



NMPF, NDB and UDIA Annual Meeting

The number of dairy producers in the nation may be diminishing, but the numbers of ways they can market their milk continue to increase, helping build a strong future for the dairy industry.

That was one of the messages that nearly 1,000 dairy farmers took home with them after attending the joint annual meeting of the National Dairy Promotion and Research Board (NDB), the United Dairy Industry Association (UDIA) and the National Milk Producers Federation (NMPF).

Other messages included encouraging dairy producers to build relationships with legislators to ensure dairy's bright future and proactively dealing with environmental and animal welfare issues.

Senator Bob Graham (D-Florida) kicked off the meeting, discussing issues facing immigration reform, agricultural terrorism and building relationships with legislators.

"Build a personal relationship with your Congressman so that when he's in Washington and you are home and call him, he knows you," Sen. Graham urged. "Con-

sider that grassroots strategy when you are trying to get your point across."

NMPF Highlights

Drawing off the "Building a Better Future" theme surrounding the meeting, NMPF Chairman Charles Beckendorf, a dairy farmer from Tomball, TX, outlined how NMPF's activities benefited the dairy industry, laying the building blocks to a better future for the dairy industry.

NMPF's preparation for the 2007 Farm Bill began in 2006, when its Dairy Producer Conclave meetings created a blueprint of what dairy producers wanted in the farm bill. This plan, along with proposals created by NMPF's Economic Policy Committee and staff, was presented earlier in the year to members of Congress.

Those efforts paid off in July 2007 when the House passed a farm bill that closely resembled the priorities of NMPF. The bill included a significantly revised Dairy Product Price Support Program; a direct payment program; bringing imported dairy products under the domestic promotion checkoff; expanded conservation and renewable energy programs; more resources for human nutrition and animal health programs; and other issues important to producers. Beck-

endorf noted that NMPF was working to ensure the same issues from the House bill were addressed when the Senate debated its version of the farm bill. *(Editor's note: At time of the Messenger publication, the Senate had passed their version of the 2007 Farm Bill, and the legislation was headed to joint committee.)*

NMPF launched an immigration task force more than a year ago to deal with immigration reform in Washington D.C. and come up with ideas on how Congress should address the growing labor challenges of dairy farmers. He noted the current immigration policy in the U.S. is unrealistic and needs to be addressed.

"Congress can't seriously believe that it's feasible to lock up and send back 11 million undocu-



During the annual awards luncheon, former MMPA President Elwood Kirkpatrick was honored for his service on the NMPF and UDIA boards.

mented workers,” Beckendorf said, particularly when that action would damage the economy in the process, which is why he insisted lawmakers realize that enforcement and economic reality have to go hand in hand. The Ag Jobs bill, he said, does just that.

Beckendorf also discussed economic regulation of the dairy industry, trade policy, environmental concerns and consumer confidence. He indicated that the dairy industry has formed the National Dairy Animal Well Being Initiative (NDAWBI) to address the perception consumers have about the welfare of cattle on dairy farms.

“The NDAWBI is developing some broad, umbrella principles that address basic on-farm practices such as housing, transportation that addresses basic on-farm practices such as housing, transportation, neo-natal calf care, and so forth,” Beckendorf said.

Beckendorf concluded his presentation by telling the dairy farmer audience the value of the Cooperatives Working Together program. Starting in 2007, the contribution by those participating in CWT was 10 cents per hundredweight. The contribution amount will be the same for 2008.

“The latest analysis shows that the impact of CWT this year is a 75 cent increase in our milk checks,” Beckendorf said. “That’s nearly an eight to one return on investment.”

Jerry Kozak, NMPF president and CEO, reflected on the many ways NMPF has changed during the 10 years he has served as president, using the Brooks and Dunn song “Proud of the House We Built” as inspiration for his presentation.

“Our house, the National Milk house, was built by people, relationships and the conviction and dedication to a common purpose,” Kozak said. “Our house was also built with a solid foundation starting with our staff. They are the bricks and mortar



During the Town Hall meeting, attendees, particularly the Young Cooperators, got the opportunity to ask NMPF staff members questions about issues facing today’s dairy farmers. Dr. Scott Brown also discussed the impact CWT had for the year — a 75-cent increase in producer milk checks.

that keep our house intact and help our industry weather so many storms.”

Dairy Promotion Highlights

According to Paul Rovey, Arizona dairy producer and chairman of Dairy Management Inc. (DMI), which manages the national dairy checkoff program, dairy promotion builds a better future for all dairy producers by doing business in a new way to turn around dairy sales and increase short- and long-term sales.

Rovey pointed to a program aimed at shifting how dairy products are sold in supermarkets. A test involving fundamental changes in the cheese (and dairy) case in 37 different stores aims to get shoppers to stay longer in the dairy aisle and buy more products. Currently, Kraft, Marva Maid and Dannon, along with major regional retailers, are participating. Preliminary test stores show a cheese sales volume increase between 1.4 and 3 percent.

Change is happening beyond the dairy aisle, according to Lester Hardesty, Colorado dairy producer and NDB

chairman. “We’re all about innovation and information that will change the industry for the benefit of all dairy producers,” he said.

One example is the change in how dairy checkoff staff works with national restaurant chains. “Not so long ago, we worked with foodservice in helping promote whatever they had on their menus. Today, we’re becoming more consumer-focused, working with partners to give consumers what they want, not just whatever is available,” he added.

“We worked with Subway to get yogurt on their menu. Customers wanted yogurt, but no one was offering it,” Hardesty said.

The dairy checkoff conducted consumer testing and market

Continued on page 31





Continued from page 21

research, and helped with in-store promotion to affect change that sells more dairy in a new place.

Dairy promotion efforts also target international markets to increase sales, recognizing that 95 percent of the world's population live outside the United States. The U.S. Dairy Export Council (USDEC), which is funded in part through the dairy checkoff, has worked in collaboration with industry and the government to help export nearly one half of new U.S. milk production (on a total solids basis).

Dairy producers are building dairy sales by looking at the industry from a local, national and international perspective, according to Neil Hoff, first vice chairman of UDIA, a federation of state and regional dairy producer-funded promotion programs.

Hoff pointed to dairy checkoff programs that have helped, including: milk being offered in plastic bottles at McDonald's, Wendy's, Burger King, and Subway, as well as over 9,000 schools nationwide; more cheese on more menu items at Pizza Hut and other national pizza chains; the 3-A-Day™ of Dairy logo on billions of qualified milk, cheese and yogurt packages; and new markets for U.S. dairy products and ingredients around the world.

Worldwide demand for dairy products will exceed supply for the long term, and the United States is poised to be the dominant player in filling this gap, according to Tom Gallagher, chief executive officer DMI. "Some studies put that number of demand over supply at up to 15 billion pounds," he remarked, as he identified an optimistic future for dairy producers if the industry

responds to consumer needs.

To take advantage of these opportunities "to give consumers what they want, when and how they want it, we need to transition from a production-driven environment to a consumer-driven environment," Gallagher said.

Today, because of the dairy checkoff's work with schools, fluid milk processors and national restaurant chains, nearly 60,000 fast-food restaurants and more than 9,000 schools are selling hundreds of millions of pounds of additional milk, Gallagher said.

In addition, DMI has begun working with a major cheese company and a leading quick-serve restaurant chain to test string cheese in kids' meals, Gallagher added. Just as what happened in fluid milk, "we want another domino effect with string cheese, to drive sales and give a new home for your production."

In contrast, over the past 20 years, the industry failed to provide "the right product in the right package" to meet unmet consumer demand in schools, restaurants and other locations. "We lost share to other competitors, so that now bottled water sales exceeds milk sales," he said.

Gallagher said that, to prevent repeating history, two factors must change:

Price volatility – Even though DMI programs this year are having an even bigger impact in the marketplace effect this year, the 25 percent increase in fluid milk gallons at retail (where more than 70 percent of fluid milk is sold) means there will be less fluid milk sold this year than last year, Gallagher predicted.

"This is not because price is too high, but because the spikes are too much, too quick and too often," he said.

Plant infrastructure – While other governments around the world provide financial incentives to modernize dairy plants, "our system encourages building plants that make

what the U.S. government will clear, when needed, rather than what the consumer demands," he said.

To help the U.S. dairy industry develop products to turn unmet demand into sales, Gallagher announced the formation of a DMI-led innovation center for industry-wide collaboration in supplying sales data, nutrition information and research, and other information to dairy marketers. "The center will help the industry move bigger, faster, and smarter in developing products through innovation that will turn unmet demand into sales," he said.

Gallagher painted a picture of a future dairy industry where:

- The growing middle classes in China, India and other countries, as well as in the United States, rely on the U.S. dairy industry to meet their needs.
- Kids drink more milk than bottled water.
- Minimizing price volatility will help producers secure "equal footing" in the marketplace.
- Dairy's great story on social and environmental responsibility is clearly understood.
- Innovation requires growth in dairy production to meet increasing consumer needs.

While transitioning from a production-oriented industry to a consumer-driven industry is difficult and controversial, it will allow more dairy producers "to thrive, not just survive," Gallagher said.

"The time for leadership is now," he said. "The pen is in our hands. Let's write a history that builds a better future."

