
**TWENTY-SIXTH
SOUTHERN DAIRY CONFERENCE**

**“Change In Milk and Cheese Promotion
In the South”**

COVER THIS MORNING:

- ◆ South In Perspective
- ◆ Program Overview
- ◆ Changes
- ◆ Sales Summary

PRODUCER/PROCESSOR-FUNDED PROMOTION IS BIG BUSINESS!

◆ Producer \$*

Local 10¢/cwt = \$155,330M

NDB 5¢/cwt = 77,675M

\$232,995M

◆ Processor \$*

100,000M

 TOTAL \$333MM!

*1998

PRODUCER-FUNDED PROMOTION IS BIG BUSINESS!

◆ Promotion in the South is:

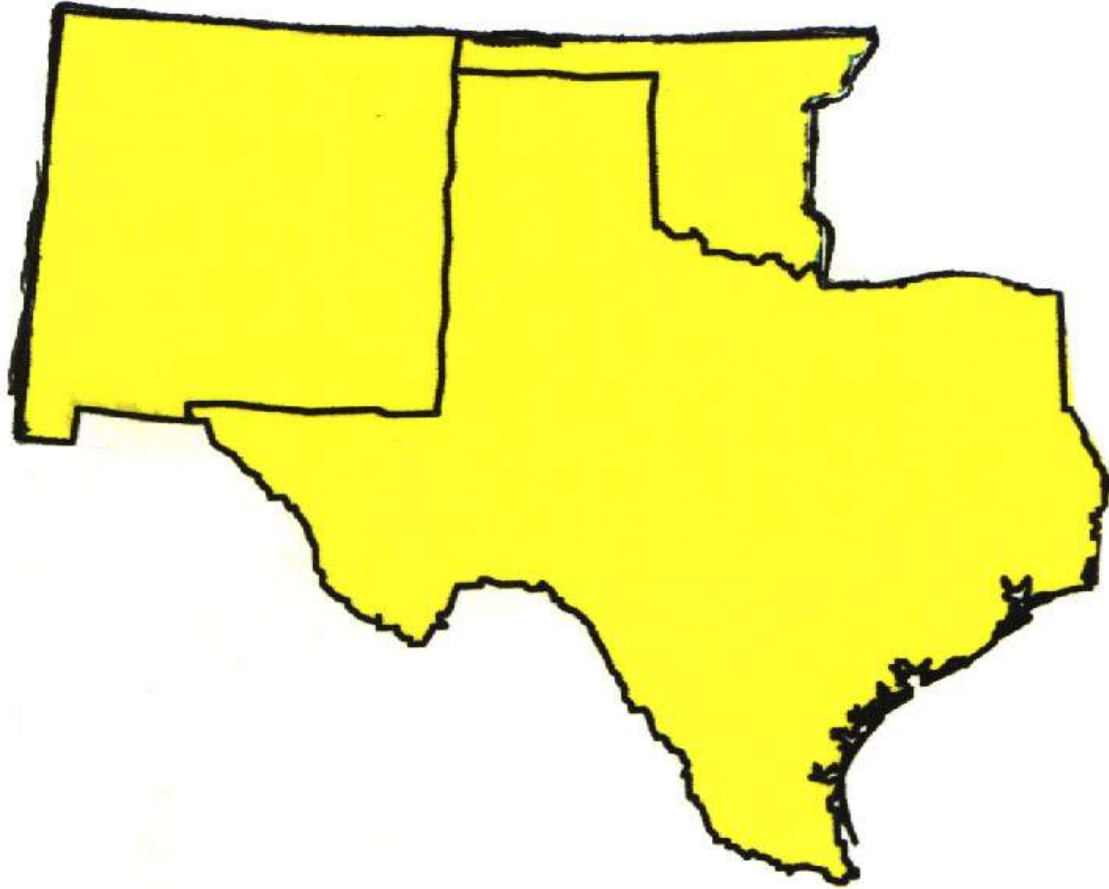
▶ DAIRY MAX

▶ DAIRY FARMERS, INC.

▶ LA DAIRY INDUSTRY PROMOTION BOARD

▶ SOUTHEAST UNITED DAIRY INDUSTRY ASSOCIATION

DAIRY MAX



LOUISIANA DAIRY INDUSTRY PROMOTION BOARD



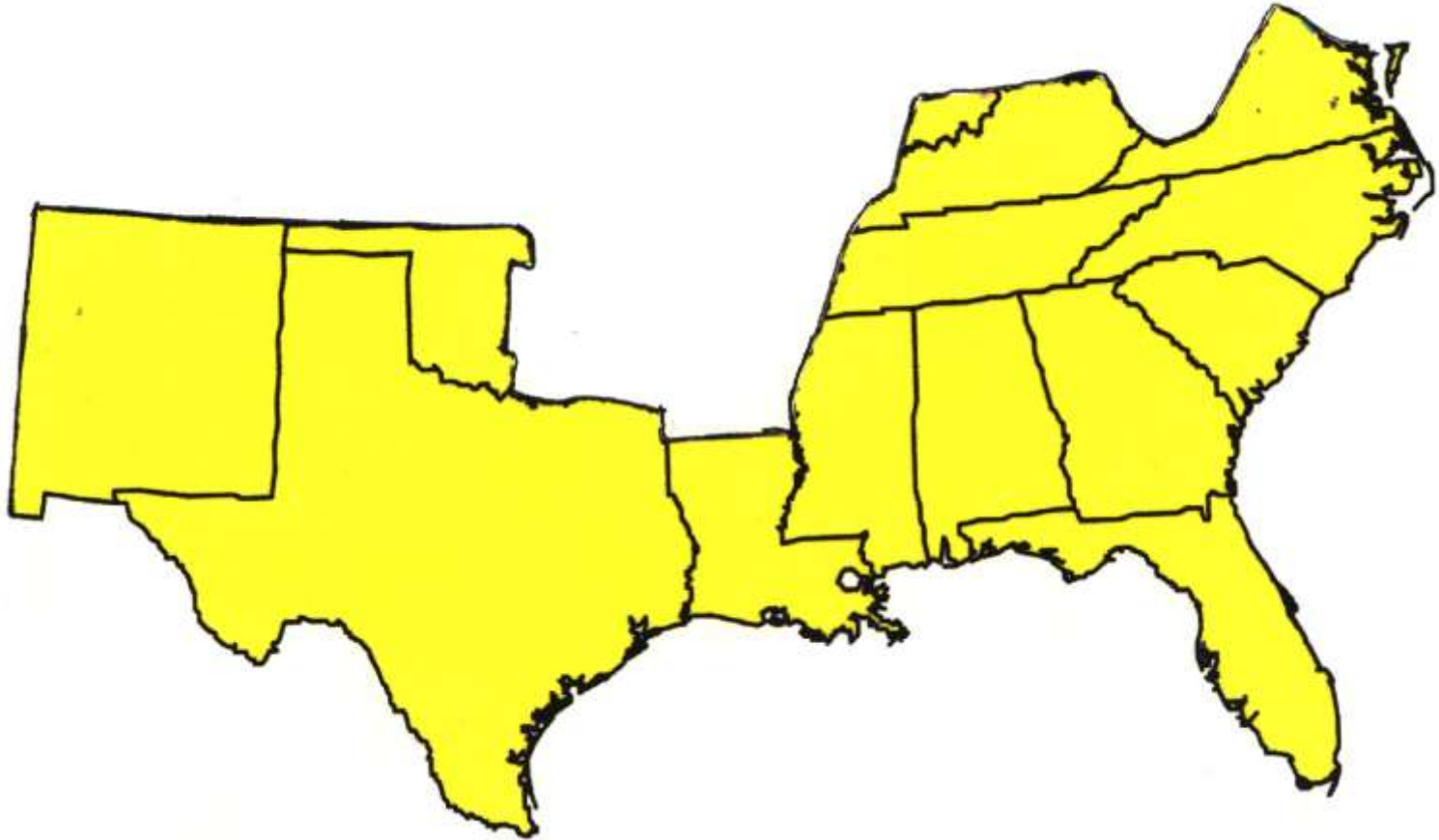
DAIRY FARMERS, INC.



SOUTHEAST UNITED DAIRY INDUSTRY ASSOCIATION



SOUTHERN REGION



PRODUCER INVESTMENT* IN PROMOTION IS VERY BIG!

| | |
|--|----------------------------|
| ◆ DAIRY MAX | \$7,561,000 |
| ◆ DAIRY FARMERS, INC. | \$2,261,000 |
| ◆ LA DAIRY INDUSTRY PROMOTION BOARD | \$ 861,000 |
| ◆ SUDIA | <u>\$9,963,000</u> |
| TOTAL @ 10¢/cwt | \$20,646,000 |
| @ 5¢/cwt | <u>\$10,323,000</u> |
| GRAND TOTAL | <u><u>\$30,969,000</u></u> |

13% of U.S.!

*1998 Reported Expenditures

CONSUMER MARKET IN THE SOUTH IS VERY BIG! Population (000)

| | |
|-------------------------------------|---------------|
| ◆ Dairy MAX | 27,363 |
| ◆ Dairy Farmers, Inc. | 15,570 |
| ◆ LA Dairy Industry Promotion Board | 4,895 |
| ◆ SUDIA | <u>44,951</u> |
| <hr/> TOTAL | 92,779 |

35% of U.S.!
(22.3¢/capita)

PROMOTION PROGRAM IN REGION IS VERY BIG!

◆ Communications

- ▶ Consumer
- ▶ Industry

◆ Nutrition Marketing

- ▶ Schools
- ▶ Health Community

PROMOTION PROGRAM IN REGION IS VERY BIG!

◆ Retail

■ In-store Promotions

→ “Fame Game”

→ Chocolate: The Wilder Side
of Milk

■ Sales Training

PROMOTION PROGRAM IN REGION IS VERY BIG!

◆ Program Extension

- ▶ State Fairs
- ▶ Ag-In-Classroom
- ▶ Sports Marketing

◆ School Foodservice

- ▶ Cold Milk!
- ▶ Chocolate Milk

PROMOTION PROGRAM IN REGION IS VERY BIG!

◆ Media Advertising

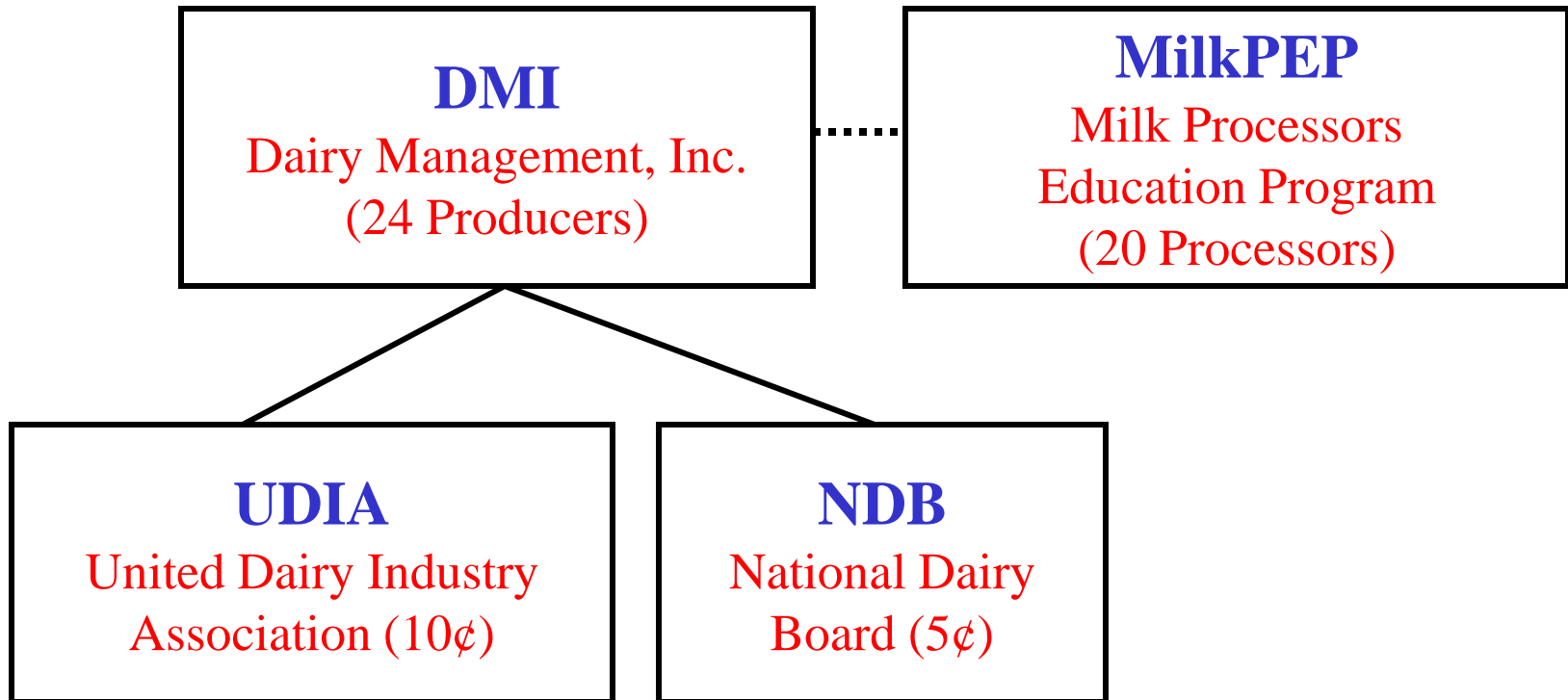
- ▶ FM: TV
Print
Outdoor

- ▶ CH: TV
Print

CHANGE STARTED TO DEVELOP IN 1999

- ◆ Very Big Change!
- ◆ Very Positive Impact in South!

NATIONAL MILK PROMOTION ORGANIZATION STRUCTURE



DMI CHECK-OFF COMMITTEE

- ◆ Appointed by DMI Chairman

- ◆ Composition
 - ◆ Producers
 - ◆ Co-op management
 - ◆ S/R managers
 - ◆ DMI senior staff

- ◆ Meetings February-July 1999

FROM THE SOUTHERN REGION:

- ◆ Joe Bavido, Tennessee
- ◆ Charles Beckendorf, Texas
- ◆ Gerald Feiser, Florida
- ◆ Jack Hardesty, Virginia
- ◆ Buckey Jones, Mississippi
- ◆ Robert Shore, Maryland/Virginia
- ◆ Joe Wright, Florida

DMI CHECK-OFF COMMITTEE

- ◆ VERY, VERY
important committee
- ◆ Outcomes, recommendations will impact the Southern Region

EXTERNAL ISSUES

- ◆ Mergers and shift to national/international scope
- ◆ Dairy industry shift to added value product line
- ◆ Branded approach by processors
- ◆ Competitive products and spending
- ◆ Increasing attacks by advocacy groups

INTERNAL ISSUES

- ◆ Inflationary pressures on check-off since 1983
- ◆ Cost of marketing
- ◆ Milk production vs consumer location
- ◆ Lack of consistent impact levels
- ◆ Need to enhance dairy farmer, co-op, other dairy leaders' involvement in program

OVERALL EXPECTATIONS

- ◆ Dairy farmer involvement and control
- ◆ More consistent implementation
- ◆ Equal consumer impact
- ◆ More focused plan for 2001
 - ◆ One unified marketing plan
- ◆ More responsive to industry needs
- ◆ Positive results

THE UNIFIED MARKETING PLAN

- ◆ Provision will be made to provide the necessary resources (financial, staffing, etc.) in all areas of the country to effectively implement the marketing plan.
- ◆ Organizations providing funding for programming will be fully informed as to the utilization of their funds and the results of any programming initiative.

The Unified Marketing Plan (con't)

- ◆ Organizations provided funding for programming will be responsible to effectively implement the marketing plan.
- ◆ The authority of S/R organizations to direct and budget their promotion funds will be maintained.

THE UNIFIED MARKETING PLAN(con't)

- ◆ The marketing plan development and implementation will be a collective effort of the organizations funding the plan.
- ◆ The spending objective of the plan will be to provide for an equivalent per capita level nationwide.

WHAT DOES IT MEAN?.....

- ◆ Increased, better-funded programs in South!
 - ▶ Cheese
 - ▶ Fluid Milk

- ◆ \$-To-Market

- ◆ Greater results!
 - ▶ Sales
 - ▶ Consumption

REGIONAL DIRECTORS' FORUM

- ◆ March 20-21, Atlanta
- ◆ Boards of:
 - SUDIA
 - Dairy MAX
 - Dairy Farmers, Inc. (FL)
 - LA Dairy Industry Promotion Board
- ◆ Directors' input to 2001 marketing plan

DAIRY SALES/CONSUMPTION

Fluid milk: +0.9%

Cheese: +2.5%

'99 vs. '98

SUMMARY

- ◆ Dairy picture remains bright
 - ▶ Both cheese and milk posting sales increases
 - ▶ 1999 improved picture from 1998

- ◆ Positive changes coming with 2001 Unified Marketing Plan