease outbreak in the United States. To support this initiative, DMI conducted research to better understand consumer perceptions and concerns regarding animal diseases and to assist in the development of key messages that could be used in a national animal disease crisis situation. A second component included the creation and distribution of a publication entitled *Dairy Dialogue*, the purpose of which is to keep people informed about important research and developments in the dairy industry.

Farmer-funded nutrition research continues to demonstrate that dairy products are a necessary food component in the diet of all people throughout the life cycle. Research continues to focus on improving childhood nutrition and on diseases that may see decreasing occurrences as a result of consuming dairy foods. Additionally, ongoing nutrition research is validating discoveries about the potential benefits of dairy food consumption in reducing obesity. There is an emergence of research that promises to bring forth cutting-edge health breakthroughs in the reduction of obesity and related diseases. Transfer of these research outcomes has enhanced the image of the healthfulness of dairy foods by many health professional organizations, which continue to endorse the role of dairy foods in a healthy diet.

Farmer-funded product research addresses safety and quality issues, continues to examine new milkfat-based ingredients, and provides technical support to the marketing of these ingredients.

EXPORT and DRY INGREDIENTS

DMI's export enhancement program is implemented by the U.S. Dairy Export Council (USDEC). USDEC receives primary funding from three sources: DMI, USDA's Foreign Agricultural Service (FAS), and membership dues from dairy cooperatives, processors, exporters, and suppliers. In 2001, USDEC received \$6.1 million from DMI; \$2.1 million from USDA's Foreign Market Access Program and the Market Promotion Program that support commodity groups in promotion of their commodities in foreign markets; and \$630 thousand from membership dues. USDEC began its sixth year of operation in 2001, and its total budget was \$10.2 million.

USDEC has offices in Mexico City, Tokyo, Seoul, Hong Kong, Shanghai, Bangkok, Taipei, London, and Sao Paulo. Activities in Mexico concentrated on cheese; in 2001, cheese exports to Mexico posted a 63% increase over 2000 levels. In Japan and Korea, cheese and dairy ingredients were highlighted; in China, where cheese is not a part of the traditional diet, dairy ingredient promotions led to a 69% increase in lactose exports and a 20% increase in whey exports. In other Southeast Asian markets, promotions focused on value-added products such as cheese and ice cream, as well as dairy ingredients. Specific promotions included in-store retail promotions and sampling in supermarkets, joint promotions with food service companies, quarterly trade newsletters, exhibits at trade fairs, and seminars about U.S. dairy products presented to the press, end-users, and food distributors.

Final 2001 export data confirm that U.S. dairy product exports for the third year eclipsed the \$1 billion mark, and 85% of that total were commercial, unsubsidized sales. Export volume, almost 9 billion pounds on a milk equivalent, total solids basis, represented just over 5% of total U.S. production in 2001. Total U.S. exports show a 28% increase in lactose exports, a 10% increase in cheese exports, and increases of 2% and 11% for ice cream and fluid milk, respectively.

In Mexico, a joint promotion with Domino's Pizza featured the USDEC logo on all Domino's pizza boxes with the slogan "Made with 100% U.S. Cheese." Domino's delivers more than 1.6 million pizzas a month in Mexico. Restaurant promotions in Japan and Korea featured special menu items including cheese on salads, cheese fries, and sandwiches featuring American cheese varieties. Enthusiastic consumer response led to the addition of the dishes to the permanent menus. A Korean retail activity featured in-store sampling at several multinational chains highlighting cream cheeses, Monterrey Jack, and cheddar cheeses; participating stores reported sales increases of 100% on average during the three-week promotion.

USDEC continued working to improve the export capabilities of domestic dairy companies. USDEC assists U.S. dairy exporters by providing up-to-date information on market conditions, global trade trends, and regulatory requirements for export. Ongoing reverse trade mission activities provide opportunities for domestic dairy product suppliers to meet potential importers visiting the U.S. Of note, in November 2001 a Mexican and South American buyer reverse trade mission visited five U.S. cheese plants to increase overseas trade knowledge of production, quality, and varieties of U.S. cheeses. The group also participated in dairy case management and U.S. cheese seminars. USDEC staff estimates potential cheese exports as a result of the mission could exceed 10,000 metric tons per year.

To increase customer knowledge of dairy ingredient functionality, USDEC produced 12 whey monographs in 2001. These reports – addressing whey applications in baked goods, confections, ice cream and frozen desserts, low-fat goods, and sports nutrition, among others – were translated and made available in markets around the world. English-language versions of these and other valuable export information can be accessed at www.usdec.com. For 2002, USDEC will continue to focus a significant portion of its market development programming toward the dairy ingredient and cheese sectors.

Nonfat dry milk and whey promotion efforts were conducted via advertising, public relations, trade shows, and the website www.doitwithdairy.com. The advertising theme “Do it with Dairy®” was utilized throughout all activities. The “Do it with Dairy” ingredient marketing campaign reaches the food manufacturing/processing industry with key market-driven whey research results and usage messages. Several newsletters and other publications support this program. “Dairy Dimensions,” a quarterly newsletter, focuses on developments in dairy technology research. “Dairy Ingredients Insider,” is a newsletter where dairy ingredient suppliers are able to track buyer attitudes, behaviors, buying patterns, and product development plans. The latter has become a key planning tool for some suppliers, as it enables them to effectively utilize and leverage market research developed by DMI.

In 2001, DMI launched Mooru™, a powerful new on-line search engine that encompasses a variety of interactive service programs and acts as an information portal designed for multiple audiences within the food and dairy industries. Mooru™ offers three different interactive elements including an ingredient selector, dairy ingredient supplier database, and Pitch Notes, a self-guided educational tool to help the processor sales force learn more about dairy ingredients.

Also for the third straight year, DMI sponsored the *Discoveries in Dairy Ingredients Contest*. The contest allows undergraduate college students to develop an innovative food product formulation using dry milk, whey, or whey derivatives, such as whey protein concentrate and whey protein isolate. The contest has a dual purpose – to highlight the versatility and functionality of dairy ingredients while at the same time provide food science students with practical, marketable experience. The three prize categories include: Best Overall Product Award, Product Marketability Award, and Product Creativity Award. Winning entries were featured at the 2001 Institute of Food Technologists Food Expo.

“Ingredient Insights,” a newsletter designed expressly for food formulators and ingredient suppliers, continues to provide news about dairy ingredients, specific applications, and technical support resources. As a part of this program, DMI provides ingredient technical support systems for food technologists. The system features four tiers, enabling food technologists to request the level of support they find the most useful. The options range from requesting technical information via FAX-ON-DEMAND to direct dialogue with a researcher.

“Innovations in Dairy,” a technical bulletin that details new dairy science and technology information and research, is executed through a series of authoritative, topical updates written from a practical perspective for the lay reader.

Research continues to focus on nonfat dry milk and whey in the areas of functionality, quality, packaging, and new applications. In addition, the application laboratory for nonfat dry milk at California Polytechnic State University and the whey application laboratory at the University of Wisconsin Center for Dairy Research continued to provide technical assistance to both those that produce the ingredients and those that use the ingredients in finished products. The website www.extraordinarydairy.com provides a network of resources and information to help the dairy and food industries bring innovative products, formulations, and processes to market.

Research is also exploring additional health benefits of whey. Pre-clinical (non-human) trials are currently exploring the role of specific whey proteins in reducing the risk of certain types of cancers, including breast and prostate cancer. Research trials are investigating a potential link between whey proteins and reducing the risk of hypertension, and specific whey proteins have shown anti-bacterial properties. Long term, this may lead to whey’s use as an ingredient in solving potential food safety concerns with certain perishable foods like meats or produce.

RESEARCH

In June 2001, DMI (the National Dairy Council®) sponsored a national human nutrition research forum, enabling the National Dairy Council® to provide key dairy industry leaders with cutting-edge dairy nutrition science for potential use in new product marketing, development, and overall dairy product positioning. Over 100 marketing representatives from private companies, new product development representatives, nutrition scientists, government officials, and dairy council staff participated.

2001 National Dairy Council® funded dairy nutrition research highlights included:

1. The role of dairy as part of a heart-healthy diet.
2. The role of calcium-rich dairy products in successful weight loss and maintenance.
3. Research showing that people diagnosed with lactose maldigestion can still consume dairy products.
4. Dairy’s role in the prevention and reduction of colon cancer.

FLUID MILK

Information on integrated fluid milk advertising, promotions, public relations, school marketing, strategic thinking, and other activities that include DMI, State and regional organizations, and the Fluid Milk Board is detailed in the national fluid milk integrated program summary in this chapter.

Qualified State or Regional Dairy Product Promotion, Research, or Nutrition Education Programs

Qualified Programs are certified annually by the Secretary. To receive certification, the Qualified Program must: (1) conduct activities that are intended to increase human consumption of milk and dairy products generally; (2) have been active and ongoing before passage of the Dairy Act, except for programs operated under the laws of the United States or any State; (3) be primarily financed by producers, either individually or through cooperative associations; (4) not use a private brand or trade name in its advertising and promotion of dairy products (unless approved by the Dairy Board and USDA); and (5) not use program funds for the purpose of influencing governmental policy or action (7 CFR 1150.153). A list of the 62 active programs is provided in **Appendix G**.

The aggregate revenue from the producers' 15-cent per hundredweight assessment directed to the Qualified Programs in 2001 was \$170 million (approximately 10 cents out of the 15-cent assessment). The Qualified Programs manage State or regional dairy product promotion, research, or nutrition education programs (**Tables 1-2 and 1-3**).

Some of these Qualified Programs participate in cooperative efforts conducted and coordinated by other Qualified Programs and/or other organizations such as DMI, the Dairy Board, and UDIA. Their goal in combining funding and coordinating projects is more effective and efficient management of producers' promotion dollars through larger, broad-based projects. For example, UDIA coordinates nationally through DMI the programs and resources for 19 federation members and their affiliated units to support the unified dairy promotion plan*. (*See Unified Marketing Plan as noted in Table 1-2).

TABLE 1-2 Aggregate Income and Expenditure Data Reported by the 62 Active Qualified Programs to USDA

	2000 (in \$000's)		2001 (in \$000's)	
INCOME				
Carryover from Previous Years	50,085 ¹		53,422 ¹	
Producer Remittances	169,996		170,585	
Payments Transferred from Other Qualified Programs ²	52,402		58,134	
Payments Transferred to Other Qualified Programs ²	(53,457)		(60,437)	
Other ³	<u>5,991</u>		<u>5,624</u>	
Total Adjusted Annual Income	225,017		227,328	
EXPENDITURES				
General & Administrative	7,375	[4.3%]	7,727	[4.5%]
Advertising & Sales Promotion	117,040	[69.0%]	77,015	[45.3%]
Unified Marketing Plan ⁴	NA		50,362	[29.6%]
Dairy Foods & Nutrition Research	5,849	[3.4%]	4,859	[2.8%]
Public & Industry Communications	13,691	[8.1%]	11,314	[6.7%]
Nutrition Education	22,619	[13.3%]	15,077	[8.9%]
Market & Economic Research	1,787	[1.1%]	1,705	[1.0%]
Other ⁵	<u>1,293</u>	<u>[0.8%]</u>	<u>1,908</u>	<u>[1.2%]</u>
Total Annual Expenditures	169,654	[100%]	170,967	[100%]
Total Available for Future Year Programs	55,363¹		57,361	

¹ Differences are due to audit adjustments and varying accounting periods.

² Payments transferred between Qualified Programs differ due to different accounting methods and accounting periods.

³ Includes interest, income from processors and handlers, sales of supplies and materials, contributions, and rental income.

⁴ Unified Marketing Plan – Reported local spending by United Dairy Industry Association (UDIA) units participating in the Dairy Management Inc. unified marketing plan to fund national implementation programs.

⁵ Includes capital expenses and contributions to universities and other organizations.

SOURCE: Aggregate income and expenditure data reported by the 62 active Qualified Programs to USDA.

TABLE 1-3 Aggregate Advertising Expenditures Data Reported by the 62 Active Qualified Programs to USDA

	2000 (in \$000's)		2001 (in \$000's)	
ADVERTISING PROGRAMS				
Fluid Milk	50,195	[42.9%]	19,740 ¹	[25.6%]
Cheese	58,865	[50.3%]	52,460 ¹	[68.1%]
Butter	217	[0.2%]	141	[0.2%]
Frozen Dairy Products	748	[0.6%]	656	[0.9%]
Other ²	<u>7,015</u>	<u>[6.0%]</u>	<u>4,017</u>	<u>[5.2%]</u>
Total	117,040	[100%]	77,015¹	[100%]

¹ Figure does not include local unified marketing plan advertising expenditures previously reported separately by individual UDIA units.

² Includes "Real Seal," holiday, multi-product, calcium, evaporated milk, food service, product donations at State fairs and other events and contributions for displays or promotional events.

SOURCE: Aggregate income and expenditure data reported by the 62 active Qualified Programs to USDA.

National Fluid Milk Processor Promotion Board

The Fluid Milk Board, as authorized in the Fluid Milk Promotion Act of 1990 (Fluid Milk Act), administers a fluid milk promotion and consumer education program that is funded by fluid milk processors. The program is designed to educate Americans about the benefits of milk, increase fluid milk consumption, and maintain and expand markets and uses for fluid milk products in the contiguous 48 States and the District of Columbia.

The Secretary of Agriculture appoints 20 members to the Fluid Milk Board. Fifteen members are fluid milk processors who each represent a separate geographical region, and five are at-large members. Of the five at-large members, at least three must be fluid milk processors and at least one must be from the general public. Three fluid milk processors and two public members serve as at-large members on the current Fluid Milk Board. The members of the Fluid Milk Board serve 3-year terms and are eligible to be appointed to two consecutive terms. Current Fluid Milk Board members are listed in **Appendix A-2**. A map of the Fluid Milk Board regions is shown in **Appendix B-2**.

The Fluid Milk Board elects four officers: Chair, Vice-Chair, Secretary, and Treasurer. Fluid Milk Board members are assigned by the Chair to the following committees: Advertising, Finance, Promotions, Public Relations/Medical and Scientific, Research, and Strategic Thinking. The program committees are responsible for setting program priorities, planning activities and projects, and evaluating results. The Finance Committee reviews all program authorization requests for funding sufficiency, the Fluid Milk Board's independent financial audit, and the work of the Board's accounting firm. The Fluid Milk Board met four times during its 2001 fiscal year.

The Fluid Milk Program is funded by a 20-cent per hundredweight assessment on fluid milk products processed and marketed commercially in consumer-type packages in the contiguous 48 States and the District of Columbia. The program exempts from assessment those processors who process and market 3,000,000 pounds or less of fluid milk products each month, excluding fluid milk products delivered to the residence of a consumer. Assessments generated \$109 million in 2001. The Fluid Milk Order requires the Fluid Milk Board to return 80 percent of the funds received from California processors to the California fluid milk processor promotion program. For 2001, the amount returned to California from the assessments was approximately \$10 million. The California fluid milk processor promotion program uses the funds to continue its promotion activities, which include the got milk?[®] advertising campaign.

The actual income and expenses for 1997-2001 are in **Appendix C-4**. The Fluid Milk Board's administrative expenses continued to be within the 5-percent-of-assessments limitation required by the Fluid Milk Order. USDA's oversight and evaluation expenses for 1997-2001 are in **Appendix C-5**. **Appendix C-6** contains the Fluid Milk Board's approved budgets for 1998-2002. **Appendix D-2** contains an independent auditor's reports for the period of January 1, 2001, through December 31, 2001.

The following summarizes Fluid Milk Board medical and scientific activities for the period of January 1, 2001, through December 31, 2001. The Fluid Milk Board's sponsorships, advertising, promotions, public relations, school marketing, and strategic thinking activities are incorporated in the National Fluid Milk Integrated Program summary.

MEDICAL AND SCIENTIFIC

The Fluid Milk Board has established a Medical Advisory Board (MAB) comprised of academic, medical, and health care professionals with expertise relevant to the health benefits of fluid milk. The MAB provided guidance to the Fluid Milk Board's development of key nutritional and health messages for consumers and health professionals. The MAB also reviewed nutrition and health messages for accuracy. The MAB members assisted the Fluid Milk Board in forging relationships with health organizations such as the American Heart Association, the National Medical Association, the American Dietetic Association, American Academy of Pediatrics, and the National Cancer Institute. They also appeared as medical professionals in the media, providing science-based statements supporting the health benefits of milk.

The medical and scientific activities of the Fluid Milk Board also included preparing press materials and acting as spokespersons on breaking research with relevance to fluid milk. The Fluid Milk Board created consumer and health professional materials to explain research in areas such as breast cancer, hypertension, and rickets. One of the health reports involved the reported cases of rickets among toddlers. Rickets is caused by a deficiency in vitamin D and calcium and leads to soft bones and poor growth in children. Milk is the only major nutritional source of vitamin D.

The Dietary Approaches to Stop Hypertension (DASH) diet continues to be a major focus of activity. Research on the DASH diet shows that by eating a diet rich in nonfat or lowfat dairy products and fruits and vegetables, many people can reduce their blood pressure with or without medication. In addition to the "Reduce Your Risk" and "The Diet-Blood Pressure Connection" brochures and press materials about DASH diets, the Fluid Milk Board implemented new initiatives on high blood pressure and lactose intolerance.

The Fluid Milk Board continues to spotlight the high incidence of high blood pressure among African Americans and to promote milk and milk products as a dietary solution as part of the DASH diet. The program also addresses misconceptions about lactose intolerance and shows why it should not be a barrier to including milk in the diet. The Board launched a new lactose intolerance initiative that focuses on educating African Americans on the importance of incorporating milk into their diet. The programs provided educational material on osteoporosis and lactose intolerance.

National Fluid Milk Integrated Program

The Fluid Milk Board and DMI continued during 2001 to implement an integrated fluid milk marketing plan which is research-based, message-focused, and jointly managed. 2001 marks the third year of the totally integrated fluid milk marketing effort. The 2001 funding level totaled approximately \$163 million, with \$67 million from DMI and State and regional organizations and about \$96 million from the Fluid Milk Board.

The purpose of the integrated program is to positively change the attitudes and purchase behavior of the country regarding fluid milk. The 2001 fluid milk marketing plan was designed to continue marketing and promotional activities to promote and increase the consumption of fluid milk and to identify and support growth opportunities for the industry. Many communication mediums were used to accomplish this objective, including television and print advertising, public relations, promotions, and others. The program's target audiences include: kids and young teen girls and boys 6-14; teen girls and boys 15-17; adults 18-34; moms 18-34; and two specific ethnic target audiences – Hispanics and African Americans.

In 2001, the got milk?[®]/ Milk Mustache advertising campaign, which provides the basis for advertising activities and other program delivery methods, was continued. A description follows of the 2001 integrated program activities for the Fluid Milk Board and DMI.

SPONSORSHIPS

In 2001, the got milk?[®]/ Milk Mustache Campaign began leveraging a multi-year partnership with Walt Disney Corporation. The sponsorship provides a unique opportunity to raise milk's image among teens and young adults by highlighting the message that milk is a great beverage of choice for teens and for athletes of all ages. As part of the partnership, milk has been named "the official training fuel" of Disney's Wide World of Sports. Additionally, a centerpiece arena of Disney's Wide World of Sports[™] complex is named the "Milk House." The "Milk House," which has got milk?[®] signage and milk mustache posters prominently positioned throughout the complex, is a state-of-the art facility that includes nine venues. More than 40 Amateur Athletic Union national championships are held at the facility and it is home to and affiliated with many professional sports teams.

The Fluid Milk Board and DMI also partnered with the National Basketball Association (NBA) during 2001 as part of a multi-year sponsorship. Through this sponsorship, the Fluid Milk Board has an additional mechanism to reach teens with sports nutrition and growth messages. The partnership was used to enhance the Spring "Chocolate: The Wilder Side of Milk" feature-incentive promotion, which is discussed in the integrated promotion activity summary.

ADVERTISING

The Fluid Milk Board and DMI integrated advertising program consists of both television and print advertising as well as media-driven promotions. The advertisements highlight specific, relevant, health-benefit messages about milk and its nutrient content, while media-driven promotions serve to extend the advertising campaign.

The first integrated television advertisements were launched in October 1999. During 2001, a national chocolate milk television advertising campaign and a national Hispanic advertising campaign were developed and launched. Prior to creativity concept development and testing, research was conducted on teen and Hispanic audiences to gain knowledge to assist in developing several concepts. The national chocolate milk television advertising campaign was launched as a major component of the marketing effort to increase milk consumption among teens. The chocolate milk commercials “Chocolatier” and “Gargle” communicate the unique taste of chocolate milk and remind teens how much they love the product. Both ads feature teens making chocolate milk in unusual ways and demonstrate the lengths to which teens will go to get it. Additionally, the “Sponge Bob Square Pants” and the “Power Puff Girls” ads, which target kids, also promote chocolate milk. The chocolate milk advertising campaign builds on the growing popularity of flavored milk products.

The first national Hispanic advertising campaign debuted as part of a new industry outreach to the ever-growing Hispanic market. The commercials entitled “Wind-Up-Toy”(2 versions) focus on the nutrient package of milk. The ads feature happy, active kids playing sports, skate-boarding, studying, and enjoying friends and family. The ads’ tagline “*Familia, Amor y Leche*” (Family, Love, and Milk) is used currently in California’s State-wide fluid milk advertising campaign.

Television and print advertising also continued to promote fluid milk. New commercials developed and launched during 2001 were “Loan Shark” and two “Milk Carton Guy” ads, which targeted the adult, teen, and kid audiences with health-benefit messages, and “Cyber Loot,” which supported the second national on-pack (cap) promotion. In addition to these commercials, “Super Heroes” and “Mario” ads also continued to run during 2001. These were originally developed and launched in 2000.

The Fluid Milk Board and DMI television expenditures totaled \$54.6 million. Total television advertising expenditures on each target audience were as follows: kids - \$9.4 million, teens - \$12.7 million, adults - \$31.5, million and Hispanics - \$1.0 million. **Table 1-4** provides a complete listing by target audience of the 2001 fluid milk television advertising.

TABLE 1-4 2001 Fluid Milk Television Advertising

<u>Kids Television</u>	<u>Teens Television</u>	<u>Adult Television</u>	<u>Hispanic Television</u>
Super Heroes	Chocolatier	Super Heroes	Wind Up Toy Kids (Mom)
MCG - Basketball	Gargle	Gargle	Wind Up Toy Kids (Kids)
MCG - Gym	Cyber Loot	Chocolatier	The Secret*
Sponge Bob Square Pants		MCG - Basketball	The Dragon Slayer*
Cyber Loot		MCG - Rest Home	Memories 1*
Mario		MCG - Gym	Memories 2*
		Loan Shark	Telephone TV*
		Cyber Loot	I Don't Know (Nese)*
			New Mother*
			Generation*

SOURCE: Dairy Management Inc. and the Fluid Milk Board. * Indicates advertising developed by California and used by State and Regional Organizations. "MCG," where used means Milk Carton Guy.

In addition to television advertising, the integrated program completed a full year of fluid milk print advertising through the got milk?[®]/ Milk Mustache campaign. The campaign used celebrity advertising in over 100 magazines, outdoor billboards, and other print vehicles to deliver messages on osteoporosis, growth, active/energy, bone health, and other important nutritional benefits of drinking milk. The Fluid Milk Act and Fluid Milk Order state that the advertising coverage in each of the Board's regions is to be proportionate to funds collected from each respective region. The integrated program used outdoor billboards and regional magazines to fulfill this requirement. **Table 1-5** contains a complete listing of the 2001 fluid milk print advertisements.

The integrated program also continued "Moment ads" that work around special events and create an awareness of milk. Such ads included two "Super Bowl" ads, "Survivor II" winner ad, and "Make a Wish" ad, which was done in partnership with the Make a Wish Foundation.

The integrated program also was able to generate media-driven promotions from the magazines that are used to extend the campaign. These promotions were created to add a consumption-driven element to the advertising program. Some successful promotions included the fifth annual "Mad About Milk" photo contest in Seventeen Magazine, "Milk Mustache Mobile ESPN Nationwide Search" in ESPN The Magazine, and the "Scholar Athlete Milk Mustache of the Year" (SAMMY) Award. The SAMMY program, which continues to grow each year, rewards teenagers for academic, civic, and athletic excellence while encouraging them to incorporate more milk into their active lifestyles. The winners receive a \$7,500 college scholarship and appear in a milk mustache ad in USA Today, Sports Illustrated, and ESPN The Magazine. SAMMY has become the largest event of its type in the country.

PROMOTIONS

The Fluid Milk Board and DMI conduct promotions to increase fluid milk sales in retail outlets. The promotions work to move more milk out of the grocery store refrigerator and to increase sales in other retail outlets such as convenience stores, independent grocery stores, drug stores, and mass merchandisers. Some of the promotions work with partners to increase the appeal of the program when appropriate. After carefully measuring the results of the numerous promotion strategies, promotion activity in 2001 focused on feature incentives – a promotion vehicle used to increase advertisements and displays of milk – and on-pack (cap) programs offering prizes directly to consumers to help drive incremental purchases.

The Fluid Milk Board and DMI conducted three national promotions. “Chocolate: The Wilder Side of Milk II” was the milk industry’s second national chocolate milk promotion designed to bring new consumers to the category and increase chocolate milk sales through feature advertisements and dairy aisle displays of chocolate milk. The March promotion leveraged the integrated milk marketing NBA partnership by providing special NBA/Chocolate Milk logo prizes. Over 1,600 retailers participated in the promotion representing over 28,000 stores.

The 5-week chocolate milk promotion surpassed the performance level of the 2000 event by generating increased sales of chocolate milk, white milk, and other flavored milk products. Chocolate milk sales increased more than 10% and weekly incremental sales of chocolate milk increased by 22% compared to data for 2000. Sales of white milk and flavored milk also increased during the March promotion period. Additionally, half of the consumers who purchased chocolate milk during the promotional period were new chocolate milk purchasers, and one-third of consumers continued to purchase chocolate milk at higher rates even after the promotion had ended. The promotion’s success is largely attributed to greater product availability and increased retailer participation. While the chocolate milk promotion was in stores, “The Slam Dunk Drink” cafeteria promotion was extended to 650 schools districts. The promotion, which promoted both chocolate and strawberry milk, reached 3.78 million middle and senior high school students and 4.62 million elementary school students.

The “Cyber Loot” national retail promotion was the second national cap promotion for the dairy industry. The integrated milk promotion included partners like America Online – which provided for an on-line game component – and Electronic Arts – a popular video game manufacturer. The promotion featured more than 300 million game pieces on white milk gallons and provided consumers a chance to win promotional discount coupons, free electronic games, and music cash certificates.

TABLE 1-5 2001 Fluid Milk Print Advertising

Celebrity	Target	Theme
Super Bowl (Trent Dilfer & Kerry Collins)	Men/Women/Teens	Active
Super Bowl (Trent Dilfer)	Men/Women/Teens	Active
Backstreet Boys	Teen Girls/Teen Boys	Osteoporosis
Britney Spears	Teens Girls/Teen Boys	Bone Growth
Cal Ripken, Jr.	Teen Boys/Men	Active
Carson Daly	Teen Girls/Teen Boys	Growth
Coaches (Joe Torres, Jeff Fisher, Pat Riley)	Men/Teen Boys	Active
Dixie Chicks	Moms/Women/Men	Strong Bones
Elton John	Women/Men	Osteoporosis
Erik Per Sullivan	Moms	Chocolate Milk
Kevin Garnett	Teen Boys	Bone Growth
Gisele Bundchen (English & Espanola)	Women/Men/Hispanics	Bone Growth
Jackie Chan	Men/Teen Boys	Bone Growth
Kurt Warner	Men/Teen Boys	Active
Marion Jones	Women/Teen Girls	Active
Marc Anthony	Teen Girls/Hispanics	Osteoporosis
Mat Hoffman	Teen Boys/Teen Girls	Chocolate Milk
Muhammed & Laila Ali	Women/Men	Active
Noah Wyle	Women	Bone Growth
Rulon Gardner	Kids/Men/Teen Boys	Active
Power Puff Girls	Kids/Teen Girls	Flavored Milk/Chocolate Milk
Ronald McDonald®	Moms/Kids/Hispanics	Bone Growth/Nutrient Package
Rugrats	Moms/Kids/Hispanics	Chocolate Milk
Sela Ward	Moms/Women	Osteoporosis/Bone Growth
Sponge Bob Square Pants	Teen Boys/Teen Girls Kids	Chocolate Milk
Super Mario	Moms/Kids	Bone Growth
Tony Meola	Teen Boys/Teen Girls	Active
Venus & Serena Williams	Women/Teen Girls	Active
Cyber Loot	Teens/Women	Promotional
Halloween Ad	Women/Men/Teens	Chocolate Milk
Pax Winner	Women	Osteoporosis
Santa Ad	Chocolate Milk	Women/Men/Teens
Survivor II Winner	Women/Men/Teens	Active

SOURCE: Fluid Milk Board.

The “Xtreme Flavors” back-to-school feature-incentive promotion, which featured all flavored milk products, was implemented in the fall 2001. Similar to the spring 2001 chocolate milk promotion, retailers were rewarded prizes for milk feature advertisements and dairy aisle displays of flavored milk products. The 5-week promotion was successful in generating a 22% increase in incremental flavored milk sales. The promotion also showed that flavored milk promotions do not negatively impact incremental sales of white milk gallons, which increased 6% compared to the pre-promotional event period. The promotion was also extended locally. With the participation of 1,000 school districts, it reached over 11 million elementary, middle, and high school students.

The Fluid Milk Board and DMI worked with State and regional organizations to get their promotions extended at the local level. Processors and Qualified Programs obtain the Fluid Milk Board's promotional, advertising, and public relations materials from the Processor Hotline at 1-800-945-MILK (6455). Additionally, a new milk reporting database was developed to provide both milk processors and State and regional representatives with valuable, timely information on milk promotion, sign-up compliance, and point-of-sale materials shipment confirmation. The database is located at www.milkstatus.com.

Additionally, a new computerized database called "CPG Network" was also developed as an additional tool to assist milk processors and State and regional organizations in tracking their milk sales. The database, developed through a partnership with Information Resources Inc., tracks sales and merchandising trends in supermarkets and super centers and includes key pricing, promotion, and new product information.

PUBLIC RELATIONS

The public relations programs continued to focus on the nutritional benefits of milk, emerging scientific studies which highlight milk's benefits, leveraging the high interest generated by the celebrities and the got milk?[®] / Milk Mustache campaign, and preparing for and responding to misconceptions and negative news about milk or the educational campaign. A wide variety of initiatives were implemented to reach specific target audiences. During 2001, over 1.87 billion media impressions were garnered through the integrated public relations program. The program also provided support for three national retail promotions by helping to build public awareness and increase retailer participation.

In January 2001, the Fluid Milk Board and DMI launched the "got milk?[®] 3v3 Soccer Shootout Tour" to remind American families about the importance of drinking milk for an active lifestyle and to position milk as nature's sports drink with nine essential vitamins and minerals including calcium and protein. The 4-month tour, which visited 43 cities nationwide, provided individuals the opportunity to win \$1 million through an interactive soccer game. The tour was launched at a Sports Nutrition Summit at Disney's Wide World of Sports[™], where a new Sports Nutrition Food Guide Pyramid was unveiled. The new pyramid promotes three to four servings of milk or dairy products every day as an important component of a healthy diet. Trainers, nutritionists, pediatricians, and athletes were also available at the event to provide health, nutrition, and fitness advice.

The "Chocolate Milk Mustache Mobile Taste Sensation Tour" educated Americans about the nutritional and taste benefits of chocolate and other flavored milk. Kids and their parents were encouraged to drink at least 3 glasses of milk each day to promote bone growth and to help protect against osteoporosis later in life. The 98-city tour provided a computer-based health assessment for adults that tested their bone density, a "calcium challenge" quiz on new interactive computer kiosks, and a milk mustache photo contest. Additionally, fitness experts assisted registered dietitians in conducting health consultations with consumers and in offering nutrition and fitness advice. Year 2001 was the fourth year of the tour.

The Fluid Milk Board and DMI's "School Principal Challenge" provided teens and parents with information on the vital role that calcium in milk plays during the prime bone-building years of teens. The program was launched at the National Association of School Principals Conference with a "Calcium Commitment" pledge adopted by school principals in attendance. As part of the campaign, dairy producer and processor promotion staff hosted a booth at the National Association of Secondary School Principals Annual Convention. The more than 4,000 high school principals in attendance were provided nutrition information kits with helpful tips for promoting better health and milk consumption at their schools.

The Fluid Milk Board and DMI also launched a new lactose intolerance initiative with emphasis on minority outreach to offer simple ways for consumers to include milk and dairy products in their diets.

Brochures and other information on milk were made available to consumers through the website www.whymilk.com.

STRATEGIC THINKING

The Fluid Milk Strategic Thinking Initiative (FMSTI) is a joint effort of the Fluid Milk Board, DMI, the Milk Industry Foundation, processors, and suppliers. This ongoing effort was established to address barriers to fluid milk consumption not targeted by the advertising, promotion, and public relations activities of the Fluid Milk Board and DMI. In 1998, the Task Force began a series of research projects on how to improve fluid milk sales in five priority areas including vending, home-meal replacement, nutraceuticals, convenience stores, and foodservice. The FMSTI is focusing on increasing and expanding the availability of milk in these marketing channels. The results of research released during 2001 are discussed below.

Initial vending research has identified opportunities for increased milk sales through vending machines. The Fluid Milk Board and DMI partnered with Maytag Commercial Solutions to place 100 milk vending machines in middle and high schools in five markets across the United States. The 5-month milk vending test was conducted to determine whether school vending is a viable business opportunity for processors. The test measured the velocity of sales to determine the demand, sales, and profit potential of vending machines placed in schools. The milk vending test revealed a strong interest from students and a promising new market opportunity for the milk industry. The study proposes that if school milk vending were widespread, it could potentially increase school milk consumption by 131 million single-serve units per year. Milk vending provides an immediate sales and profit opportunity for processors and provides an additional out-of-home consumption channel to market single-serve fluid milk products to teens.

Also released in mid-2001 was a comprehensive three-part nutraceuticals report which identified possible functional food opportunities that exist for fluid milk products. The report revealed 12 ingredients that potentially could be added to milk to create milk-based functional food products. Functional foods are

foods that provide certain health benefits beyond basic nutrition. Results from this research can be used to assist processors in developing fluid-milk based nutraceutical products. Phase two of the study, which begins in 2002, will explore consumer acceptance of the fortification concepts identified in phase one.

FMSTI currently is conducting a new market test in foodservice to develop proven ways to increase foodservice channel milk sales. An advisory board of milk processors, food service distributors, and restaurant operators has been comprised. The test is structured to address a number of questions relating to the marketability of milk in the food service channel. A report of the test results should be available in 2002.

SCHOOL MARKETING

The National Dairy Council® (www.nationaldairycouncil.org), whose programs are managed by DMI, works with school foodservice professionals and teachers to raise student awareness of the importance of having milk and dairy products as a part of a healthy lifestyle. As noted earlier in the promotions section, several integrated milk programs were extended into schools through school foodservice professionals using posters and other tie-in activities. For example, as a part of the “Chocolate: The Wilder Side of Milk II” retail promotion, the National Dairy Council® and the American Dairy Association® successfully implemented “The Slam Dunk Drink” cafeteria promotion in 650 school districts. The promotion, which promoted both chocolate and strawberry milk, reached 3.78 million middle and senior high school students and 4.62 million elementary school students.

Another successful tie-in activity included the “Xtreme Flavors” back-to-school feature-incentive promotion. This promotion featured all flavored milk products and was implemented in the fall 2001. The National Dairy Council® and the American Dairy Association® were able to garner support and participation from over 1,000 school districts (over 21,000 schools), and it reached over 11 million elementary, middle, and high school students.

Reaching kids through the classroom with various programs continues to be the focus of nutrition education efforts. “Pyramid Café®” and “Pyramid Explorations™,” targeted to second and fourth grades, reach over 12 million students with messages that milk and dairy products are a key part of a healthy diet. Survey results continue to show a very high utilization rate for these two programs, currently at over 70% of the instructors that have the programs. In addition, 10 lessons featuring Chef Combo were adapted for use on the Nutrition Explorations website, that had 90,219 visitors during 2001, an average of 7,500 visitors per month.

Combined websites www.familyfoodzone.com and www.nutritionexplorations.org continue to deliver valuable resources to teachers, school foodservice professionals, and consumers. The site includes lesson plans for educators, resources for school foodservice directors, ideas for smart eating for families, and fun activities for kids. In 2001, www.nutritionexplorations.org delivered over 70,000 lesson plans,

3 million dairy impressions, and also received another World Wide Web Health Award. The World Wide Web Health Awards, organized by the Health Information Resource Center, recognizes the best health-related web sites for consumers and professionals each year. This site has won the award every year since 1999.

OTHER RESEARCH

2001 milk-related nutrition and product research was conducted in the following areas:

1. The role of milk and milk products in the prevention of colon cancer and reduction of blood pressure.
2. Establishing the genetic basis for the activity of probiotic cultures.
3. Demonstration of milk consumption by teens to meet their calcium needs without adversely affecting weight.
4. The role of milk and calcium in the diet of kids and moms.
5. Investigation of added value of fortification through the use of probiotics, nutraceuticals, nutrient delivery, and flavor enhancement.
6. Extended shelf life and shelf stability at ambient temperatures.
7. The impact of differing milk options and experiences in schools on childhood fluid milk consumption behavior and attitudes.