Building Sales and Trust

2019 ANNUAL REPORT
American Dairy Association North East
I really enjoy working for dairy farmers. They create a great line of products; they support local economies; they represent strong core values; and they produce food more efficiently than anyone in the world. I live in an 1825 farmhouse and there’s a little red dairy barn on the property with 15 stanchions. It was once part of the local dairy economy. There are no cows there now, just one old goat that produces nothing of value except smiles. When I walk out to my car every morning, this is a visual representation of how much things have changed for the dairy business. While I don’t own any cows, the property still remains connected to the dairy business through my work in dairy marketing. The circumstances have changed dramatically yet are still being productive on behalf of the dairy farmers and the industry.

When I look at the future of dairy, I recognize that even with ever changing lifestyles and technological advances the dairy business is still strong. Our traditional products are not disappearing, they are just becoming part of a wider array of offerings. The mix of products our consumers desire has begun to shift at a rapid rate, but the industry is responding. The ability to ultra-filter milk and reassemble the component parts is helping the industry to meet those consumer demands. On-line shopping and even computer-generated foods will continue to grow, and the industry must continue to adapt.

As a member of a national team that’s working to develop a vision of how the dairy industry might look in the year 2030, one theory is a world where DNA analysis becomes much less expensive and enables a person to create a food plan that caters to his/her individual nutrition needs. Or a gene editing technology that allows the industry to milk cows that produce very specific “designer” milks. This new world will demand greater transparency from food producers, and video monitoring of farm practices could become the norm. Think about smart shelves in the grocery stores that have been modified to signal automated systems for restocking and reordering. At the farm level, we already have robots milking cows and pushing up feed along with transponders that monitor cows 24/7.

During my 40 years in the business I have seen many changes - some I liked and some I didn’t. The changes happened regardless of my opinion. The good news is that today you have the opportunity to decide how you will adapt to future changes and possibly even drive the changes.

The staff at American Dairy Association North East will continue to track trends and consumer attitudes. We will make you aware of changes in the marketplace so that you will not be caught unaware of potential disruptions. While we cannot predict the future, we can help manage the impacts of these future scenarios.

One thing I do know, dairy farmers will continue to find a way to create a great line of products, support local economies, represent strong core values and produce food more efficiently than anyone in the world into the future. That’s why I’m proud to represent you!

Richard Naczi, **Chief Executive Officer**
American Dairy Association North East

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**Due to the Coronavirus pandemic,**
**American Dairy Association North East immediately shifted focus in helping our dairy farmers, industry partners and local communities during the time of uncertainty and quarantine. Our priorities turned to promoting our educational goals with online farm and cooking series; ensuring students have access to milk in school meals; partnering with dairy cooperatives to help distribute milk to families in need; assisting our retail partners in stocking shelves to help prevent purchase limits; and ramping up consumer communications to assure them the dairy supply is safe and abundant. In these unprecedented times, our programming looks slightly different, but the goal is the same – to increase sales and trust in dairy.**
In this day and age, it’s becoming more and more apparent that we need to build trust with consumers in order to grow dairy sales – trust in the way we care for our animals, trust in the way we grow our crops, trust in the way we handle manure, and trust in the safety of the product we produce.

People still want dairy in their refrigerators. Research shows that 94 percent of all households are buying milk - but they want assurance that it’s produced in a safe, sustainable way. It’s not news to us that we are already doing that – but we aren’t sharing that news aggressively enough with our consumers.

We’re getting better at it and we should be happy that as an industry we are pulling together to let consumers know what we’re doing to produce a safe, high-quality, nutritious and delicious product.

But we need to do more of that because the competition isn’t going away. It’s not enough to just tell people why our products should be their first choice, we must show them, with facts and with emotion.

Our checkoff dollars are helping us do that! For instance, with checkoff-funded, science-based research, the proven health benefits of milkfat are changing attitudes in the health and nutrition community that whole milk is good for all of us. This is translating into whole milk sales rising over the past six years to nearly 40 percent of all milk sales!

Through our local grassroots programs and through modern technology alike, we’re able to have conversations with consumers to build their trust in us. In fact, we’ve combined both with our virtual farm tour program that has given young people a first-hand look at what’s happening on the farm, as well as humanizing farmers as true animal caretakers. We’ve heard the statistic that at least half of all consumers would like to hear from dairy farmers directly and we’ve shown that one-on-one interactions can change people’s opinions.

Yes, there are many ways to support the sale of milk – whether it’s with a farm sign or a national partnership with McDonald’s. With our checkoff investment, we can tap into promotion methods that we as farmers can’t do on our own. We’re proud of the work being done because we can see the results through increased dairy usage.

We still must actively do our part. We have to risk being more transparent to show consumers that we understand what they’re asking for, and that we’re committed to continue responsibly producing the products they want to buy.
Retail Marketing

Retail Promotion Programs Increase Dairy Sales

The majority of milk is sold in retail stores where it competes with about 60,000 other beverages. We know milk is different and we want to stand out with our customers. That's why our retail programs are designed to encourage consumers to spend more time and ultimately more dollars in the dairy aisle. By creating a positive shopping experience while building trust in local, real dairy products.

Whole milk sales have been on the rise for the past six years and now represent 40 percent of milk sales, up from 31 percent of sales in 2014. Whole and 2% (reduced fat) milk combined account for nearly 77 percent of milk sales. By comparison, skim milk and 1% (lowfat) milk account for only 23 percent of milk sales.

Dairy Aisle Reinvention Program Improves Consumers’ Shopping Experience, Drives Sales

The ADA North East Dairy Aisle Reinvention program incorporates merchandising techniques such as customized signage to highlight the real dairy in the dairy case; provides nutrition and product use ideas; and features dairy farm families in farm-to-table signage. Retailers report significant sales growth after program implementation.

Throughout ADA North East’s six-state region, 184 stores joined the dairy aisle reinvention program in 2019, for a total of 766 stores participating.

The proof is in the numbers:
77 percent of milk is sold in retail stores
94 percent of households buy milk
Real milk outsells plant-based beverages 11 to 1
**Space = Sales!**

Dairy checkoff marketing staff work with retail store management to demonstrate how devoting more shelf space to real dairy makes the stores more money. Increased space for fluid milk, yogurt and cheese also reduces lost sales from out-of-stock items, and creates room for growing segments like whole, lactose-free and value-added milks, as well as whole milk yogurt offerings.

**Farm-to-Table Campaign Builds the ‘Cow to Cup’ Connection**

Nearly 500 stores in 15 different top retail accounts featured local dairy farm families on their dairy case signage. Seeing the farmers who produce their food, connects retail shoppers to their products of choice, and increases consumer confidence and loyalty in their purchases.

**Dairy Aisle Performance Program Keeps Dairy Cases Clean, Cold, Well-Stocked**

Consumers buy more dairy products when the cases look fresh, clean and well-stocked. ADA North East retail staff made more than 6,000 visits in 1,300 retail stores in our region to ensure that milk and dairy products are best-positioned in the dairy aisle.

During the visits, ADA North East retail staff focus on hygiene conditions, optimal product temperatures, product freshness, in-stock conditions, and marketing signage in dairy cases. Results of the visits showed a 44 percent reduction in hygiene issues, and more than 1,000 “secondary placements” of milk-based products – a second place in the store to find dairy outside of the dairy case.
Youth Programs

Selling More Milk, Cheese and Yogurt to Students Through School Breakfast

ADA North East is working to create more opportunities for dairy items to be included in school menus while growing school breakfast participation. Youth programs staff work with school food service directors, principals and superintendents, school nurses, athletic directors and parents to highlight the importance of making dairy an important ingredient on every school menu.

New Yogurt and Cheese Strategies Land Permanent Places on Daily Menus

The yogurt program was initiated in 48 targeted school districts, providing recipes for yogurt parfaits and smoothies, showing an 181% increase in yogurt sales which equals an additional 79,230 four-ounce servings (19,808 additional pounds of milk sold) during the test periods.

Fifty school districts participated in pilot cheese program that incorporated recipes with increased cheese use like macaroni and cheese bars, baked potato bars, burrito/taco bars, and breakfast pizza. This pilot showed a 52 percent increase in cheese sales during the test periods, which translated to an additional 91,327 pounds of cheese or 895,005 pounds of milk sold.

By year-end of 2019, 247,154 additional students participated in Breakfast After the Bell, which delivers breakfast through grab ‘n go stations or right in the classrooms. Through these alternate serving solutions in-school breakfast sales grew by 185,366 additional half-pints of milk served daily (or a total of 99,634 pounds of milk per day) in 2019.
Summer Meals Move More Milk when School is Out

ADA North East partnered with local food distribution organizations to support nine Summer Meals events in the following school districts:

- New York – Manhattan, Rochester, Bronx
- Pennsylvania – Philadelphia, Pittsburgh
- Maryland – Baltimore
- Delaware – Colonial
- New Jersey – Newark
- Washington D.C.

Milk sales get a boost during the summer because the program helps get nutritious foods, including dairy, to thousands of children during summer break when they don’t have access to in-school meals. Summer meals, like school breakfast and lunch programs, are all federally funded and served with milk!

Nearly 20 million children go hungry during the summer months. Families would have to spend an additional $300 per month to replace the meals their children would normally receive at school.

Strive for 35° - Keeping Milk Cold for Kids in School

To make sure that milk is served how kids like it best – COLD – ADA North East works with school nutrition directors to “Strive for 35°.” By helping schools stay aware of milk temperatures, milk has a longer shelf life and encourages kids to drink more. Our staff helps identify and find solutions for problem areas that are reported through the program.

Nearly 20 million children go hungry during the summer months. Families would have to spend an additional $300 per month to replace the meals their children would normally receive at school.
The Fuel Up to Play 60 (FUTP60) program opens the door for ADA North East staff to implement meal strategies that increase dairy sales. Implemented in more than 11,000 schools in our region, this initiative promotes healthy eating - including dairy along with 60 minutes of physical activity each day.

A partnership between dairy farmers and the National Football League (NFL), FUTP60 reaches students, teachers and school decision-makers with dairy and school breakfast messages through electronic communications and in-person events. In total, ADA North East hosted 55 FUTP60 events with the seven NFL teams in our region to support participating schools and students enrolled in the program.

Using Other People’s Money
GENYOUth is checkoff’s youth wellness nonprofit organization that draws funding from large corporations outside of the dairy industry. Through GENYOUth, ADA North East receives money to help create healthy school communities and increase options for milk for students.

Thanks to GENYOUth grants, 16 breakfast carts valued at more than $80,000 have been placed in our territory since 2017, including six in New York, six in New Jersey and four in Pennsylvania. One cart can serve up to 550 breakfasts per day which means an additional 8,800 breakfasts that offer milk or other dairy options are served daily!
**Lessons Teach Students about Modern Farming Practices**

Dairy lesson plans were distributed to more than 125,000 teachers throughout our region.

“Science on the Farm” for middle school students focused on technologies used on modern dairy farms.

“Dairy Recyclers” for elementary students featured on-farm recycling and environmental practices.

“Farming for the Future” for high school students highlighted sustainable nutrition - food that promotes good health and a healthy environment.

“We live close to farms, but many of my students have never been to a farm before. So, the idea of them being able to see where the milk that they drink or food that they eat at home comes from, and how it’s being taken care of before it gets to the table is so important for these kids.”

- Kindergarten teacher Meg Greml from Herman Elementary School in Auburn, N.Y.

**High School Athletes Reach Peak Performance with Milk**

**Refuel with Chocolate Milk** In 2019, ADA North East sponsored 120 high school state championships throughout our region where 36,610 athletes refueled with chocolate milk - reminding them it is the ideal post-workout drink to recharge tired muscles. We also shared sports nutrition information with nearly 15,000 coaches and athletic directors every month. Chocolate milk is the official beverage of New York State Public High School Athletic Association, Pennsylvania Interscholastic Athletic Association, Maryland Public Schools Secondary Athletic Association, New Jersey State Interscholastic Athletic Association and Delaware Interscholastic Athletic Association.

**Taking the Farm to the Classroom Educates Students About Modern Farming Practices**

Virtual Farm Tours connect classrooms with modern dairy farms for live video tours and real-time farmer chats. The tours help teachers and students understand farm practices and how farmers care for the cows and calves. By building trust among consumers at a young age, ADA North East hopes these children will develop them into life-long milk-drinkers!

Three farms hosted the fall tours: Joy Widerman, Jo-Bo Farm, Gettysburg, Pa. (top); Nate Chittenden, Dutch Hollow Farm, Schodack Landing, N.Y. (middle); and Hannah Worden, Will-O-Crest Farm, Clifton Springs, N.Y. (bottom)
National programs: Research and SALES!

National Partners Reach More Consumers with Dairy than Checkoff can do alone.

- Partners have driven additional dairy sales of 1.3 billion pounds (total milk equivalent) between 2014-2019!
- Partners have invested $1.5 billion in dairy related advertising!
- National Dairy Council has conducted 64 studies since 2002 to show the value of dairy fat to grow sales and consumption for cheese, milk powder and other dairy products globally.
- Checkoff food scientists worked with McDonald’s USA to develop a reduced-sugar low-fat chocolate milk.
- All cheese used by our partners internationally and domestically is U.S.-produced.
- Whole milk sales are on the rise in the Northeast – and now represent 40 percent of all milk sales. *National Dairy Council research suggests a dietary approach that includes fuller fat dairy foods can fit within healthy eating patterns!
- Dairy checkoff works with national partners to use its science-based research to formulate new menu recipes that incorporate more dairy. For example, Taco Bell’s Toasted Cheddar Chalupa had an additional ounce of Cheddar baked into each shell.

Building Trust in Dairy Through Outside Influencers

Third Party Spokespersons ADA North East’s nutrition affairs team of registered dietitians uses its 20-member nutrition speakers’ panel of third-party health and nutrition experts to carry dairy messaging to consumers and other health influencers.

Sports Nutrition Advisory Panel Eleven certified sports nutrition experts including registered dietitians from the ADA North East region volunteer time to provide social media content that supports the connection of dairy and athletic performance. The group’s content reaches more than 15,000 high school coaches and athletic directors with dairy nutrition information each month.

Undeniably Dairy Blogger Tour Thirteen food bloggers from four states in our region participated in ADA North East’s 2019 bloggers conference. During the three-day meeting, these influential social media experts were exposed to dairy first-hand. Along with other activities, they talked directly with farmers, helping them establish trust in the dairy industry. These trusted influencers with large, loyal consumer followings posted positive dairy images and messages on their blogs and other social media channels that was ultimately shared with more than one million consumers! From among this group, four were chosen to participate in ADA North East’s ambassador program, which increases our credibility with consumers.

“Getting the behind-the-scenes farm tour and learning more about where our food comes from makes me appreciate what American dairy farmers do more and more!”

- Colleen Kennedy, blogger for Souffle Bombay
Richboro, Pennsylvania
Dairy Farmer Engagement ADA North East includes a local dairy farmer in our programs and events, where they are given the chance to share their dairy story. In 2019, dairy farmers participated in 63 ADA North East hosted events to help build consumer confidence in dairy.

Many of the farmers who participated in events to build positive relationships were one of the 104 people who participated in our nine Driving Dairy Discussions trainings developed by ADA North East. The trainings help prepare farmers to have positive and effective conversations with consumers about the dairy industry.

The Speakers Bureau provides training and resources to farmers to give presentations to local community groups. Regionwide, 29 different members gave 79 presentations, reaching 2,513 consumers with dairy messaging related to on-farm practices, environmental stewardship and animal care, among other topics to build consumer trust.

DairyFAN (Dairy Food Advocacy Network), our social media advocacy program has 45 members that learn to effectively share dairy farmer stories on digital media. Together, the members had 311,853 engagements of 311,853 on Facebook, Instagram and Twitter, with an estimated reach of 2.4 million viewers on Twitter alone. They are reaching diverse audiences with current dairy information and providing transparency to on-farm practices.

Dairy princess programs in the six states in our region use young dairy enthusiasts to promote the industry at the grassroots level. ADA North East manages the New York program and along with the other states, provides funding, training and promotional resources.

Butler County Dairy Princess Sara Lang participates in a Summer Meals event with Pittsburgh Steelers player Cameron Heyward and mascot Steely McBeam.
Environmental Programs Improve Consumer Confidence in Dairy

Because consumers not only care where their food comes from but are basing their product purchasing on farmers’ conservation and stewardship practices, ADA North East's sustainability strategy focuses on helping dairy farmers find more ways to show their commitment to stewardship. Hosting on-farm tours with environmental groups develops positive relationships and fosters their support and trust in the dairy industry.

We facilitated tours for State University of New York College of Environmental Science and Forestry (SUNY-ESF) to learn about dairy farms’ sustainability and environmental practices. Tour stops included Barland Dairy in Fabius, and Dennis Family Farm in Pompey.

In Maryland, ADA North East facilitated a tour for Alliance for the Chesapeake Bay staff at Fair Hill Farm in Chestertown to show environmental practices that benefit the Chesapeake Bay.

One participant said, “Farmers are willing to take the initiative to implement environmental and ethical practices, but often lack resources.”

Dairying for Tomorrow Awards: These awards recognize farmers’ passion for dairying and those who use exemplary practices in three categories: animal care, community outreach and environmental stewardship. The program highlights farms that will help lead the industry into the future.

A $1,000 donation was made in the name of the overall winners to an ADA North East retail or school sales initiative. Winners were: Misty Meadows Farm, Smithsburg, Md., for animal care; King Brothers Dairy of Schuylerville, N.Y., for community outreach; and Red Sunset Farm in Mifflintown, Pa., for environmental stewardship.
Hunger Collaboration Partnerships Get Milk to Families in Need

Fill a Glass with Hope®, the charitable milk donation program initiated by Pennsylvania dairy farmers in 2015, has distributed more than 14 million servings of milk through food pantries, soup kitchens, shelters and feeding programs.

Pennsylvania raised $135,000 for Fill a Glass with Hope in 2019, plus an additional $10,000 through the Pennsylvania county dairy princess programs.

The program kicked off in New York in 2019 at Price Chopper. The retailer offered a $10,000 match for a total of more than $32,000, in addition to more than $8,500 raised by local New York dairy princess committees.

Milk is one of the most requested items at food banks but is one of the least donated because of its perishability. Many food banks don't have the necessary equipment to store and keep milk cold. Therefore, more than 60 coolers were placed in food pantries throughout Pennsylvania and New York through Fill a Glass with Hope.

The Great American Milk Drive provides 1.2 million servings of milk. A partnership between local retailers, ADA North East, National Dairy Council™, Milk Processor Education Program (MilkPEP), and Feeding America®, the Great American Milk Drive gets milk into the hands of families who need and want it. The total raised was $320,848.


Former Washington Redskin Brian Mitchell and Maryland Dairy Princess Lynne Thomas help launch the Great American Milk Drive.

Safeway: Donations totaled $193,000 which is approximately 48,349 gallons of milk

Shopper Food & Pharmacy: Donations totaled $46,000 which is approximately 11,534 gallons of milk

ShopRite: Donations totaled $82,000 which is approximately 20,528 gallons of milk
Reaching Millions with Dairy’s Good Story

Consumer communications enhances dairy farmer image and their products to boost consumption of dairy.

ADA North East’s consumer marketing team develops proactive media outreach to drive consumer trust, awareness and engagement. The team’s go-to marketing strategy includes three tactics with audience reach measured for each:

1. Indirect marketing: traditional media, health influencers and sports partnerships
2. Direct marketing: social and digital media
3. Face-to-face marketing: events

TRADITIONAL MEDIA
(TV, radio, newspapers):
Placements: 2,062
Media impressions: 31,776,103

DIGITAL MEDIA
(Facebook, Twitter, websites):
Website traffic: 609,689
Digital impressions: 27,489,374
Social media engagement: 717,474

Savor Recipes – ADA North East launched a new recipe site that connects with targeted consumers – people who love to cook or bake and are looking for meal solutions and recipe inspiration. This website features hundreds of recipes, how-to videos, and three digital cookbooks.

One feature of the site allows consumers to shop from the website directly with the retailer of their choice. This e-commerce feature only allows consumers to purchase real dairy – NO imitations or substitutions of non-dairy beverages – will appear as options.

First six months after its launch the website reached nearly:
• 11 million impressions on social media
• More than 125,000 visits to the website

New York dairy farmer Chris Noble conducts an on-farm media interview.

Media Metrics are numbers that show how many positive dairy stories were placed in the media, how many people saw them (impressions), how many times they were opened or shared (engagement), and how many consumers visited our website (traffic).
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American Dairy Association North East was created in 2016 by consolidating American Dairy Association and Dairy Council, Mid-Atlantic Dairy Association and Pennsylvania Dairy Promotion Program. The dairy farmer boards of directors for each organization remain in place and each has representation on the American Dairy Association North East corporate board.
American Dairy Association North East (ADA North East) is the dairy farmer-funded organization funded by participating dairy farmer’s checkoff investment to build demand and sales for milk and dairy foods throughout the local region. Representing nearly 10,000 dairy farm families in Delaware, Maryland, New Jersey, New York, Pennsylvania and northern Virginia, ADA North East develops and implements local programs to drive milk and dairy sales at retail outlets and in schools. The organization also conducts consumer education about dairy through events, traditional and social media, and in collaboration with health professionals through National Dairy Council®. ADA North East works closely with Dairy Management Inc.™, the national dairy checkoff organization, to support nutrition research, national partnerships and developing export markets for dairy to bring a fully integrated promotion program to the region. For more information, visit www.AmericanDairy.com or call 315-472-9143.