

29TH SOUTHERN DAIRY CONFERENCE

February 10-11, 2003

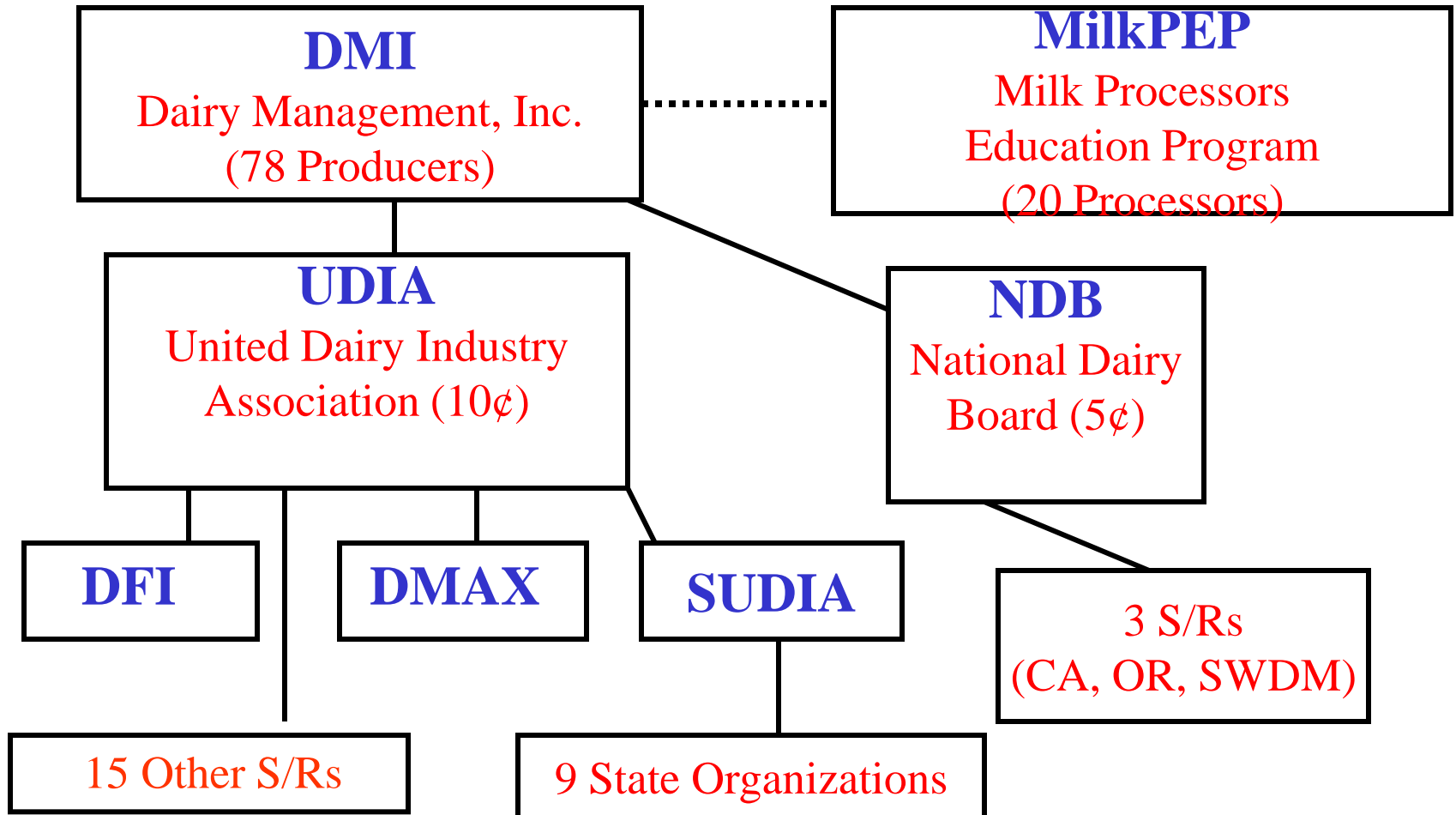
PROMOTION OF DAIRY PRODUCTS

Bob Earle, Dairy MAX/SUDIA

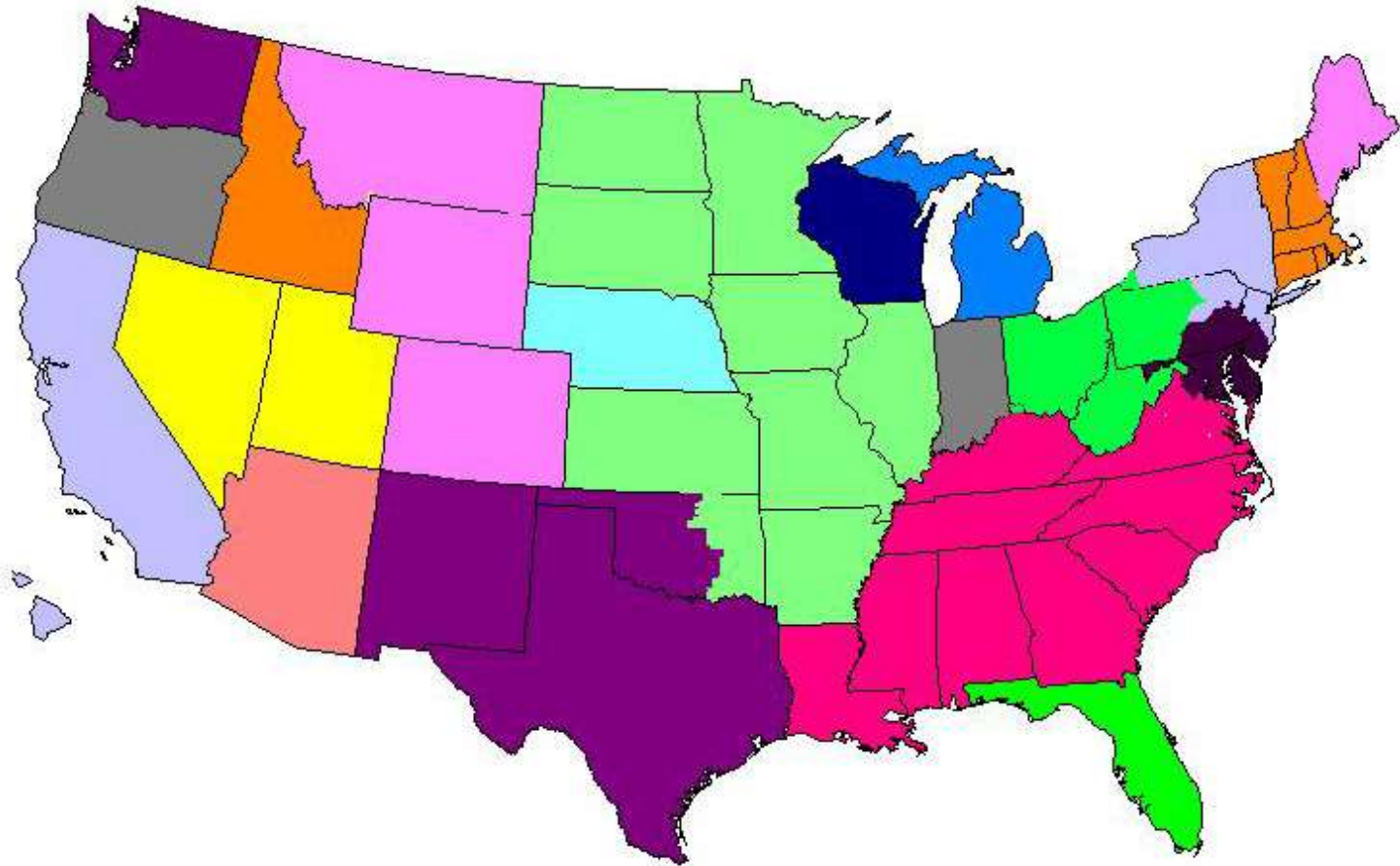
Will Cover:

- **Organizational Structure**
- **Southern Region**
- **Dollars and Cents**
- **Unified Marketing Plan**
- **Sales**

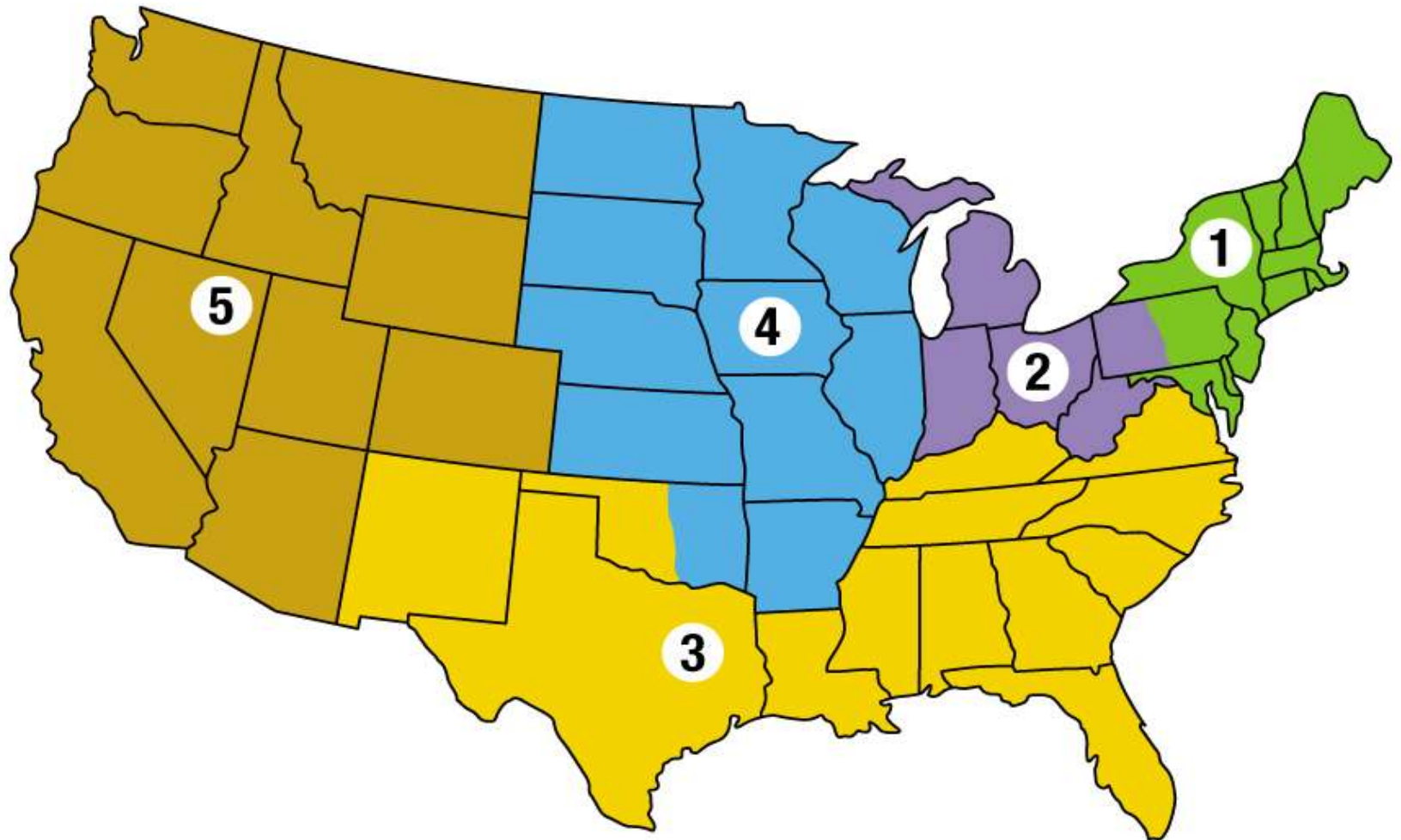
National Generic Promotion Organization Structure



State and Regional Promotion Organizations



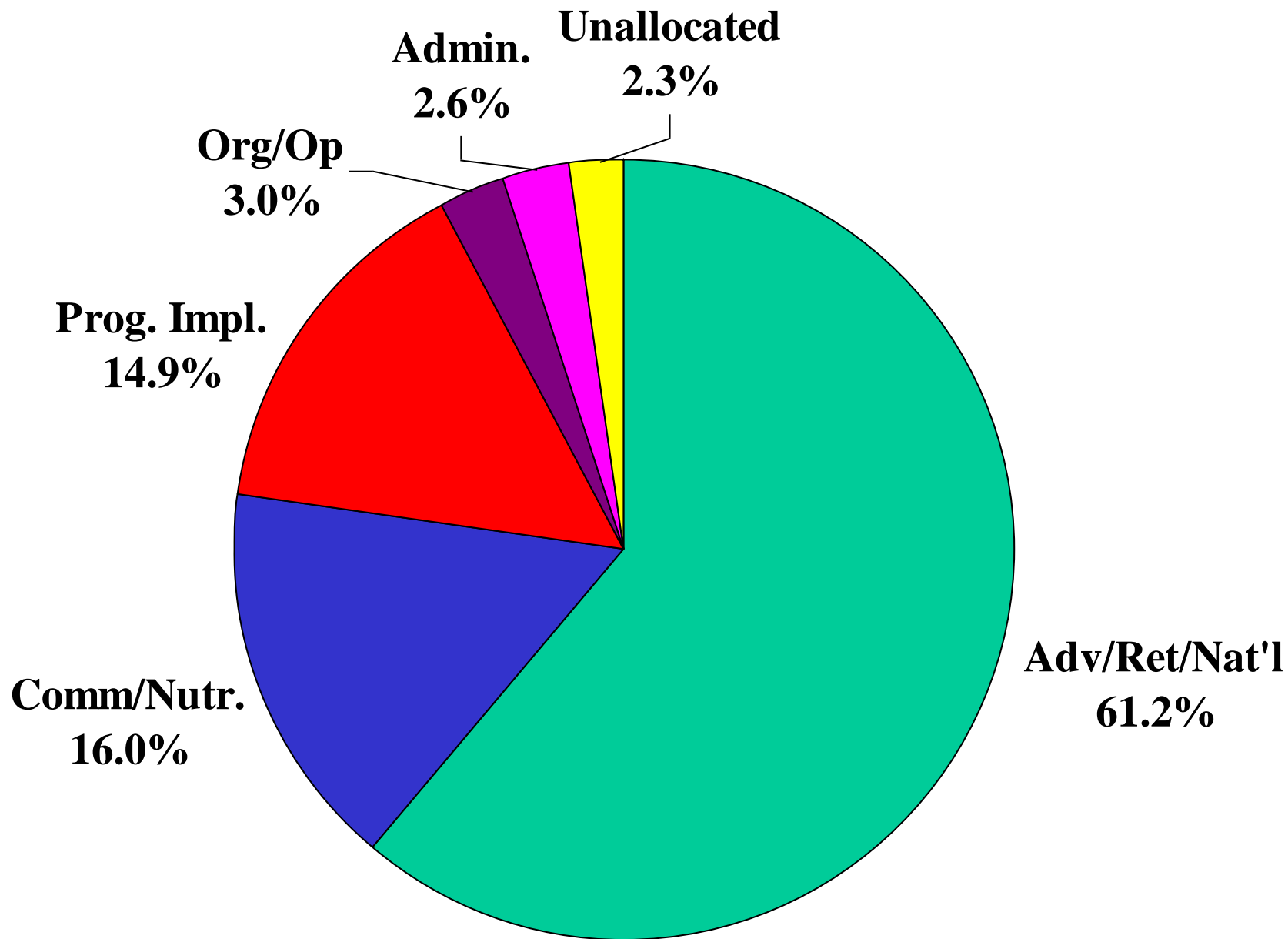
Regional Structure



Southern Region Population

	<u>Population (Millions)</u>	<u>% OF USA</u>
DFI	15.6	5.8
Dairy MAX	25.4	9.5
SUDIA	<u>43.2</u>	<u>16.2</u>
TOTALS	84.2	31.5

SUDIA 2003 BUDGET



Total Budget = \$12,806,300

92.1% To Programming

UNIFIED MARKETING PLAN

UNIFIED MARKETING PLAN

- Result of 1999 national committee
- Major Outcomes:
 - ◆ Grassroots involvement in planning
 - ◆ Greater program, market focus
 - ◆ Move \$ to market
 - ▶ \$2.7 million in 2003 – SUDIA
 - ▶ \$1.5 million in 2003 - DFI
 - ◆ Uniform programming

Building “The Plan”

- **Producer Forums**
- **Joint Staff Program Development Teams**
- **Local Boards of Directors**
- **UDIA Board of Directors**
 - **House of Delegates**
- **National Dairy Board**

Basis Of The '03 Plan

■ More Focused

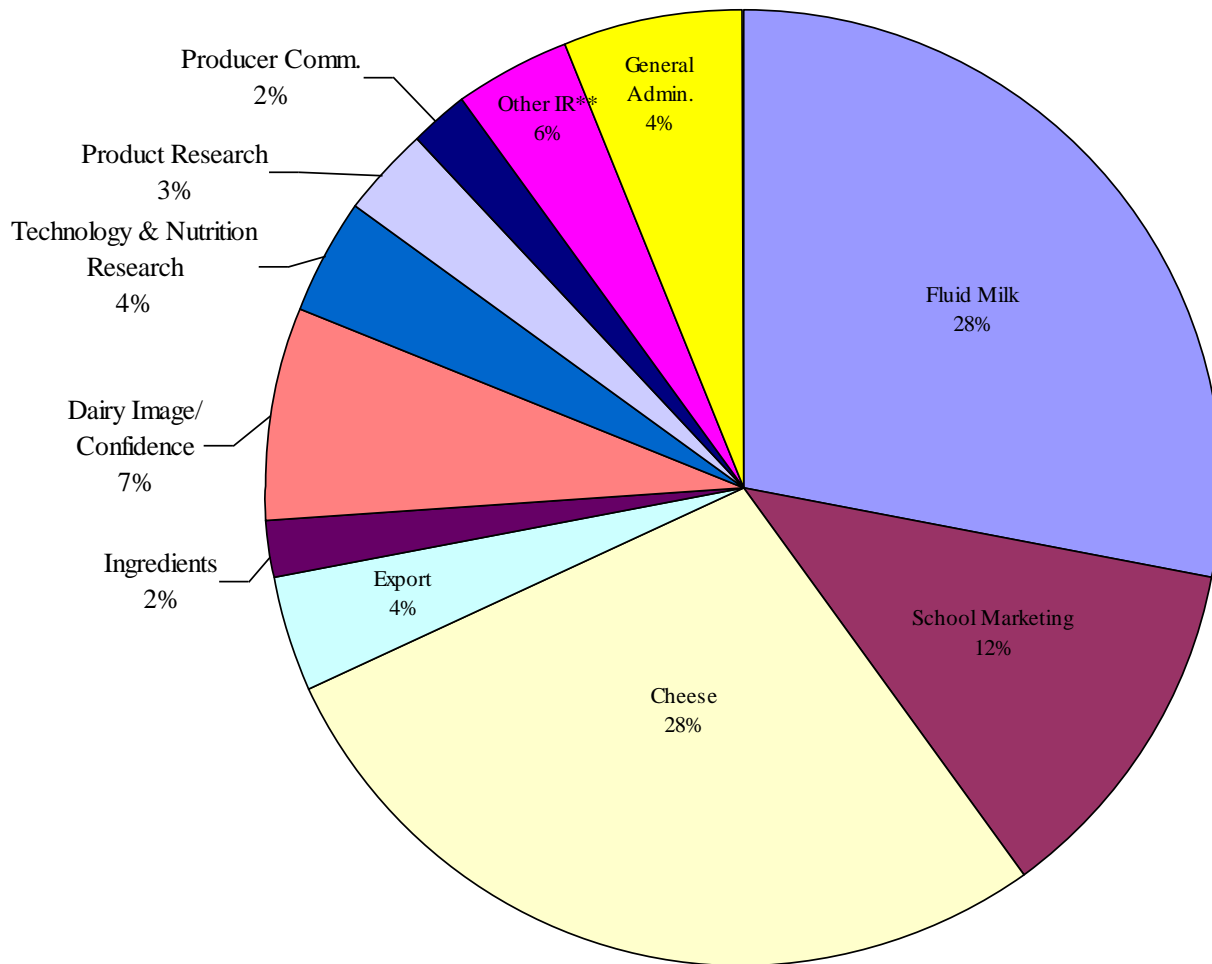
- Milk-Kids
- Cheese – Retail & Foodservice
- Nutrition Research – Obesity & Other Projects
Offering Benefit to Dairy Industry
- School Marketing – Programs to Increase In-School Consumption
- Partnering
 - Kellogg's Kraft
 - NASCAR Others

BASIS OF 2003 UMP

■ STRATEGIC OBJECTIVES:

- Sustain growth by developing incremental consumption opportunities
- Recapture milk as the beverage of choice for children
- Leverage information, analysis, and insights for increased consumption of dairy ingredients and dairy products
- Build and maintain consumer value and trust in dairy products, farmers and the industry
- Sustain and expand export markets for all U.S. dairy products

2003 Dairy Checkoff Unified Marketing Plan Budget



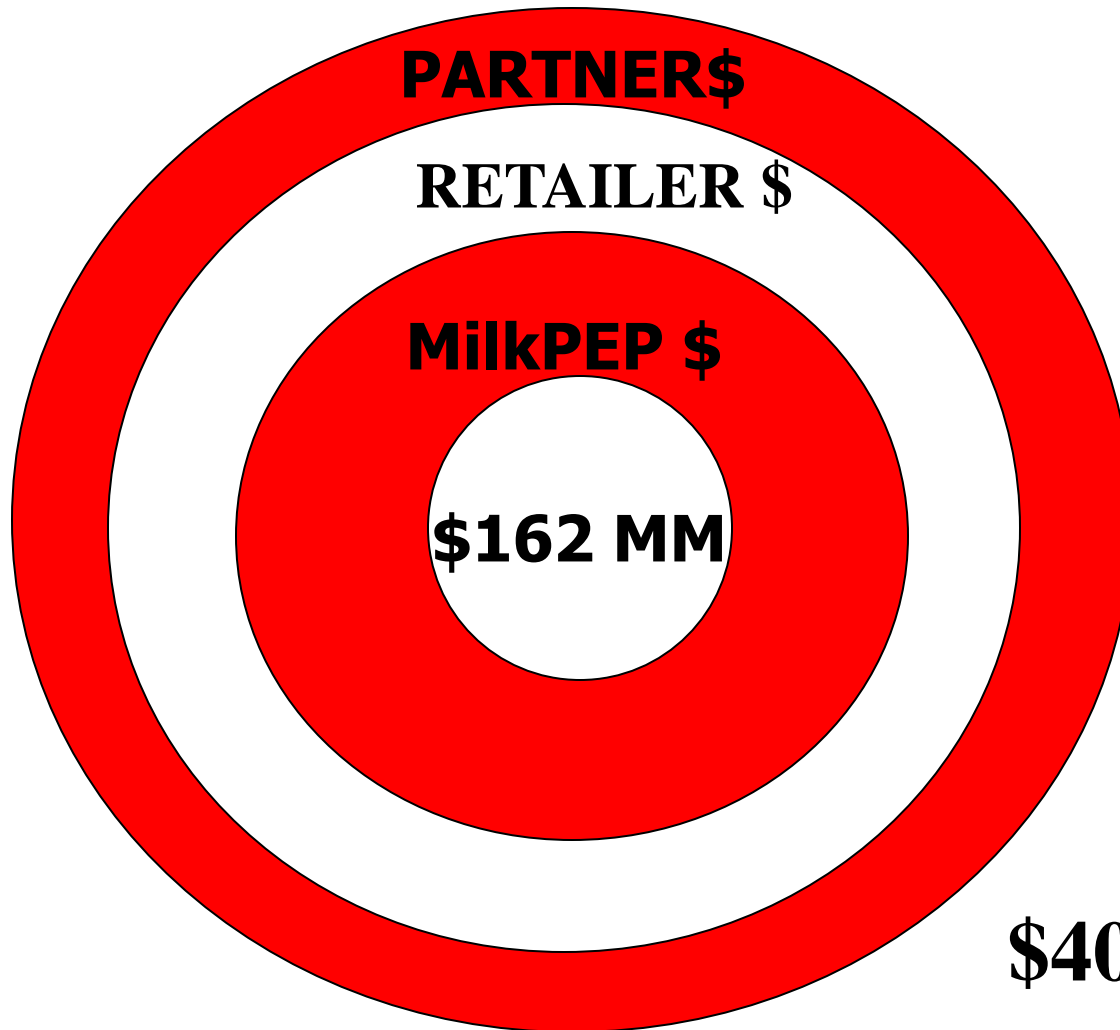
** Includes butter publicity, market intelligence research, state/regional producer planning forums, and local marketing initiatives.

2003 Dairy Checkoff Unified Marketing Plan Budget

Program Area	2003 Budget (in millions)
•Fluid milk marketing	\$46.7
•Cheese marketing	\$45.7
•School marketing	\$19.1
•Dairy ingredient marketing	\$4.1
•Technology transfer/nutrition research	\$6.6
•Product research	\$5.3
•Dairy image/confidence	\$11.2
•Export marketing	\$7.1
•Producer/industry communications	\$3.2
•Other industry relations**	\$9.9
•General administration	\$6.8
TOTAL	\$165.7

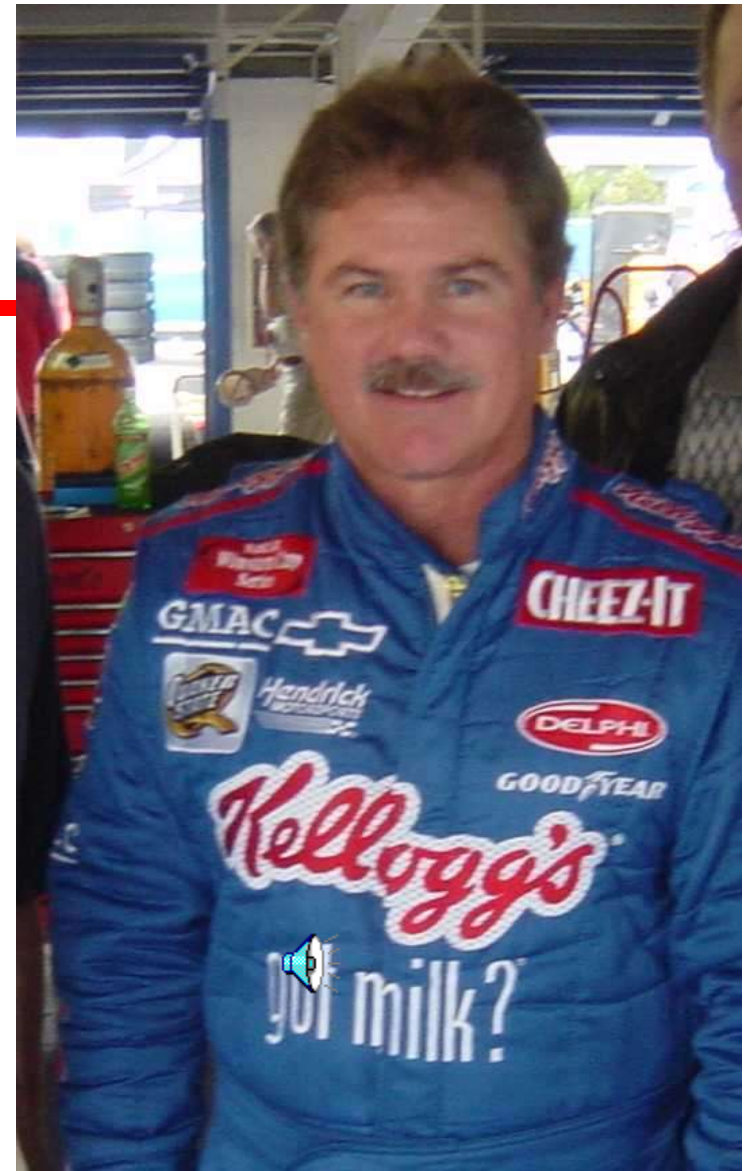
** Includes butter publicity, market intelligence research, state/regional producer planning forums, and local marketing initiatives.

National Organizational . . .



NASCAR PARTNER:
TERRY LABONTE

#5 KELLOGG'S CAR



Retail Promotions 2003

- Lap 1: “Fueled to the Finish”
 - Consumer Promotion in Stores now.
- Program Highlights:
 - Buy 2 gallons of milk, 2 Kellogg’s products
 - Send in \$9.99 + completed entry form.



While supplies last. See store for details.

Retail Promotions 2003

- Lap 2 - Flavored Milk Feature Ad Incentive Program
 - High Energy Racing POS materials
 - Promotional period Feb. 23 through Mar. 30



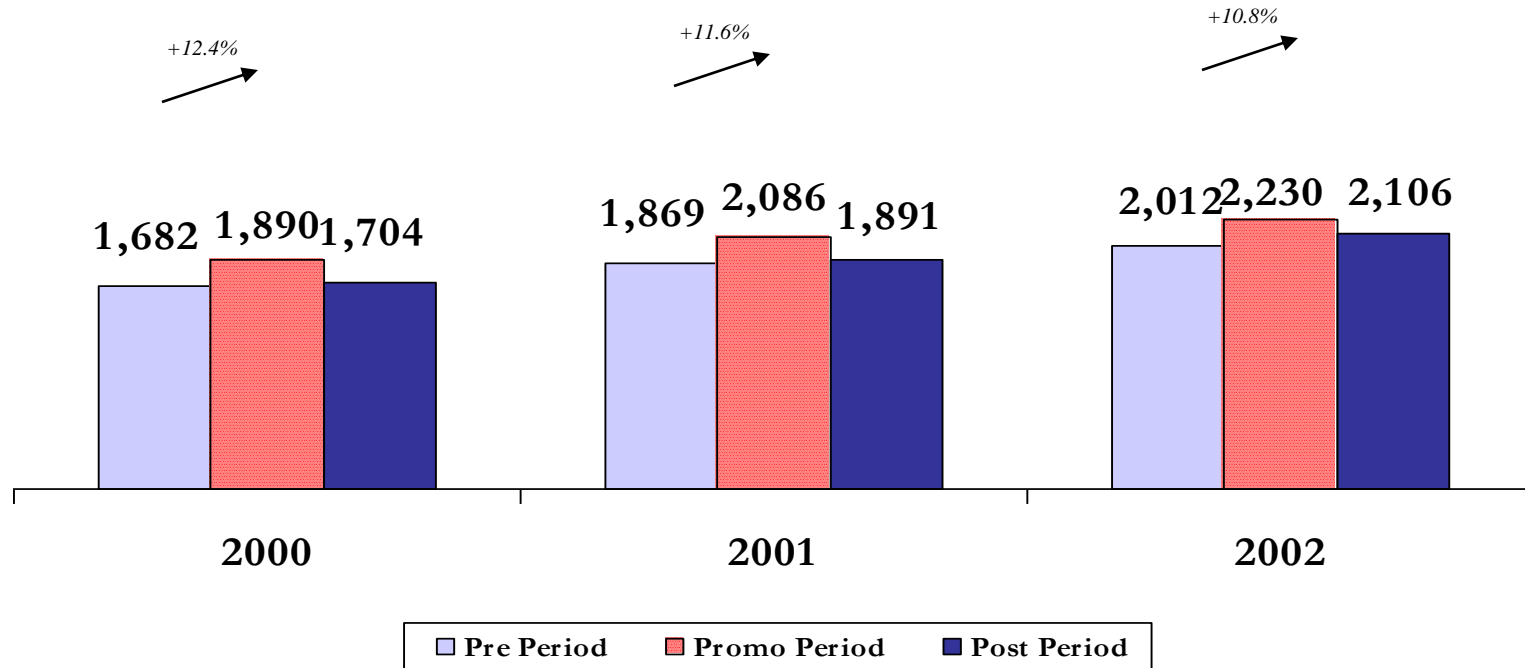
CHOCOLATE
got milk?[®]



Average Weekly Volume Sales (000) - Total Volume

Flavored

• Total Volume Sales for Flavored Milk increased from the pre period to the promoted period over the last three years, as well as stayed higher in the post period compared to the pre period.



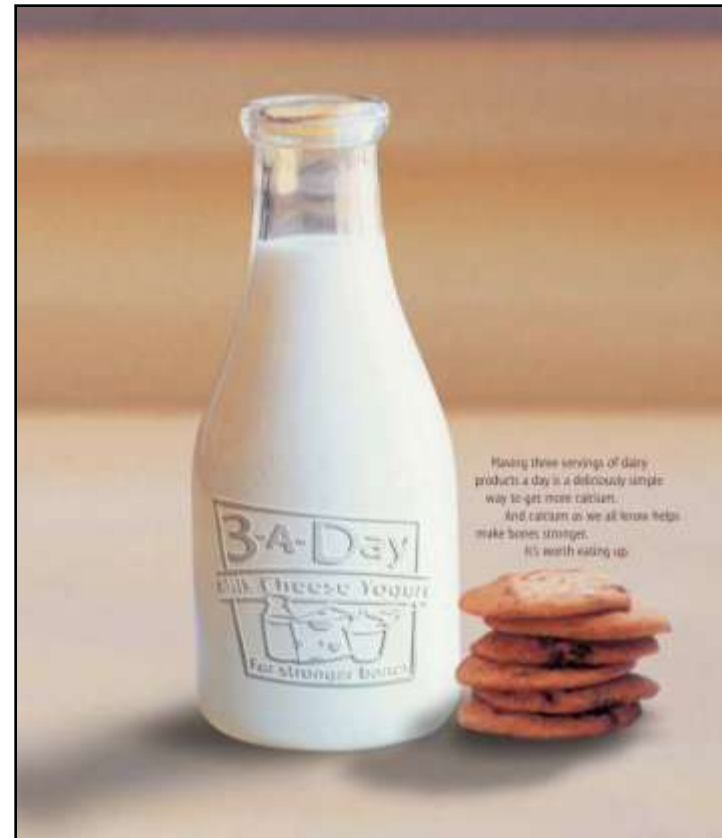
Pre = 6 weeks ending 2/27/00
 Promo = 6 weeks ending 4/9/00
 Post = 6 weeks ending 5/21/00

Pre = 5 weeks ending 2/25/01
 Promo = 5 weeks ending 4/1/01
 Post = 5 weeks ending 5/6/01

Pre = 5 weeks ending 2/24/02
 Promo = 5 weeks ending 3/31/02
 Post = 5 weeks ending 5/5/02

3-A-Day

A Big Push for the Dairy Industry!



Having three servings of dairy products a day is a deliciously simple way to get more calcium. And calcium as we all know helps make bones stronger. It's worth eating up.

3-A-Day Overview

- **Goal: increase daily dairy product consumption**
 - **Current level: 1.5 servings/day**
 - **Recommended level: 3 servings/day**
- **Promotion:**
 - **Broadcast media (Radio and TV)**
 - **Print media**
 - **Electronic releases and Website**

3-A-Day

Industry Support

■ RETAILER RESPONSE VERY POSITIVE:

- Kroger, Ukrop's, Bi-Lo, Harris-Teeter, Farm Fresh, Bruno's, Ingles, Wal-Mart, Albertson's

■ CHEESE INDUSTRY SUPPORT:

- Kraft, Cabot, Borden, Land O' Lakes, Sargento, Hilmar, Schreiber, Private Labels



3-A-Day

Industry Support

■ FLUID MILK PROCESSORS

- Mayfield, Marva-Maid, Barber, Turner, and Private Labels

■ Discussions continue with:

- National Dairy Holdings
- Dean's/Suiza
- Others

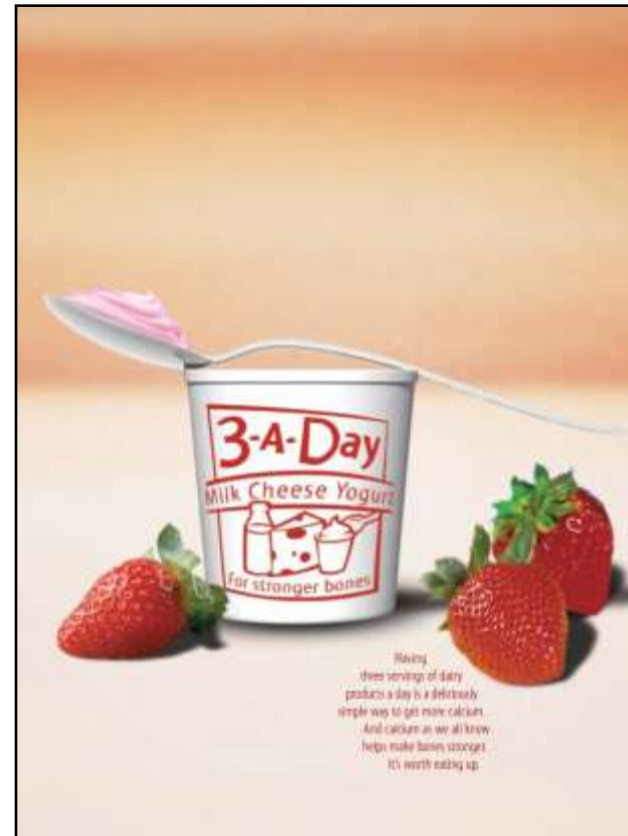


3-A-Day

Industry Support

■ YOGURT

- ◆ Breyer's, Dannon, Yoplait, Private Labels



3-A-Day

A Big Idea for the Dairy Industry!

2003

CHEESE ADVERTISING



2003 ADVERTISING OBJECTIVES

- Focus on driving incremental cheese consumption
- “Snacking” and “entertaining”
- Exploit channel-specific, volume-building opportunities with settings that include retail or food service locations
- Support dairy effort in establishing A “3-A-Day” consumer awareness

2003 FLUID MILK ADVERTISING

MILK

■ TARGET:

■ Kids 6 - 12, Moms with Kids

■ BEHAVIOR GOAL:

- Make Milk A “Want To Have” For Kids
- Increase Mom’s Encouragement For Kids Drinking Milk

**Southeast United Dairy Industry Association
2003 Media Calendar
Fluid Milk & Cheese**

	January			February			March			April			May			June			July			August			September			October			November			December														
	30	6	13	20	27	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22
Spot Radio	3-A-Day			Q1 Promo			NEMO/Mom's Day			3-A-Day			MIWM			TBD																																
-19weeks/2,000 TRP's -AM Drive, Daytime, PM Drive				120			97			97			100						100																													
Milk National Plan				78			76			83			80																																			
Network, Syndication & Cable																																																
Music Cable	31			33			29			32																																						
Kids TV (Kids 6-11)																																																
<i>Nickelodeon</i> <i>Cartoon Network</i>	1060 TRPs Total			930 TRPs Total			649 TRPs Total			TRPs TBD																																						
Print/Programs (Women, Mom, Teen, Hispanic)	70 TRPs Per Week																																															
Outdoor (70 of U.S.) 2-5 months	#40 showing																																															
Cheese National Plan																																																
National Television (Adults 25-54)																																																
Network				27			26			27			27			22			22																													
Syndication				14			7			12			6			10			10																													
Cable				39			47			41			47			48			48																													
Print (Adults 25-54) -2 titles/8 insertions																																																

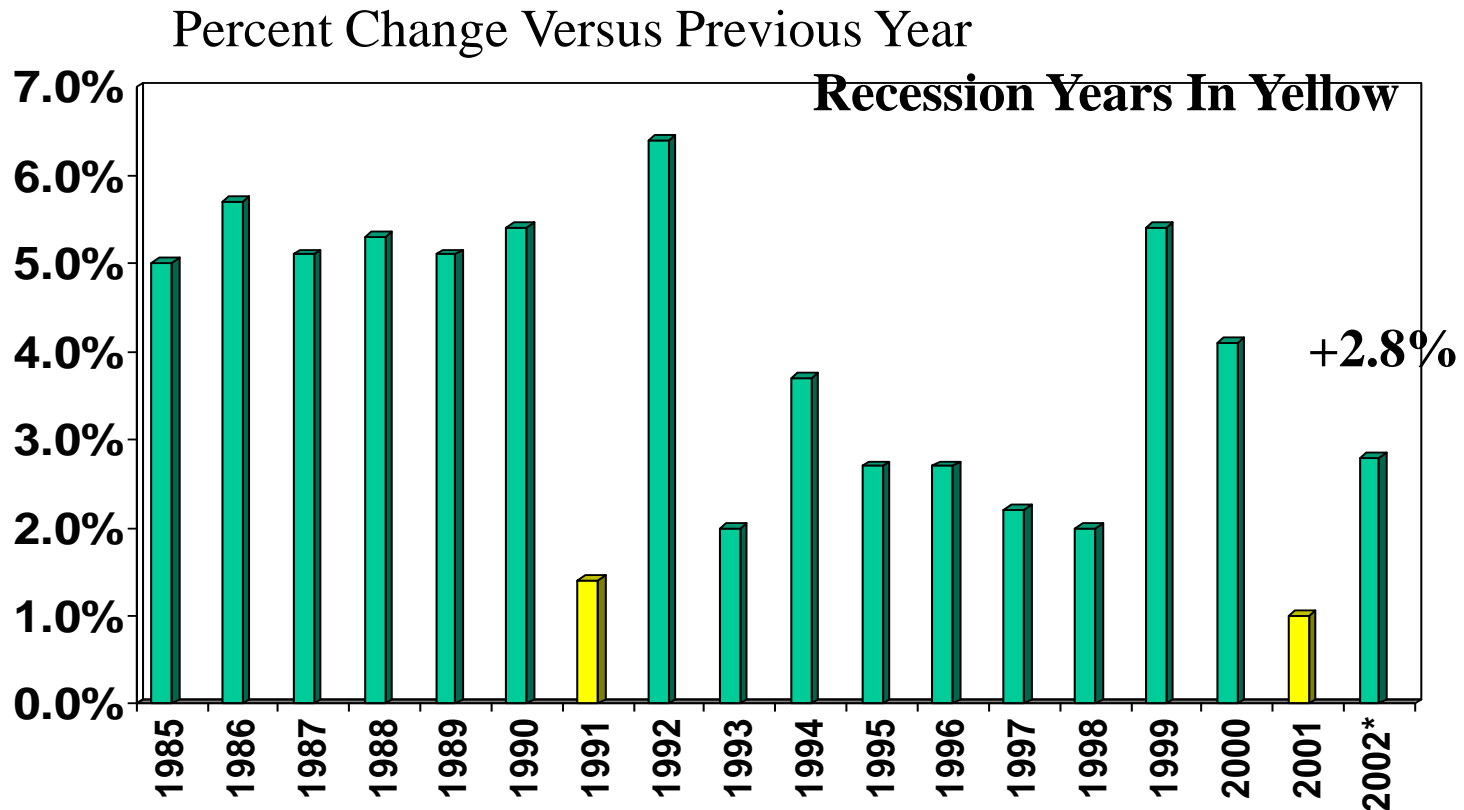
Unified Marketing Plan

- Major Program accomplishments
 - School milk pilot test – VA, FL
 - 3-A-Day!
 - Partnerships!
 - ◆ McDonald's, Kraft, NASCAR, others
 - Sales ↑



Sales

Cheese Commercial Disappearance Recovering in 2002



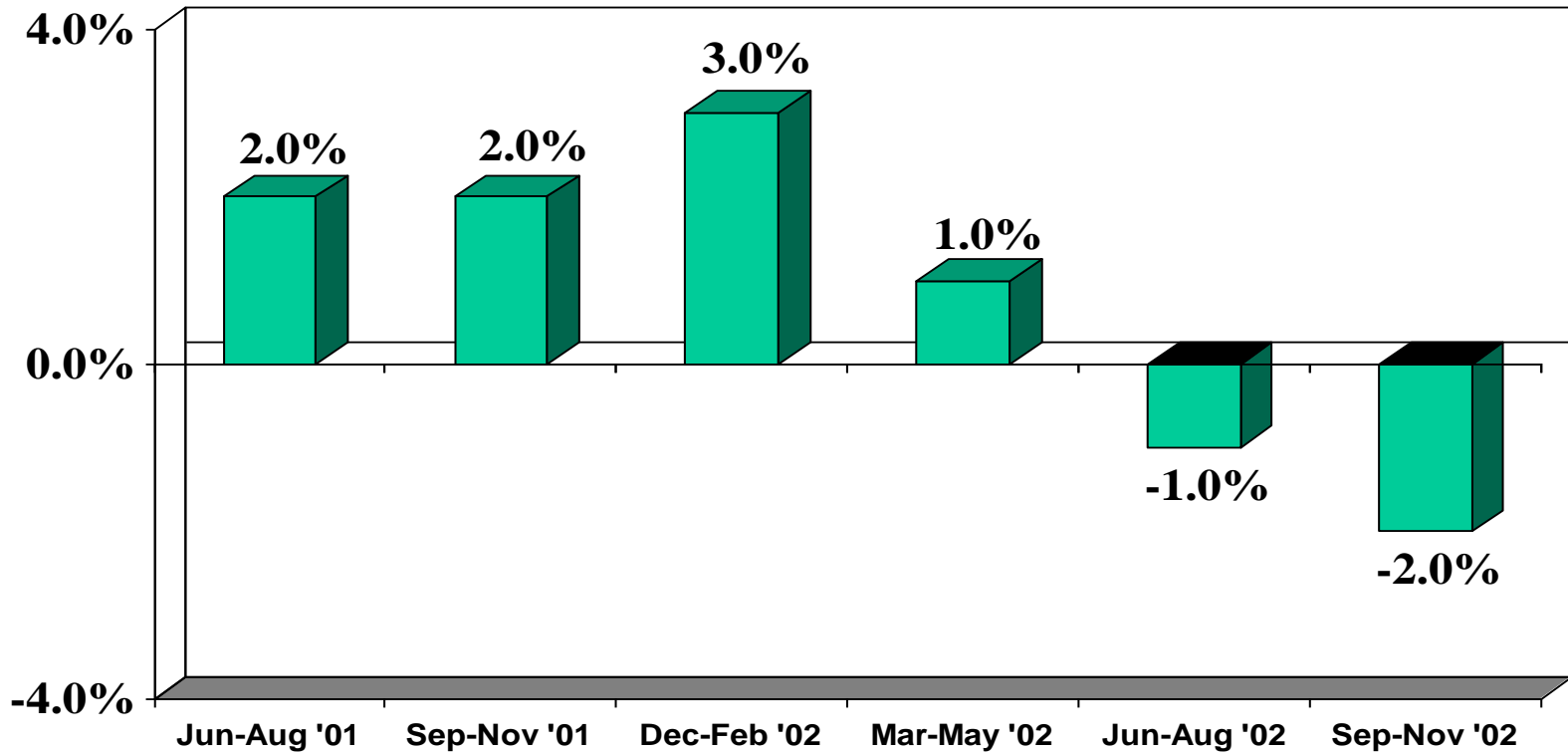
*2002 through October

Source: USDA

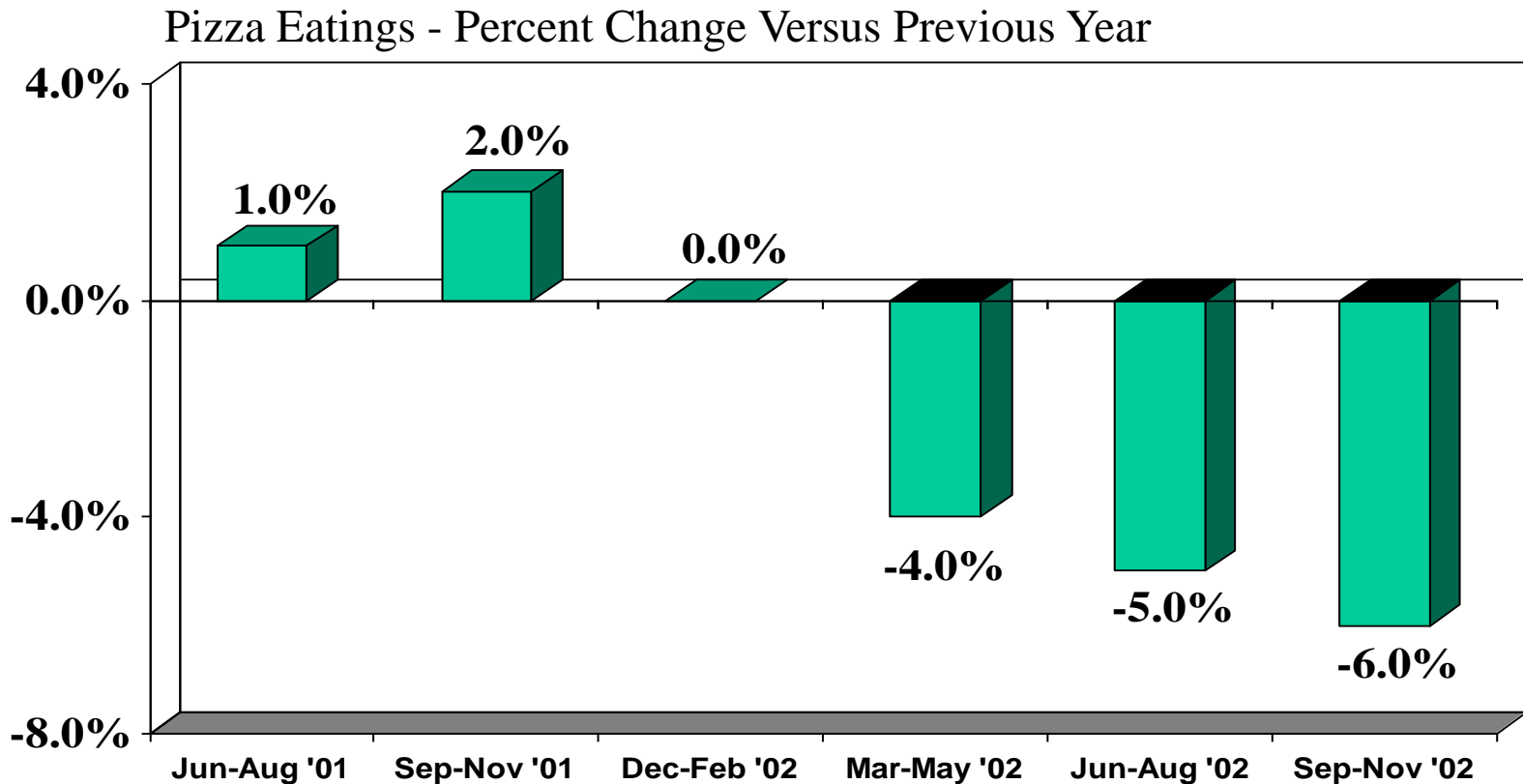


Foodservice Traffic Continued Soft Through November

Total Commercial Restaurant Traffic - % Change vs. Year Ago

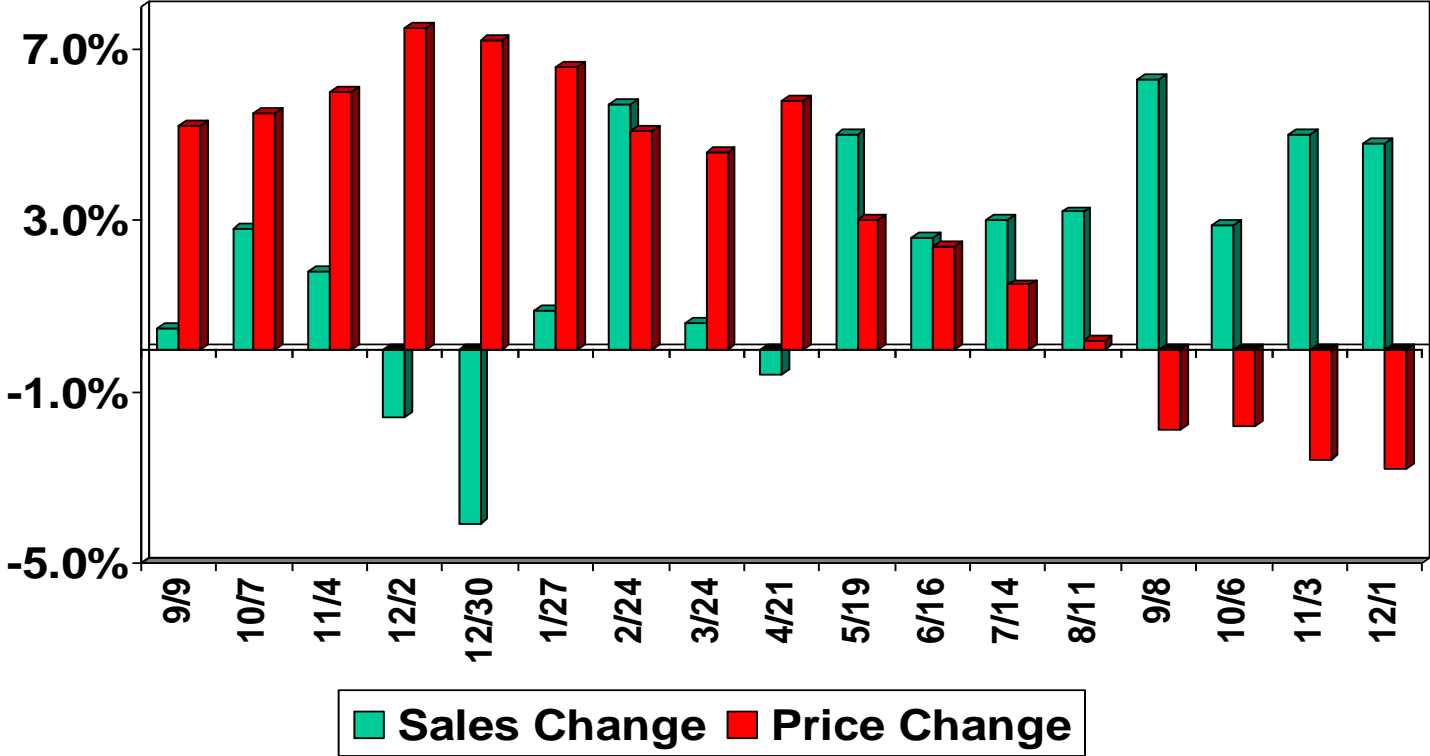


Pizza Eatings Have Suffered Through Most of 2002



Declining Cheese Prices Leading To Strong Sales Increases

Retail Cheese Sales and Price Change Versus Previous Year



Source: IRI InfoScan Plus Panel- Includes Food, Mass Merchandisers and Drug Stores

Fluid Milk

- Total fluid milk sales up slightly
 - +0.3% YTD (Jan-Oct) *(Source: USDA)*
- Combined supermarkets, drug, and mass
 - Up 1.6% YTD (Jan-Nov) *(Source: IRI)*
- Sales Drivers:

Channels:

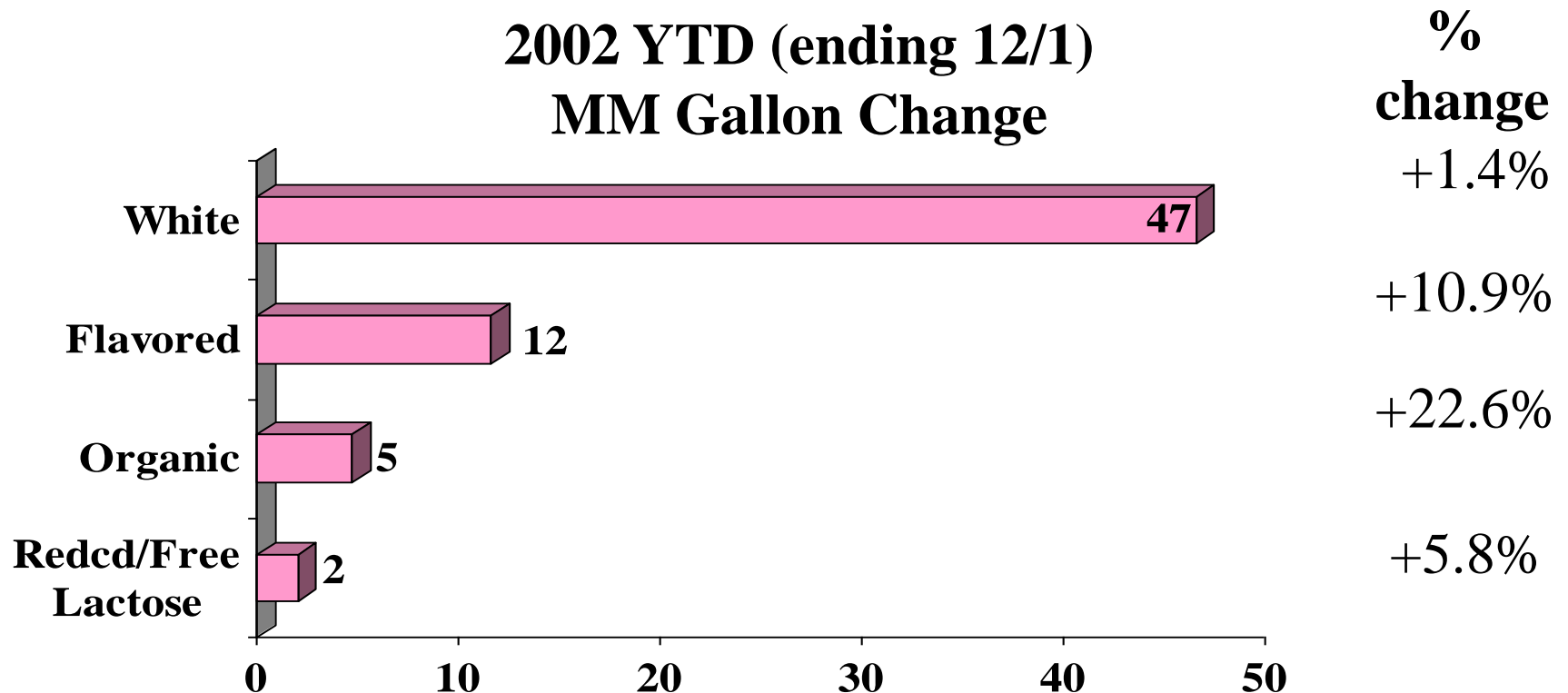
Wal Mart
Drug

Products:

White
Flavored
Organic
Reduced Lactose

White Leading Volume Increase

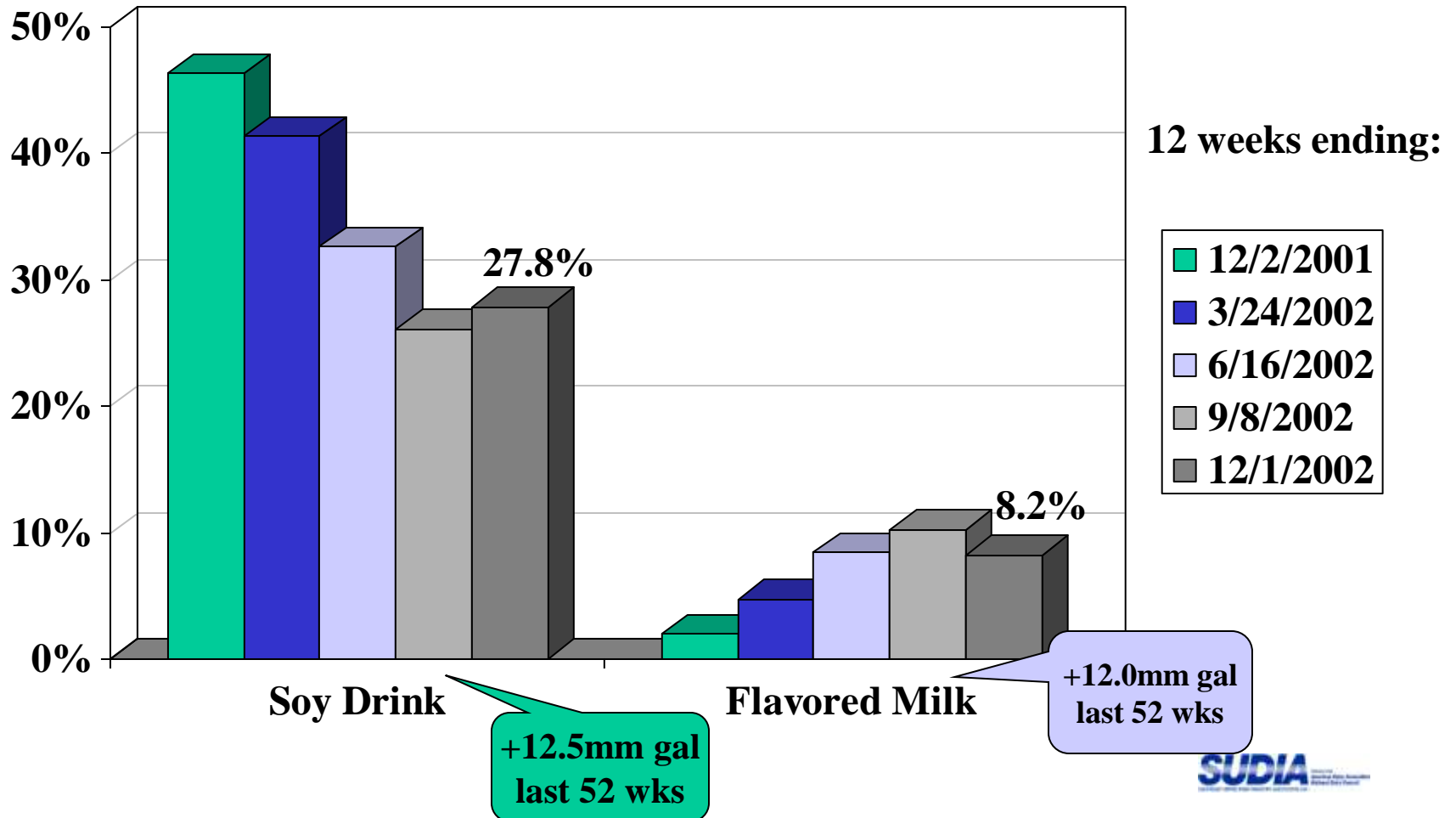
- Flavored & Specialty Growing Rapidly



Soy's Fast Track Continues;

Its Total Volume Growth in 2002 Similar to Flavored Milk

% Sls Growth
vs Prev Yr



Soy Beverages Consumed

Primarily by Adult Women & Men Over 55 yrs

Index of Soy Beverage Use

Average 2001-2002; 100=Average

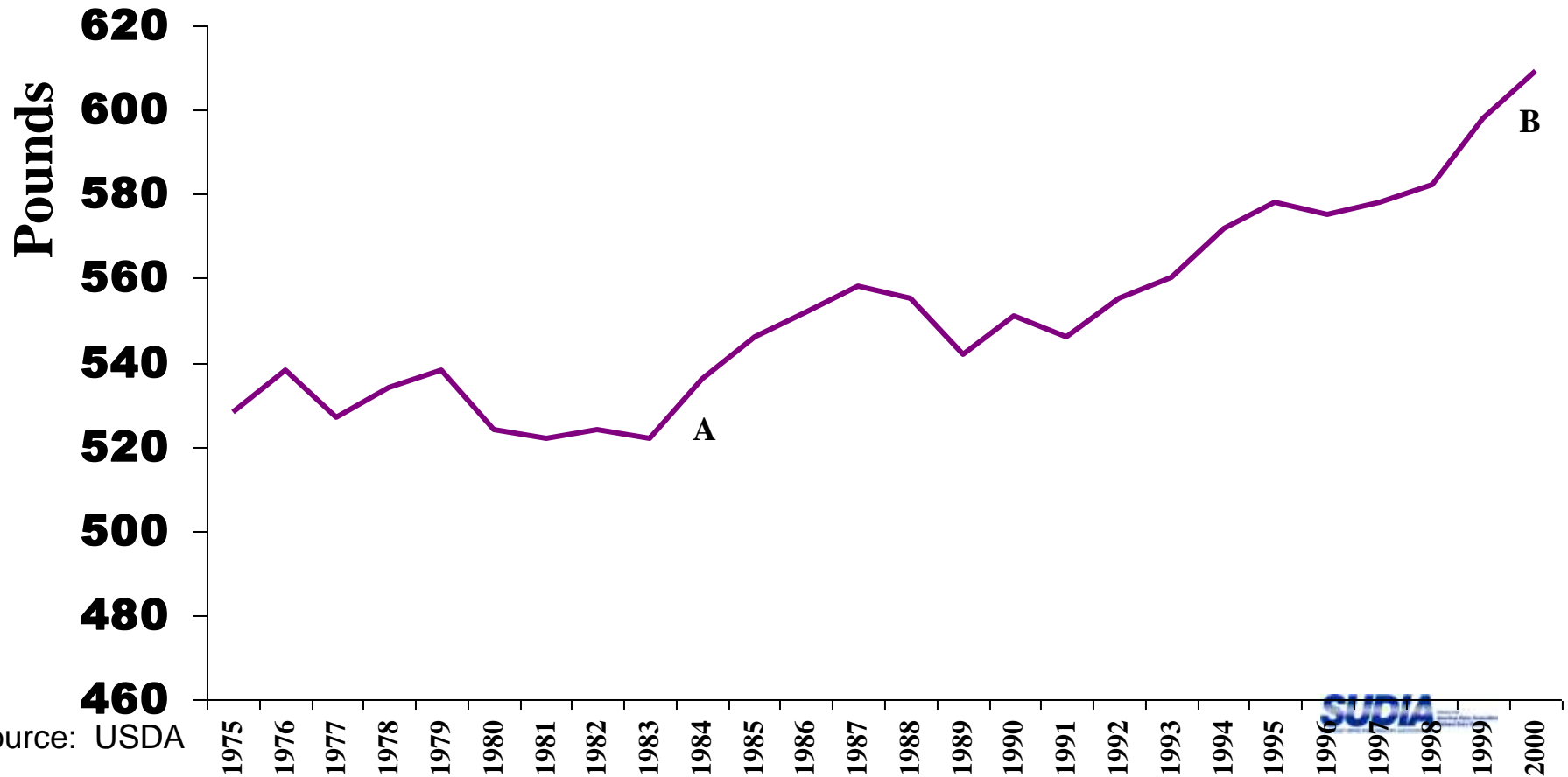
Total Children (under 18)	45
Total Males	79
Males 18-34	7
Males 35-44	69
Males 45-54	48
Males 55-64	131
Males 65+	183
Total Females	152
Females 18-34	134
Females 35-44	100
Females 45-54	166
Females 55-64	186
Females 65+	190

Source: NPD Group

* all uses measured as an eating, does not measure actual volume

Per Capita Consumption of All Dairy Products Has Been on Steady Upward Slope

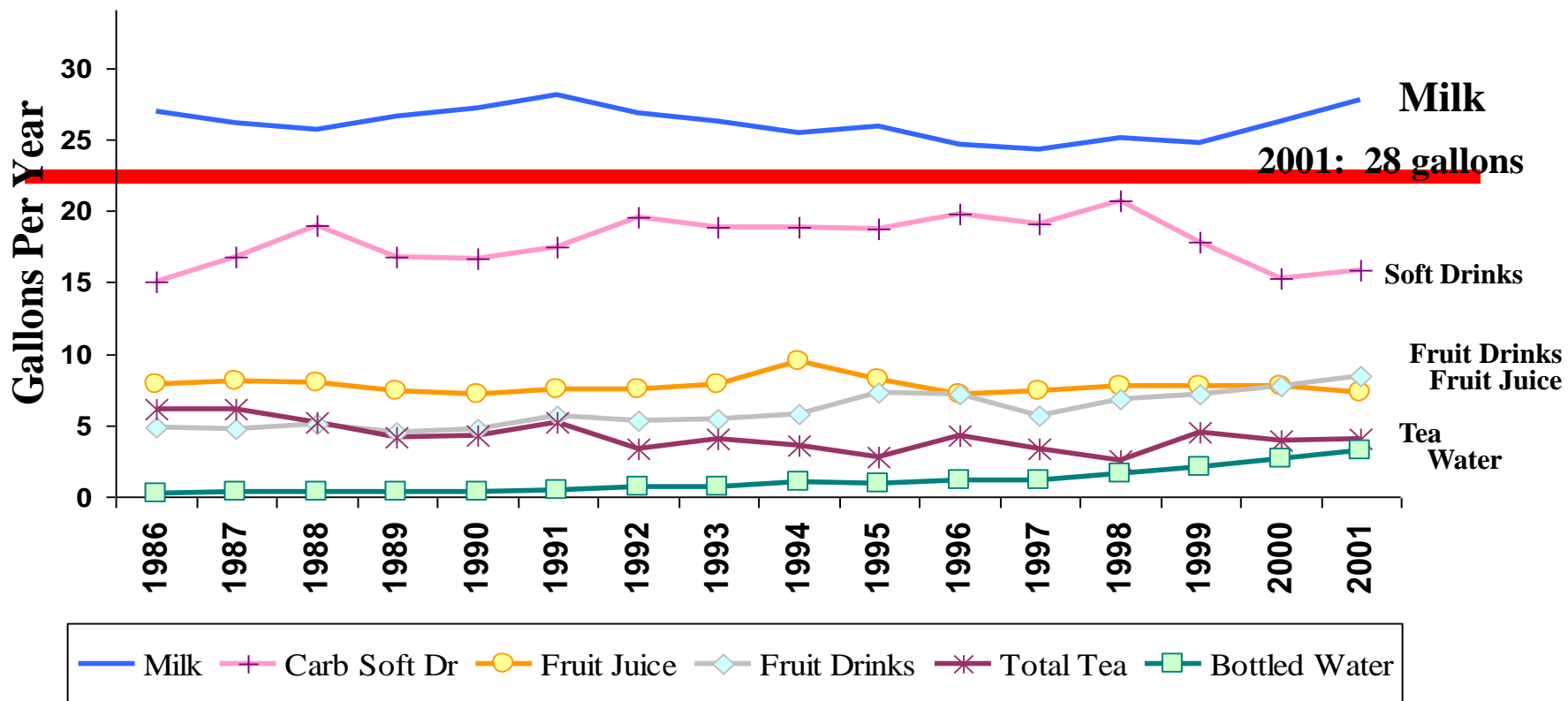
2000 Consumption Surpassed 600 Pound Mark



SUDIA

Source: USDA

Kids' Per Capita Fluid Milk Consumption Hits 10 Year High



Annual fluid milk beverage consumption among kids (aged 6 to 12) reached 28 gallons per capita in 2001 - the highest level since 1991.

QUESTIONS?

COMMENTS?

SUGGESTIONS?

THANK YOU!