# DMI, Processors To Expand Milk Buying Opportunities

ROSEMONT, Ill. - Dairy producers and fluid milk processors are working together to expand fluid milk sales through convenience stores and vending machines, where today's consumers buy more than one-third of their beverages, but only 3 percent of their milk.

The producer- and processorfunded Fluid Milk Strategic Thinking Initiative (FMSTI) commissioned independent studies concluding that both of these distribution channels can be used to increase fluid milk sales.

To accomplish this, the studies suggested the dairy industry must improve packaging, product variety, sales support and effectively educate convenience store and vending operators about the high profit potential of milk.

One of the FMSTI studies shows that milk traditionally has ben successful in bringing customers into convenience stores, and that consumers who purchase milk spend more money overall in the store. But stores miss out on additional sales when they don't restock milk in a timely manner.

"The industry must work to show these outlets the true sales potential of milk, then provide stores with the right incentives," said Linda Racicot, executive vice president of domestic marketing for Dairy Management Inc.™, (DMI) which manages the national dairy producer checkoff.

"We need to capitalize on milk's advantages over soft drinks," added David Weitzer, a Poolesville, Md., dairy producer and DMI board member. "We need to communicate to c-stores and vending machine operators that milk has two major things going for it - kids really like flavored milk, and milk packs a nutritional punch with proteins, vitamins and minerals.'

FMSTI research indicates the dairy industry can sell more milk through these outlets it if makes changes in four areas:

• Improved product offerings - including consumer-friendly packaging (easier-to-handle) cartons, more attractive graphics) and multiple flavors for kids.

• Increased education — about milk's high profit potential, the popularity of single-serve containers, which offer higher margins, and the importance of stocking adequate suppliles.

• Improved sales support -through in-store promotion, advertising and merchandising programs, including signage and trays that highlight the dairy processor's logo.

· Food partnerships — bundlilng of milk with complementary foods, such as cookies; the dairy industry aims to partner with a cookie manufacturer to test market a milk-and-sweet-snack vending machine later this year.

"Innovations like these will go a long way toward making milk more convenient and attractive to consumers," DMI's Racicot said. "By working closely with convenience stores and vending machine operators, producers and processors can accomplish this efficiently and effectively."

The Fluid Milk Strategic Think-

ing Initiative (FMSTI) is a cooperative effort of the Milk Processor Education Program (Milk-PEP) and Dairy Management Inc. (DMI). It was founded in 1995 to explore ideas and make recommendations for increasing milk's competitive position among other beverages, thus leading to increased sales.

Its first phase addressed the appearance of skim milk, labeling terms, and packaging, the results of which can be seen in recently introduced products from processors across the country. The second phase is addressing milk's availability in underutilized channels of distribution.

FMSTI is part of the overall integrated \$187 million fluid milk marketing partnership between DMI and MilkPEP, designed to address consumer barriers to increase consumption of fluid milk.

Dairy Management Inc.™ is the nonprofit domestic and international planning and management organization responsible for increasing demand for U.S.-produced dairy produced dairy products on behalf of America's dairy farmers. DMI manages the American Dairy Association°, National Dairy Council® and U.S. Dairy Export Council®.



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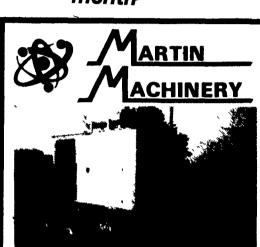
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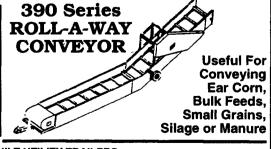
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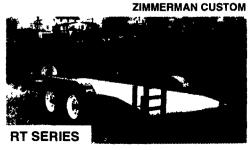






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