

# Tough Dairy Decisions Don't Stop at the Farm Gate

## Editor's Note:

The following Q. & A. column addresses many of the issues the Pennsylvania Dairy Promotion Program (PDDPP), the American Dairy Association & Dairy Council Mid East (ADADC Mid East) and Dairy Management Inc.™ (DMI) face in determining programs and products to promote with national dairy farmer check-off funds. Scott E. Higgins is CEO, American Dairy Association & Dairy Council Mid East. Pennsylvania Dairy Promotion contracts with the American Dairy Association & Dairy Council Mid East to work closely with Dairy Management Inc.™, the national check planning and management organization, to implement dairy promotion and research programs nationwide. PDDPP represents dairy farmers in 33 counties in western and north central Pennsylvania.

As CEO of American Dairy Association & Dairy Council Mid East, dairy farmers regularly ask me how we determine where our national checkoff funds are spent. I'm getting that question a lot more since we made some key changes in allocating our promotional dollars this year. Our dairy promotion spending in 1998 is based on some of the most comprehensive market research the industry has ever seen. This research identified which consumer tar-

gets will provide the greatest benefit long-term for the dairy farmer. It was a critical piece in determining how to spend our limited resources to ensure we are making the wise, and sometimes difficult decisions required to increase dairy sales.

To help all checkoff participants better understand how we developed our national marketing plan for 1998, here are the most common questions (and answers) I've been asked in recent months.

**Q. As CEO of American Dairy Association & Dairy Council Mid East, what are some of the hardest decisions you've had to make recently?**

A. The biggest question we have faced is deciding which direction to take - where to spend the dairy farmer checkoff dollars - to have the greatest impact in sales of milk. Sometimes farmers become concerned about the decisions that are made because the products we ultimately promote may not be the same ones an individual farmer receives the most return on when selling his milk.

As an organization responsible for leading promotional efforts for dairy products, we knew we needed to make our decisions based on information that told us where we could build the strongest markets for dairy products, now and in the future. That's why we invested in a nationwide survey of consumers. This was a landmark

study that helped us clearly define which types of products and target consumers offer the highest growth opportunities. When we saw the results of that study, it was clear that the whole industry could benefit most over the long term by promoting fluid milk consumption in kids and higher cheese consumption among certain customers. To do that right and make a difference, it meant we couldn't put money in other programs or we'd be spreading ourselves and farmer dollars too thin.

Making these tough calls is just like the decisions dairy farmers all the time. When making purchases, whether equipment or cows, farmers must do their research. They get data, ask questions and solicit input from experts. They never have all the dollars they'd like to have to buy all they need, so they have to choose the route they think is best and stay with their choice long enough to evaluate the benefits.

Our decision to market specific dairy products is no different. Only with time will we see how it works. As an organization, we're committed to making the best decisions we can based on facts and sticking with them to build the best future we can for all dairy farmers.

**Q. What other decisions have made big changes in the way dairy products are promoted?**

A. Another big decision we

made recently was to work more closely with the fluid milk processors through the Milk Processor Education Program (MilkPEP) to promote milk. It was time to make a commitment to work with the processors in a manner that ensures ALL dairy promotion dollars are getting used in a coordinated way to increase sales and be competitive with other beverages. That meant we could put \$181 million toward promotions designed to impact milk drinking among young children and pre-teens with dairy farmer-funded "got milk?" campaign, and reach teens and adults through the processor-funded "milk mustache" campaign.

Part of this coordinated campaign calls for addressing some of the major fluid milk marketing obstacles, such as packaging and distribution, that can only be handled by the processors. We did the research that identified the problems and possible solutions. Now the processors are taking those solutions to the market.

We plan to take this coordinated farmer/processor effort another step forward. The DMI Board of Directors recently decided to begin working with the processors to construct one integrated campaign to promote fluid milk in 1999.

**Q. What have been the biggest challenges in making those decisions on dairy promotion?**

A. In any organization that has nearly 100,000 business

owners, which the dairy industry does, there are going to be differences of opinion. Our challenge was gaining regional consensus on a national plan. No national corporation, product or industry can survive with 20 or more different marketing plans. We can't either. Fortunately, since the merger of UDIA and NDB under DMI, we have been able to work together and it's making a big difference. Total dairy sales continue to rise despite increases in production, and surplus inventories are non-existent.

**Q. What do you hope to accomplish long term by making these tough decisions?**

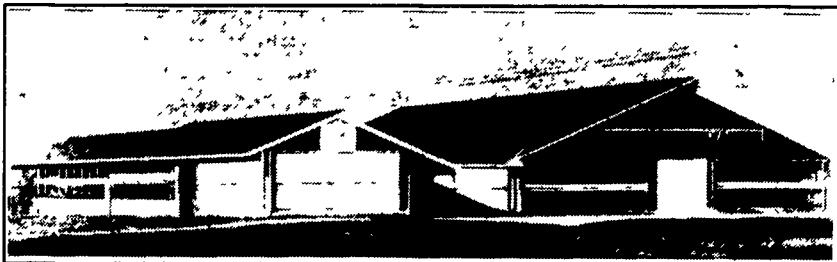
A. We believe that if we all work together with a singular focus to our promotion efforts, then we'll sell more dairy products. A healthy and growing dairy industry means opportunity, a more secure future and potentially a more profitable business for dairy farmers today and tomorrow.

**Q. What response can you give to dairy producers who have questions about how their checkoff dollars are being spent?**

A. At ADADC Mid East, we know that dairy farmers are concerned that the checkoff dollars they invest are being well spent. Our Board of Trustees are dairy farmers, too. We are working hard to ensure that farmer dollars are supporting efficient programs and getting results.

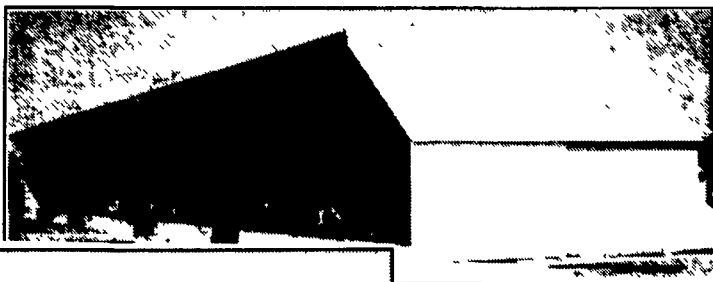
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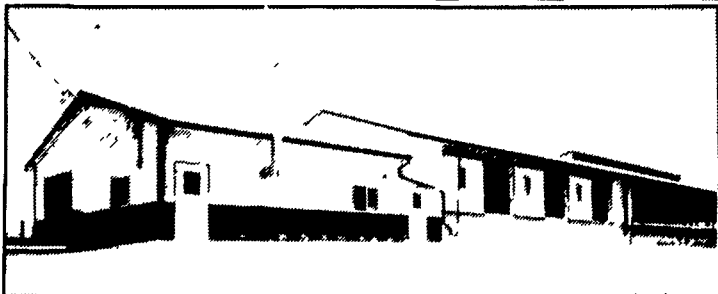


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