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STOP 0233--Room 2958-S  
1400 Independence Avenue, SW.,  
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RE: Department of Agriculture  
Agricultural Marketing Service  
7 CFR Part 1150  
[Docket No. DA-06-04]  
National Dairy Promotion and Research Program; Section 610 Review

Eliminating the National Dairy Promotion & Research Program would devastate small farmers and the dairy industry as a whole. Through the use of the 15-cent-per-hundredweight assessment, an effective, comprehensive marketing and business plan to increase demand for dairy products on a national scale has been created. This is evidenced by the well-known promotion developed by the California Milk Processing Board called, "Got Milk?", the "3-a-day" promotion, the "Why Milk" campaign and the ongoing research linking the consumption of dairy products (with a reduced-calorie diet) with weight management and loss. Because of this program, milk, as a generic commodity and somewhat as a brand, has been able to compete with other beverages more effectively than ever before.

In order for dairy producers to market their milk, they either make independent agreements with dairy plants to buy their milk or, as most do, they become members of cooperatives to take care of that for them. As separate entities, dairy producers in the U.S. do not have the necessary resources to promote and advertise their milk themselves. This is one reason cooperatives were first created. They also rely on the processors and retailers to market and advertise their product. However, in looking at advertising by cooperatives, processors and retailers, advertising and promotion of dairy products, specifically for fluid milk, is limited. While there are some familiar and popular national brands for dairy products like cheese and yogurt, there is little for fluid milk. On the other hand, consumers have become aware and familiar with the "Got Milk" advertisements, the "3-a-day" campaign, in addition to the science-supported, credible research on dairy nutrition. These campaigns and instances are, however, not funded by major, national cooperatives, processors or retailers but are funded by the National Dairy Board (and sponsors gained), which is funded by the 15-cent-per-hundredweight assessments on dairy producers.

In looking at fluid milk, it is noted that it is a beverage that competes with other beverages, from water, to juice, to beer. Consumers are inundated with the number of choices available to them for beverages. One has the option to choose a specific category, from milk to juice to beer, and then beyond that, they have the option of brands within each category. Many brands can, and do, come to mind for many categories of beverages (water: Aquafina, Dasani; juice: Welch's, Tropicana; beer: Coors, Budweiser; etc.). However, this situation is not equally evident throughout every category of beverages, including fluid milk.

Take Pepsi Co and Coca-Cola for example. In terms of advertising expenditures, because these two companies are among the largest advertisers in the U.S.(and not just in the beverage category), it is safe to say most Americans are familiar with, and most likely consume, these brands. Having a certain amount of resources enables these companies to promote their products in a nearly unlimited number of ways, through television, radio, outdoor and online advertising, in-store displays and promotions, and through sponsorships of widely televised, viewed and popular events, from national and international sporting events to television reality series that currently earn among the highest ratings. Because of this, the average consumer is aware, familiar, and may even be comfortable with these brands, possibly without even being aware of that fact. Keep in mind that some of these brands do not just promote a specific category beverage, such as soda, but they may also have more than one brand in a specific category, in addition to other brands in other categories, such as water and sports drinks. Therefore, it is impossible for dairy producers to compete with these companies on an individual scale.

While there are brands for categories of beverages other than milk that are familiar to the average consumer, on a national scale, there is relatively limited brand awareness for fluid milk products. This is another reason the 15-cent-per-hundredweight goes so far in assisting the average dairy producer and the dairy industry as whole. Because there are little to no "big players" in the beverage category for fluid milk specifically, the Dairy Board is program is vital to pooling together resources to more effectively compete with not just other types of beverages, but with other internationally and well-known brands associated with the beverage industry.

In order for milk to compete as a viable option for consumers, consumers need to not only be familiar with it, but they need a connection with it, they need comfort with it. Today, more and more consumers are considered "on-the-go," working more and spending less time at home. The effect is more eating out and less eating at home. Unfortunately for fluid milk, most American consumers are familiar with milk as a beverage they drink when young, at home. Thus, more milk is consumed inside the home rather than outside, in restaurants, for example. As consumers mature, realize more options are available (through the masses of advertisements and promotions) , and as illustrated above, milk's competitive power as a true competitor begins to dwindle. While some beverages consumed today, which are considered "on-the-go" and use milk and other dairy products as ingredients, are gaining popularity outside the home, milk as an independent fluid beverage option outside the home continues to struggle as a true competitor.

In conclusion, due to the extreme competitiveness of the beverage industry, the increasing number of options for consumers, and the fact that dairy producers, as separate entities, do not possess the necessary resources to advertise and promote their milk independently, it is necessary to retain the National Dairy Promotion and Research Board.

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