

CHAPTER 1

THE DAIRY PROMOTION PROGRAMS

In 2002, 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 fourth year in 2002.

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 1 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 listed in **Appendix A-1**. A map of the contiguous 48 States depicting the 13 geographic regions is shown in **Appendix B-1**.

Total Dairy Board actual revenue for 2002 was \$86.7 million (includes assessments and interest). This amount was more than the Dairy Board budget of \$85 million for that period. The Dairy Board revised budget for 2003 projects total revenue of \$94.3 million from domestic assessments, import 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 2000–2002 is provided in **Appendix C-1**. USDA's oversight and evaluation expenses for 2000–2002 are listed in **Appendix C-2**. **Appendix C-3** displays the Dairy Board's approved budgets and a comparison of program funding by function for 2001–2003. An independent auditor's report for 2002 is provided 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 60 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 topics 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.

From its inception, the DMI Board of Directors 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 (77) now comprises all Dairy Board (36) and all UDIA Board (41) 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 November 2001, both boards approved the 2002 unified dairy promotion plan budget and national implementation programs. The 2002 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 2002, DMI continued to host dairy director regional planning forums across the country to review and develop marketing strategies for development of the 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 2002 forums, dairy directors across the country continued to endorse promotion's long-term unified marketing plan, which for fluid milk focuses on young children and the mothers of those young children and for cheese focuses on adult segments called cheese "Cravers" and "Enhancers." Replacing the previous years' national dairy director forum, DMI staff visited local dairy director board meetings to gather input and present possible strategies for future programming. These meetings resulted in dairy director input and direction to continue to (a) emphasize programs with less reliance upon television advertising; (b) emphasize continuance of successful foodservice and retail activities; (c) highlight the need for heavier focus on kids and school milk problems; (d) stress more focus on industry partnerships; and (e) emphasize a stronger, more proactive image protection of dairy products. Combined 2002 spending for the unified dairy promotion plan totaled more than \$259 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. The dairy farmer organizations have now turned their attention toward developing a new strategic direction for the unified dairy promotion plan.

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. The Joint Industry Partnering Committee and the Joint Evaluation Committee continued to operate in 2002. During 2002, the Dairy Board and UDIA Board met jointly five times.

The following information describes the activities for each program committee during 2002. **Appendix E-1** contains the DMI and Dairy Board contracts for projects reviewed by USDA during 2002.

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. **Table 1-1** contains a listing of DMI's 2002 cheese advertising executions.

TABLE 1-1 2002 Dairy Management Inc. Cheese Advertising

<u>Television</u>	<u>Print</u>
Say When	Crackers
Chef	Kitchen
Party's Over	Fishing
Moon	Holiday
Santa	Artichoke*
	Peppers*
	Chicken & Cheese*

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 percent 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**. In July 2002, DMI announced its second annual Cheese Advisory Panel (CAP), comprised of six up-and-coming chefs from around the country, to spotlight American cow's milk cheeses. CAP members participated in a series of activities aimed at increasing awareness of high-quality American cheese and cheesemakers.

DMI also worked closely with top national restaurant chains, including Taco Bell[®], Pizza Hut[®], and Wendy's[®], to drive cheese volume and ensure that cheese was prominently featured in menu items. For example, DMI staff assisted Taco Bell[®] with consumer research and trend data to demonstrate the value and appeal that three cheeses would deliver to Quesadilla consumers. As a result, Taco Bell[®] developed and launched a new *Steak Quesadilla* item, which featured a blend of Cheddar, Pepper Jack, and Mozzarella cheeses. The item used an average of eight times more cheese than other items on their menu. Taco Bell[®] used television, print, the Internet, and in-store advertising to support the promotion. Also, DMI worked with Pizza Hut[®], who declared summer 2002 the Summer of Cheese. The promotion, which ran for 12 weeks, featured the reintroduction of Stuffed Crust and Insider pizzas. The Summer of Cheese culminated with Pizza Hut's cheese usage increasing +4 percent during the promotion period and by 102 million pounds of cheese during the entire summer. And, for the fourth straight year, Wendy's[®] restaurant re-introduced its popular Cheddar Lovers' Bacon Cheeseburger sandwich. During the 4-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 1.5 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 2002 that leveraged the continued success of the “Ahh, the power of Cheese” advertising campaign. Cheese publicity highlights included “America’s Greatest Cheese Lover Search” and “World Class American Cheeses.” “Americas Greatest Cheese Lover Search” featured a nationwide search for America’s greatest cheese lover and most romantic cheese recipes. Entrants were asked to create an original recipe featuring American-made cow’s milk cheese and describe how cheese has inspired romance in their lives. The grand prize winner submitted a recipe that featured Cheddar and Monterey Jack melted over fresh apples and pears, topped with spicy pepper jelly and brown sugar. The winner will be featured in a 2003 “Ahh, the power of Cheese” print advertisement and receive a trip for two to Vermont cheese country. “World Class American Cheeses” focused on public relations activities highlighting the rise of American-made cheeses and international recognition at recent competitions. The program also emphasized that many great American cheeses compare to other international cheeses in taste, quality and beauty, and educates consumers about the various nuances and complexities of different American-made, cow’s milk cheeses. There were 49 American cow’s milk winners at the 2002 World Championship Cheese Contest Awards, nearly one-third more than in 2000.

Also in 2002, website www.ilovecheese.com continued to add several new features aimed at triggering cheese lovers’ craving for cheese. Cheese Chatter, a free, monthly e-newsletter about current cheese news, recipes and savings for cheese lovers, was sent to all www.ilovecheese.com chatter subscribers. The website continued to post high traffic numbers throughout the entire year. “Virtual Cheese Case,” which supplies detailed information about domestic cow’s milk cheeses, had several new additions. Also, the interactive “Cheese Profiler Survey” continues to assist website visitors in determining which cheeses best fit their lifestyle and suggests meal combinations and recipes.

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 fifth year, DMI continued its “Dairy Ambassadors” program, which uses a group of board members who are also dairy producers to deliver consistent messages about the dairy promotion program to 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 retail butter promotion activities with the California Milk Advisory Board in 2002. This effort helped to drive incremental retail butter sales in several markets across the Western U.S.

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 endorsed continuation of dairy director regional planning forums in 2003. The 2002 local dairy director meetings were a success. Select DMI staff members attended local board meetings all across the country, soliciting input from dairy farmers to share ideas and thoughts about future dairy promotion activities. The meetings proved 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 industrywide 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.

The Dairy Confidence Campaign, designed and initiated in 2001 to enhance existing dairy image and issues management programs, continued in 2002. Important 2002 accomplishments included completion of an industrywide crisis communications and preparedness plan to address a potential animal disease outbreak in the United States and completion of a new Foot and Mouth Disease Brochure. The brochure's development was a joint undertaking with the U.S. Dairy Export Council, National Milk Producers Federation, International Dairy Foods Association, and was developed in cooperation with USDA's Animal and Plant Health Inspection Service. Other support activities of the Dairy Confidence Campaign included completion of the web site for producers and consumers in the event of an emergency. Also, research was conducted to better understand consumer perceptions and concerns regarding animal health and safety issues. The monthly publication "Dairy Dialogue" was sent 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 held 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 2002, USDEC received \$6.7 million from DMI; \$2.7 million from USDA's Market Access Program and the Foreign Market Development Program that support commodity groups in promotion of their commodities in foreign markets; and \$700 thousand from membership dues. USDEC began its seventh year of operation in 2002, and its total budget was \$10.4 million.

USDEC has offices in Mexico City, Tokyo, Seoul, Hong Kong, Shanghai, Bangkok, Taipei, London, and Sao Paulo. Overall exports to Mexico posted a slight decrease under 2001 levels, but whey protein, lactose, and ice cream showed the largest increases, which were up 22 percent, 10 percent, and 75 percent respectively. In Japan and Korea, dairy ingredients and cheese were highlighted in 2002 – whey protein exports were up 19 percent and 3 percent respectively and cheese 21 percent and 12 percent; in China, only whey proteins experienced significant growth, at 52 percent over 2001. In other Southeast Asian markets, lactose saw the largest gains at 30 percent, and cheese settled in at around 15 percent growth. Specific 2002 promotions, not unlike those of 2001, 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 2002 export data confirm that U.S. dairy product exports for the fourth year eclipsed the \$1 billion mark, and 84 percent of that total consisted of commercial, unsubsidized sales. Export volume, almost 9 billion pounds on a milk equivalent, total solids basis, represented just over 5 percent of total U.S. production in 2002. Total U.S. exports show a 3 percent increase in cheese and a 6 percent increase in whey proteins. All other export categories experienced declines.

Successful cheese programs in Mexico again focused on partnerships with Domino's Pizza, where USDEC's Mexico City office worked to add several new menu items, including "Cheesy Bread," an appetizer made with U.S. Cheddar cheese. The new appetizer program alone led to new cheese sales of 36 tons per week. In other ingredients, of note, the United States remains the world's leading single-country supplier of whey and lactose.

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.

Building upon their success in 2001, USDEC produced two additional monographs – Cheese Category Management and American Pizza—Traditions and Trends. The category management monograph for cheese is designed to educate retailers on cheese category management. It includes detailed information on category management, cheese consumers, and types of effective cheese merchandising. The American Pizza monograph includes information on popular styles and trends, cheese blending for profit, cheese trends, and individual cheese profiles. English-language versions of these and other valuable export information can be accessed at www.usdec.com. For 2003, 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 Web site 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 in which 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.

DMI’s Extraordinary Dairy Product Innovation/Research group hosted the 2002 Whey and Dry Milk Ingredients Forum to receive industry input on the direction of DMI’s national research plan and consider research to foster dairy industry innovation. Nearly 100 industry representatives, including ingredient suppliers, food manufacturers, and university researchers, provided feedback that will be integrated into a variety of tactics as part of the effort to increase awareness and usage of whey and dry milk ingredients.

Also, for the fourth 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 providing food science students with practical, marketable experience. The three prize categories include the Best Overall Product Award, the Product Marketability Award, and the Product Creativity Award. Winning entries were featured at the 2002 Institute of Food Technologists Food Expo. The winning products included: (1) a nutrient-enhanced yogurt-based drink, (2) a low-fat yogurt incorporating whey protein concentrate and nonfat dry milk, (3) a yogurt crisp, and (4) a French vanilla-flavored coffee creamer filling in a milk chocolate coating.

“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 Web site 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 addressing potential food safety concerns with certain perishable foods like meats or produce.

RESEARCH/NATIONAL DAIRY COUNCIL®

The National Dairy Council® (NDC), the nutrition marketing arm of DMI, has been the leader in dairy nutrition research, education, and communication since 1915. NDC provides timely, scientifically sound nutrition information to the media, physicians, dietitians, nurses, educators, consumers, and other health professionals.

In 2002, through a partnership with the American School Food Service Association®, the NDC conducted a year-long School Milk Pilot Test. The test was conducted to determine how milk needed to be enhanced to get students to choose it over other beverage options. The test encompassed 100,000 students from 146 schools in 18 districts in 12 U.S. markets. Some result highlights from the test included: (1) milk sales increased 18 percent overall—15 percent in elementary schools and 22 percent in secondary schools; (2) most (86 percent) of the increase came from the lunch line, with 14 percent coming from à la carte and vending sales; and (3) where the enhanced milk program was offered, more students participated in the National School Lunch Program. Some of the school milk enhancements in the test included

contemporary plastic packaging, a minimum of three flavor offerings, adjusted container sizes for specific age groups, and milk offered in three locations – lunch line, à la carte, and vending machines. DMI is working to implement the changes in school districts across the United States.

Also in 2002, the National Dairy Council® and the American Academy of Pediatrics® partnered on a new Discovery Health Channel Series called *Kids HealthWorks*. This 26-segment series is geared toward parents and care givers of children from birth to 12 years of age. The series included several nutrition-related segments, including four that highlight the importance of dairy products in children's diets: (1) Calcium Crisis, (2) Milk Myths and Role Modeling, (3) Obesity and Weight Management, and (4) From the Bottle to the Cup/Lactose Intolerance.

Additionally, the National Dairy Council® sponsored the Healthy Schools Summit (Summit). The event was produced with guidance and support from over 30 education, children's health, and nutrition organizations and took place on October 7 and 8, 2002, at the International Trade Center in Washington, DC. More than 500 leaders from health, education, nutrition, and physical activity fields convened at the Summit to address the critical role schools play in helping to curtail the food and activity behaviors that negatively affect student health and learning. Chaired by former U.S. Surgeon General David Satcher and First Lady Laura Bush, the Summit launched a nationwide Action for Healthy Kids initiative to inform, motivate, and mobilize schools, school districts, and States to chart a healthier course for the Nation's children and adolescents.

National Dairy Council®-funded dairy nutrition research highlights in 2002 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. 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 60 active programs is provided in **Appendix G**.

The aggregate revenue from the producers' 15-cent per hundredweight assessment directed to the Qualified Programs in 2002 was \$172 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 60 Active Qualified Programs to USDA

	2001 (in \$000's)	2002 (in \$000's)
INCOME		
Carryover From Previous Years	53,422 ¹	48,553 ¹
Producer Remittances	170,585	172,590
Payments Transferred From Other Qualified Programs ²	58,134	58,056
Payments Transferred to Other Qualified Programs ²	(60,437)	(55,744)
Other ³	<u>5,624</u>	<u>4,111</u>
Total Adjusted Annual Income	227,328	227,566
EXPENDITURES		
General and Administrative	7,727 [4.5%]	7,620 [4.4%]
Advertising and Sales Promotion	77,015 [45.3%]	78,709 [45.0%]
Unified Marketing Plan ⁴	50,362 [29.6%]	50,974 [29.2%]
Dairy Foods and Nutrition Research	4,859 [2.9%]	4,519 [2.5%]
Public and Industry Communications	11,314 [6.7%]	13,048 [7.5%]
Nutrition Education	15,077 [8.9%]	16,727 [9.5%]
Market and Economic Research	1,705 [1.0%]	1,382 [0.8%]
Other ⁵	<u>1,908 [1.1%]</u>	<u>1,878 [1.1%]</u>
Total Annual Expenditures	169,967 [100%]	174,857 [100%]
Total Available for Future Year Programs	57,361¹	52,709

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 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 60 active Qualified Programs to USDA.

TABLE 1-3 Aggregate Advertising Expenditures Data Reported by the 60 Active Qualified Programs to USDA

	2001 (in \$000's)	2002 (in \$000's)
ADVERTISING PROGRAMS		
Fluid Milk	19,740 [25.6%]	22,188 ¹ [28.2%]
Cheese	52,461 [68.1%]	52,318 ¹ [66.5%]
Butter	141 [0.2%]	134 [0.2%]
Frozen Dairy Products	656 [0.9%]	128 [0.1%]
Other ²	<u>4,017 [5.2%]</u>	<u>3,941 [5.0%]</u>
Total	77,015 [100%]	78,709¹ [100%]

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

² Includes "Real Seal," holiday, multiproduct, 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 60 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 2002 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 \$108.1 million in 2002. 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 2002, the amount returned to California from the assessments was approximately \$10.2 million. The California fluid milk processor promotion program uses the funds to continue its promotion activities, which include the "got milk?"[®] advertising campaign.

As a result of the Farm Security and Rural Investment Act of 2002, there were three principal changes to the Fluid Milk Order. These changes are discussed in the Order Amendments section of Chapter 2.

The actual income and expenses for 2000–2002 are provided 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 2000–2002 are detailed in **Appendix C-5**. **Appendix C-6** contains the Fluid Milk Board's approved budgets for 2001–2003. **Appendix D-2** contains an independent auditor's reports for the period of January 1, 2002, through December 31, 2002.

The following summarizes Fluid Milk Board medical and scientific activities for the period of January 1, 2002, through December 31, 2002. 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 ACTIVITIES

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 and health professional 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 communicate current and emerging research in areas such as bone health, obesity, type-2 diabetes and heart disease, and the vital role milk plays in the diet of Americans. These communications and activities all continue to highlight milk's nutritional profile, which includes nine essential vitamins and minerals.

New in 2002 was the Fluid Milk Board's development and launch of the "Good For You" campaign. The "Good For You" program's primary goal is to promote milk's nutritional benefits. The program leverages breaking research with relevance to milk and is supported with advertising and public relations. Two print advertisements were created under this campaign and are listed in **Table 1-6** in this chapter. The MAB was instrumental in the development of this campaign, as they reviewed and discussed many existing and emerging research studies on milk, and explored ways to leverage the information in public relations and advertising messages.

The Fluid Milk Board also continued its lactose intolerance initiatives that focus on educating African Americans on the importance of incorporating milk into their diet and why it should not be a barrier to including milk in the diet.

National Integrated Fluid Milk Program

The Fluid Milk Board and DMI continued during 2002 to implement an integrated fluid milk marketing plan which is research-based, message-focused, and jointly managed. The totally integrated fluid milk marketing effort marked its fourth year in 2002. The 2002 funding level totaled approximately \$136 million, with \$42 million from DMI and State and regional organizations and about \$94 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 2002 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 2002, the national 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 2002 integrated program activities for the Fluid Milk Board and DMI.

SPONSORSHIPS

In 2002, the national got milk?[®]/Milk Mustache Campaign continued leveraging a multiyear 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 active 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. Also, the "Milk House," a state-of-the art facility that hosts more than 40 Amateur Athletic Union national championships annually, remained the centerpiece arena of Disney's Wide World of Sports. The "Milk House" has got milk?[®] signage and milk mustache posters prominently positioned throughout the complex.

The Fluid Milk Board and DMI also continued their partnership with the National Basketball Association (NBA) during 2002 as part of a multiyear sponsorship. Through this sponsorship, the Fluid Milk Board and DMI have an additional mechanism to reach teens with sports nutrition and growth messages. For example, the NBA/got milk?[®] "Rookie of the Month" program featured monthly print advertisement with popular NBA stars highlighting the important nutrients that milk provides for active and growing bodies. The culmination of the program featured presentation of the 2002 NBA/got milk?[®] Rookie of the Year award to Pau Gasol. Gasol was also featured in the Rookie of the Year print advertisement. The year's complete winners list is in **Table 1-5**. In addition to these efforts, the NBA/got milk?[®] Rookie All-Star game and the NBA/got milk?[®] Rookie Challenge were big hits during the 2002 NBA All-Star Weekend activities.

ADVERTISING

The Fluid Milk Board and DMI integrated advertising program consists of television, print, and radio advertising as well as media-driven promotions. The Fluid Milk Board advertisements highlight specific, relevant, health-benefit messages about milk and its nutrient content, while media-driven promotions serve to extend the advertising campaign. DMI advertisements target kids and mothers with young children, and focus on making milk “fun” and a “want to have beverage” by kids.

During 2002, a new national chocolate milk television advertising campaign was developed and launched. 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 “Shake Stuff Up” campaign, which featured commercials “Fragile,” “Stereo,” and “Rescue,” communicate the unique taste of chocolate milk and remind teens how much they love the product. The advertisements feature teens shaking chocolate milk in unusual ways and having “fun” with chocolate milk to demonstrate the lengths to which teens will go to get it. The chocolate milk advertising campaign builds on the growing popularity of flavored milk products. “Chocolatier” and “Gargle,” which were created in 2001, continued to air in 2002.

The national Hispanic advertising campaign continued as part of industry outreach to the growing Hispanic market. Prior to creativity concept development and testing, extensive research was conducted on Hispanic mom and teen audiences to gain knowledge to assist in developing several concepts. The commercials entitled “Behind” (two versions with chocolate and white milk) focus on the nutrient package of milk. Both ads feature moms with happy, active kids playing sports and enjoying friends and family. The advertisements’ tagline “*Mas leche, Mas logro*” (More milk, More achievement) reminds moms of milk’s nutrients and the benefits of serving both white and flavored milk to their families. There were also Hispanic print advertisements, featuring celebrity Itati Cantoral and everyday Hispanic moms, such as the “Diva Mom Contest” winner, Esperanza Barraza, to bring milk’s nutrient message to the Hispanic audience.

In addition, other television and print advertising continued to promote fluid milk. Television commercials “Bounce” and “Pants,” which targeted the teen and kid audiences with health-benefit messages, were developed and launched in 2002. “Substitute Teacher” and “Tug of War” continued to run during 2002. Of note, Nickelodeon and Cartoon Network produced several value-added milk-focused print and television advertisement featuring several “kid-popular” cartoon characters as part of the Fluid Milk Board and DMI’s overall media purchases. Nickelodeon produced a “Jimmy Neutron - Boy Genius” print and television advertisement, and a Wild Thornberry’s television commercial. Cartoon Network produced “Powerpuff Girls” television commercial.

Targeting mothers with young children, the new “Celebrity Ode to Mom” radio campaign launched in March 2002 with country singer Wynonna Judd and Rhythm & Blues star Aaron Neville giving thanks to their moms for giving them milk as children. The radio advertisements featured thirty second radio commercials, all with the “Ode to Mom” theme, and were sung in each of their respective musical styles. Ray Charles, Aretha Franklin, and Carlos Ponce (English and Hispanic versions) “Ode to Mom” radio commercials also aired in 2002.

Table 1-4 provides a complete listing of the print advertising. **Table 1-5** provides a complete listing by target audience of the 2002 fluid milk television advertising. **Table 1-6** lists other advertisements such as contests, awards, and “Moment” advertisements.

TABLE 1-4 Fluid Milk Print Advertising, 2002

<u>Celebrity</u>	<u>Target</u>	<u>Theme</u>
NBA Rookies of the Month		
2001 Dec. Brendan Haywood/Shane Battier	Teen Boys	Active
2002 Jan. Richard Jefferson/Pau Gasol	Teen Boys	Active
2002 Feb. Tenton Hassell/Jason Richardson	Teen Boys	Active
2002 Mar. Jamaal Tinsley/Pau Gasol	Teen Boys	Active
2002 Apr. Zeljiko Rebraca/Gilbert Arenas	Teen Boys	Active
2002 Nov. Drew Gooden/Caron Butler	Teen Boys	Active
NBA Rookie of the Year 2002		
Pau Gasol	Teen Boys	Active
Super Bowl Moment Ads		
Opposing Quarterbacks-Tom Brady & Kurt Warner	Men/Women/Teens	Active
Winning Quarterback-Tom Brady	Men/Women/Teens	Active
Alfred E. Neuman	Teen Boys	Strong Bones
Andie MacDowell	Women	Beauty
Andre Agassi & Mom	Women	Active
Clint Black	Women	Active
Carson Daly	Teen Girls	Bone Growth
Cirque du Soleil	Women	Osteoporosis
Elton John	Women/Men	Osteoporosis
Gisele (English and Espanol Versions)	Women	Strong Bones
Jason Kidd	Teen Boys	Active
Jessica Alba	Teens	Bone Growth
Joe Rogan	Teens	Chocolate Milk
Kevin Garnett	Teen Boys	Active
Kim Cattrall	Women	Osteoporosis
Lili Estefan	Moms/Kids/Hispanic	Bone Growth
Mandy Moore	Teen Girls	Bone Growth
Marion Jones	Women	Active
Mat Hoffman	Teen Boys	Chocolate Milk
Nelly	Teens	Active
Patricia Heaton & Mom	Moms/Women	Chocolate Milk
Scrubs	Women	Strong Bones
Steven Tyler	Women	Strong Bones
Tom Brady	Men/Women/Teens	Active
Zhang Ziyi	Teens	Active

SOURCE: Fluid Milk Board and DMI.

TABLE 1-5 Fluid Milk Television Advertising, 2002

<u>Kids Television</u>	<u>Teens Television</u>	<u>Adult Television</u>	<u>Hispanic Television</u>
Chocolatier	Chocolatier	Chocolatier	Behind (white milk)
Gargle	Gargle	Gargle	Behind (flavored milk)
Fun	Fun	Tug of War	
Tug of War	Tug of War	Rescue	
Bounce	Bounce		
Pants	Pants		
Substitute Teacher	Fragile		
Powerpuff Girls	Stereo		
Jimmy Neutron	Substitute Teacher		
Wild Thornberry's			

SOURCE: Fluid Milk Board and Dairy Management Inc.

TABLE 1-6 Fluid Milk: Other Advertising, 2002

<u>Advertisements/Contests</u>	<u>Target</u>	<u>Theme</u>
Calcium Summit	Women	Moment Ad
Hispanic Diva Mom Contest	Hispanic	Contest and Winner
ESPN/Hometown Rookie (2)	Teens	Contest and Winner
Journal of the American Dietetic Association	Women	Good For You
Journal of the American Medical Association	Women	Good For You
3v3 Soccer Shootout Tour – Ultimate Soccer Mom	Women	Contest and Winner
Scholar Athlete Milk Mustache of the Year 2002	Teens	Winners
Scholar Athlete Milk Mustache of the Year 2003	Teens	Entry Announcement
Seventeen/Mad About Milk (2)	Teen Girls	Contest and Winner
Star Mom	Hispanic	Contest
Teen People – Got Talent?/Get Tickets! (2)	Teens	Contest and Winner
Uncle Sam	Women	Moment Ad
YM/Kickin it with Milk (2)	Teen Girls	Contest and Winner
<u>Outdoor Advertising</u>	<u>Target</u>	<u>Theme</u>
Cal Ripkin, Jr.	Teens	Active
Cirque du Soleil	Women	Osteoporosis
Dixie Chicks	Moms/Women/Men	Strong Bones
Jackie Chan	Women/Moms/Kids/Teens	Strong Bones
Kevin Garnett	Teens	Active
Lili Estefan	Moms/Kids/Hispanic	Bone Growth
Marc Anthony	Moms/Teens/Men/Hispanic	Strong bones
Ronald McDonald	Teens/Kids/Hispanic	Growth
Rulon Gardner	Women/Moms/Men	Active
Steven Tyler	Women	Strong Bones
Tony Meola	Teens	Active

SOURCE: Fluid Milk Board and Dairy Management Inc. Note: (2) indicates two print advertisement executions.

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 in 2001, promotion activity in 2002 focused on feature incentives—a promotion vehicle used to increase advertisements and displays of milk—and programs offering prizes directly to consumers to help drive incremental purchases.

The Fluid Milk Board and DMI conducted three national promotions. “Nothin’ But Flavor” was designed to bring new consumers to the category and increase chocolate milk sales through feature advertisements and dairy aisle displays of flavored milk. The spring promotion, held during the months of February and March, leveraged the integrated milk marketing NBA partnership by providing special National Basketball Association (NBA)/Chocolate Milk logo prizes. Over 1,330 retailers participated in the promotion, representing over 23,697 stores. The 5-week chocolate milk promotion surpassed the performance level of the 2001 event by generating increased sales of flavored milk products. Flavored milk sales increased 10.8 percent during the promotion and 4.6 percent thereafter, when compared to pre-promotional periods. As in the previous year’s promotions, this success is attributed largely to greater product availability and increased retailer participation.

The “Full Chill Flavor” contest was a national promotion partnership with Music Television (MTV) and targeted the teen audience. It featured an on-line contest entitled “Summer Beach House Trivia” at www.mtv.com, where viewers had to answer questions about specific segments of the MTV channel on-line. The winner was awarded a trip to the MTV Summer Beach House. During the promotion, flavored milk sales increased 4 percent and continued with a sustained 0.4 percent increase after the promotion ended.

Capitalizing on the summer 2002 blockbuster movie “Spider-Man,” the milk industry partnered with Kellogg’s and Sony Pictures to create a milk and cereal retail promotion. The promotion’s two main goals were to drive incremental white gallon volume and increase in-store visibility of milk with Point-of-Sale and Near-Pack Coverage materials. The promotion offer invited consumers to “Buy 2 gallons of milk and 2 boxes of specially marked Kellogg’s cereal” and receive a one-of-a-kind Spider-Man Movie PC Game. To help support the promotion, 15-second radio tags were created and added to the “Ode to Mom” radio advertising, and a 10-second television tag was added to two of the kid television spots running on Nickelodeon and Cartoon Network during the month of April. Final Spider-Man PC Game fulfillment figures indicated that more than 610,000 consumers took advantage of the mail-in offer and that the promotion created 4.2 million gallons of incremental purchases.

PUBLIC RELATIONS

The public relations programs continued to focus on the nutritional benefits of milk, emerging scientific studies that 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 2002, over 1 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 2002, the Fluid Milk Board and DMI launched the 2002 "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 visited 50 cities nationwide. The theme for this year's tour was the nationwide search for the "Ultimate Soccer Mom." Kids had the opportunity to nominate their moms at each tour stop and at www.whymilk.com. The winning mom, Tammy Bristow, received a new minivan, appeared in a Milk Mustache print advertisement, and was given a trip to Walt Disney World along with her entire family.

For the fifth consecutive year, the Milk Mustache Mobile Tour also made its way around the United States. The "Milk Rules! Road Trip" ran from March through October 2002 and covered 100 cities nationwide. This year's theme was rock music, and the tour comprised the majority of the grassroots marketing program, focused on flavored milk, and targeted teens under 18. The tour featured a partnership with MTV and *Rolling Stone* magazine and offered teens the chance to participate in events and win prizes. One of the winners received a behind-the-scenes trip to MTV studios in New York to co-produce an episode of the show's popular Total Request Live. Another highlight included the Great Soda Swap Station, which promoted flavored milk in single-serve containers and encouraged teens to trade in their sodas for the more nutritious milk. Teens were given the opportunity to sample various flavored milk from local processors. The tour also included a "Be a got milk? Rock Star" photo contest. The winner received a chance to pose for a got milk? ad in *Rolling Stone* magazine.

The Fluid Milk Board and DMI, partnering with Mott's Applesauce, launched the "Mix it With Milk" public relations program, targeting kids ages 6–12 and moms. The multiyear program aims to make milk a "want-to-have" beverage for kids, help moms make milk fun for kids to drink and motivate kids and moms to choose milk more often by involving kids with milk in a fun and creative way. As an added-value promotion opportunity, Mott's contributed more than \$2 million to a 3-month promotion effort by sponsoring the "Mix it With Milk and Mott's" contest. The contest encouraged kids to invent "fun" milk drinks consisting of one glass of milk, ½ cup of Mott's Apple Sauce or Mott's Fruitsations, and any other ingredient such as flavored syrup or cookie crumbs. The winner received a \$5,000 college scholarship and a trip to the "Big Apple" (New York City).

Brochures and other information on milk were made available to consumers through Web site 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 2002 follow.

As part of the ongoing three-part foodservice study, the FMSTI's research revealed that restaurant patrons want milk with their meals. The study was part of a plan to identify ways to sell more milk in all facets of the restaurant arena, including quick-serve, mid-scale, and upscale restaurants as well as office cafeterias. Part of the study explored consumer perceptions, such as the freshness or coldness of milk served in restaurants. The study revealed that customers had more positive reactions to milk served in single-serve, branded, plastic packaging.

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 in 2001, several integrated milk programs were extended into schools through school foodservice professionals using posters and other tie-in activities.

A very successful 2002 school promotion was "Milk – The All-American Drink." This promotion was implemented in more than 34,000 schools across the country and included cafeteria kits that featured posters, backpack tags for students, and other exciting tools for foodservice directors to use in actively promoting milk consumption. More importantly, two classroom lesson components were included in the kits sent to middle schools. In the first lesson, "Take Interest in Strong Bones," students were challenged to become aware of how their perceptions of Milk Group Foods intake compare with their actual consumption. The second lesson, "All-American Choices in the Cafeteria" stressed the need for Milk Group foods in students' daily diets. Many school foodservice directors and teachers commented that they were very pleased at the positive promotion of milk beverages in schools.

Another successful school marketing activity is the Expanding Breakfast Program, which is aimed at increasing school milk consumption. Current program estimates indicate 4.6 million additional half-pints of milk were consumed through mid-2002. The program offers alternatives to the traditional school breakfast program like “grab-n-go” meals and breakfast in the classroom options.

Reaching kids through the classroom with various programs continues to be the focus of nutrition education efforts. “Pyramid Cafe®” 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 percent of the instructors that have the programs.

On January 17, 2002, the National Dairy Council® and the Fluid Milk Board jointly sponsored Calcium Summit II – “Agenda for Action: Reaching and Teaching America’s Youth.” This summit was a follow up to the 1999 first-ever Calcium Summit, which was designed to create awareness of the calcium deficiency problem among the general U.S. population. Calcium Summit II focused on America’s youth and on moving from awareness to solutions. Representatives from 44 health organization and Government groups signed on as “Coalition Participants” to support the Summit’s mission. More than 150 representatives of the 44 health organization and Government groups attended the event, which was held in Washington, DC.

Combined Web sites 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 2002, www.nutritionexplorations.org delivered more than 70,000 lesson plans and 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, recognize the best health-related Web sites for consumers and professionals each year. This site has won the award every year since 1999.

OTHER RESEARCH

2002 milk-related nutrition and product research was continued 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 contribution of dairy’s nutrient package in the development and maintenance of strong bones.
5. Investigation of added value of fortification through the use of probiotics, nutraceuticals, nutrient delivery, and flavor enhancement.
6. The impact of differing milk options and experiences in schools on childhood fluid milk consumption behavior and attitudes.