

DAIRY CHECKOFF HIGHLIGHTS

Building Sales and Demand for Dairy



Since its creation by U.S. dairy farmers, the dairy checkoff has worked to grow sales of, and demand for dairy products and ingredients. The dairy checkoff is making a difference – annual per capita consumption of total milk today is an estimated 620 pounds (milkfat basis), compared to 541 in 1981. That’s a 15 percent increase!

Today’s dairy checkoff grows sales by working with and through industry partners. This approach allows program funders to have influence over how their milk is used and marketed, by working directly with those that impact consumer demand, including processors, manufacturers, retailers and foodservice operators.

The dairy checkoff now is in better control of how it can increase sales of milk. Here’s how:

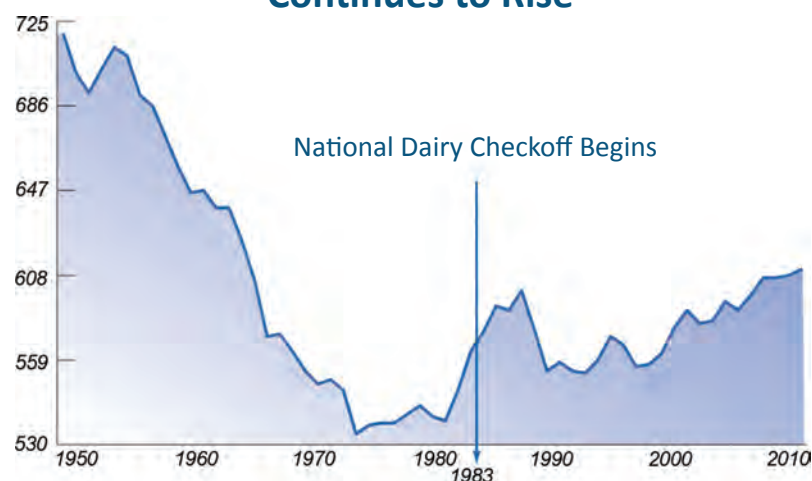
Partners are aligned with the checkoff’s business plan through:

- Targeted partnerships, which include Domino’s Pizza® and HP Hood® LLC, that will help grow sales by revitalizing the pizza category, creating new dairy-friendly products in foodservice, and working to educate health professionals and consumers about how dairy can fit a healthy lifestyle for consumers with real or perceived lactose intolerance.
- Collective partnerships, which include working through the broader dairy and food industry, including the 30 dairy companies that are represented on the board of directors of the Innovation Center for U.S. Dairy® and Dairy Research Institute® to accelerate innovation and sales through industry-wide participation in new products and consumer-friendly innovation.
- Coalition partnerships, which are primarily focused around dairy health and nutrition, to further advance dairy’s position as part of a healthy diet and increase sales. These partnerships include the Fuel Up to Play 60 program.

This benefits program funders by:

- Growing Sales that can be sustained over time. Using “other people’s money” to advance checkoff investments, priorities and programs across the industry Protecting dairy’s freedom to operate.
- Since January 2010, dairy checkoff efforts have contributed to more than 7 billion additional pounds of milk sold, based on U.S. Department of Agriculture commercial disappearance data. Also, for every \$1 that program funders invest in checkoff priorities, partners are investing \$6.

American Dairy Consumption Continues to Rise



Creating Lifelong Dairy Consumers

Fuel Up to Play 60 (FUTP 60) – a partnership between the National Dairy Council® and the National Football League® with support from the U.S. Department of Agriculture – encourages and rewards students and schools who make healthier food choices, including dairy, and stay active. The program is now in more than 70,000 schools serving 36 million students nationwide and more than 3,800 schools in Ohio and West Virginia. FUTP 60 benefits checkoff funders by helping to grow dairy sales, building lifelong dairy consumers and continuing to give dairy the “freedom to operate” in our nation’s schools. FUTP 60 continues to be the program that nutrition, health and thought-leader communities look at because of its unique solution to obesity, the nation’s No. 1 public health issue. FUTP 60 empowers and rewards youth to take action for their health by implementing long-term, positive changes for themselves and their schools, including the consumption of nutrient-dense dairy.

Don't Let the Flavor Fool You: All Milk is Healthy

Many consumers and school officials have questions about flavored milk and whether its nutritional benefits are the same as white milk. To answer these questions, the American Dairy Association Mideast (ADA Mideast) launched a public education campaign to provide information and correct misconceptions about flavored milk.

The campaign includes an interactive video Question & Answer section on drink-milk.com that features a pediatrician and a registered dietician explaining why flavored milk is as healthy as white milk and why, if kids don't have access to flavored milk, they will miss out on key nutrients they likely won't get elsewhere. The experts also appeared in TV commercials and online advertising that reached more than 28 million people and directed them to the Web site for more information. In addition, the dedicated Web page includes many educational materials, including fact sheets, articles and studies related to flavored milk.



Fuel Up with Chocolate Milk

To encourage students to make smart food choices like nutrient-rich chocolate milk and lead a healthy lifestyle, ADA Mideast partners with the Ohio High School Athletic Association (OHSAA), the governing body for both high school and middle school sports.

For the third year in a row, chocolate milk is the official beverage of the OHSAA.

Fuel Up with Chocolate Milk is featured on OHSAA's web site and serves as the presenting sponsor of the OHSAA Radio Network, which airs the State football and boys and girls basketball tournaments. Through ADA Mideast's partnership with OHSAA, more than 30 million people heard or saw a positive chocolate milk message during the 2010-2011 school year!



Building Consumer Confidence

The dairy community, like all agriculture, is challenged by consumer misconceptions because people are becoming further removed from the farm. To help educate consumers about modern dairy farming and build consumer confidence in dairy foods, ADA Mideast created the Meet Ohio Dairy farmers campaign in 2009 and have continued it into 2012. The public education campaign gives consumers a firsthand look inside today's dairy farms by showcasing real Ohio dairy farmers and dairy farming practices.

The campaign highlights Ohio dairy farmers' dedication and commitment to their cows, their land and the milk they produce. To encourage people to visit www.OhioDairyFarmers.com, TV and online advertising run throughout Ohio in June and August and social media efforts, such as Facebook and Twitter, drive consumers to the web site on a daily basis.

The videos, as well as a county fair toolkit with posters and consumer handouts, are available to dairy farmers to use in their local promotions and education efforts.





Cheese Category Moves 2 Billion-Plus Pounds of Milk

Domestic disappearance of “other than American cheese” (primarily mozzarella) was up more than 6 percent (representing nearly 2.1 billion additional pounds of milk) for the 12 months ending June 2011, thanks in large part to the checkoff’s targeted partnerships with Domino’s and Pizza Hut®, which have revitalized the pizza category.

- Another way that Domino’s is growing cheese sales is through its carryout promotions with consumer-friendly pricing that drives traffic to its stores – and increases pizza sales! These carryout specials that the checkoff initially supported in 2009 have been so successful that Domino’s has made them a permanent offering Mondays through Wednesdays with no additional checkoff funds.
- The dairy checkoff is also working with Domino’s on its kid-approved Domino’s® Smart Slice school pizza program that is growing in demand. Thanks to collaboration with local dairy checkoff organizations, Domino’s Smart Slice is available in 317 U.S. districts, moving nearly 3.5 million pounds of milk through more than 2,000 schools. Smart Slice appeals to school nutrition professionals because it features reduced-sodium “100 percent real” light mozzarella and other reduced-fat/reduced-sodium ingredients. Domino’s Smart Slice is helping to protect cheese in schools in a way that kids want it!
- Through the producer-funded U.S. Dairy Export Council®, U.S. pizza cheese sales are displacing foreign-sourced cheese in the Asia/Pacific Rim region. Partnerships with U.S.-based companies Domino’s, Pizza Hut and Papa John’s® have resulted in:
 - More than 15 million pounds of U.S. pizza cheese sold through these chains in 2010.
 - Fifty million pounds of U.S. cheese projected to move through the Asia/Pacific Rim region in 2011.



Checkoff Helps McDonald’s Move 1 Billion Additional Pounds of Milk

The dairy checkoff continues to partner with McDonald’s to create a “dairy destination” at the chain’s 14,000-plus locations in the United States.

The current partnership led to movement of an additional 1 billion pounds of milk through the introduction of new dairy-friendly menu offerings, including:

- McCafe® concept featuring several varieties of specialty coffee drinks in which milk is the dominant ingredient
- Frappés made with 50 percent dairy
- Caramel apple ice cream Sundays and yogurt parfaits
- Improved shakes topped with real whipped cream
- New McFlurry® flavors
- Angus Third Pounder with two slices of cheese
- McChicken® Jalapeno Cheddar and Cheddar Onion Sandwiches
- Real Fruit Smoothies with low-fat yogurt
- New fat-free chocolate milk

The dairy checkoff has six employees at the McDonald’s headquarters, including three dairy scientists, a chef, a nutrition advisor and a marketing manager. This allows the dairy checkoff to be involved in all stages of new product innovation and in-store launches – making dairy front and center at McDonald’s.





Encouraging Consumers to Enjoy Dairy Again

Today, 25 percent of the U.S. population identify themselves as lactose intolerant, thereby limiting or eliminating their milk consumption. Working in partnership with HP Hood and its Lactaid brand – the category leader in reduced lactose and lactose-free milk products – the dairy checkoff has developed a joint strategy to change attitudes and grow sales over the long term. This has resulted in those households described as lactose intolerant increasing their milk purchases – a 3.4 percent increase of regular milk purchases, and a 4.7 percent increase of lactose-free milk purchases. Locally, ADA Mideast educates health professionals regarding the role of dairy within patients with real or perceived lactose intolerance. In 2008, checkoff-funded research showed that nearly 50 percent of health professionals recommended their patients completely eliminate dairy from their diet. Today, that percentage has been reduced to 28 percent of health professionals recommending that dairy be eliminated from the diet – a 22 percent reduction in three years!



U.S. Dairy Export Volume Represents 13 Percent of Total Production

Dairy export volume represents more than 13 percent of total milk production, cementing the role of international markets in helping grow the U.S. dairy industry. Thanks in part to the checkoff-funded U.S. Dairy Export Council® and its 100-plus industry members, one out of every three new pounds of milk produced domestically is being sold overseas.

- This year’s exports have been driven by growing international demand for U.S.-produced ingredients and butterfat that has been driven by USDEC market development assistance.
- U.S. cheese exports have grown at a record pace. January-through-June shipments represented 5 percent of total U.S. cheese production, compared with 3.7 percent for the full year of 2010. Markets for U.S. dairy include South Korea, Mexico, Japan and the Middle East/North Africa.



Innovation Center Unites Industry, Addresses Checkoff Priorities

The dairy checkoff is working with the industry to make wholesale changes that will increase total dairy growth. The Innovation Center for U.S. Dairy®, established by dairy producers in 2008, is a forum for the industry to address checkoff priorities including health and wellness, consumer confidence and research, for example. It is a virtual organization – 800 people from 200 dairy and partner companies are engaged in Innovation Center activities that are aligned with checkoff priorities. With that comes “other people’s money” that extends the checkoff’s investment and leads to innovation and increased sales over the long term.

The industry collectively works to address barriers such as consumers’ perception of lactose intolerance. One in four adults – or about 52 million Americans – say they suffer symptoms of lactose intolerance and are avoiding or restricting their dairy consumption as a result. Bringing those consumers back to dairy – or presenting them with dairy-first options – could result in 2.3 billion pounds of new sales annually.



Dairy Research Institute Working to Magnify Checkoff Investment

Dairy farmers formed the Dairy Research Institute® in 2010 as a primary driver to help coordinate and fund dairy product, nutrition and sustainability research. Since the formation of this collective partnership, the checkoff’s \$13 million annual investment in research is being paired with nearly \$45 million in additional research funding from non-checkoff sources. This advances checkoff research priorities by making investments work bigger, faster and more broadly than ever before.



To learn more:

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