

# Partnerships, innovation forging new roads for dairy sales

Promotion programs in 2008 saw the advent of new ways of doing business, reflected in this year's Annual Report theme: "Partnerships and Innovation: Forging New Roads for Dairy Sales."

Expansions of partnerships with companies such as McDonald's and Burger King have sold millions of additional pounds of milk, and a new partnership with Domino's Pizza is predicted to move millions of incremental pounds of cheese.

Last year, McDonald's started to renovate all of their 14,000 stores to accommodate a new line of specialty coffees. The McCafe coffee drinks, featuring mochas and lattes, are 80 percent milk. The checkoff helped to create the new menu items by providing McDonald's with information about the growth potential of the specialty coffee market. Checkoff dollars will also support some product sampling later this year, after McDonald's launches a multi-million dollar advertising and merchandising campaign. The specialty coffee line is expected to sell an additional 350 million pounds of milk.

"This is a new way of working," said Cheryl Hayn, SUDIA's general manager. "In the past, dairy farmers paid for dairy product advertising. Today, we help launch new products and our partners finance the ads."

After working with foodservice chains to replace the milk carton with the plastic container, the checkoff has been working to grow sales for other dairy products. Both Sonic and Burger King added additional cheese items to their children's meals: string cheese as an option in place of French fries in Sonic's Wacky Pack and macaroni and cheese as an option for Burger King's Kids Meal. Subway and Wendy's



**McDonald's line of McCafe coffee drinks is 80 percent milk.**

have added yogurt to their menu, and Starbucks created a smoothie beverage with whey protein, predicted to sell an additional 550 million pounds of milk.

"Overall, we have increased sales by more than 1 billion pounds through foodservice partnerships," Hayn said.

In a new three-year partnership, Domino's recently launched its new American Legends line of pizzas, a selection of six new creations featuring 40 percent more cheese. Domino's is running a heavy advertising schedule, supplemented by checkoff dollars. For every dollar dairy farmers are investing, Domino's is putting in four.

"We are looking to reinvigorate the pizza category, which has been declining over the last five years," said Janet Grubbs, SUDIA's manager of communications and nutrition. "About 25 percent of cheese is used on pizza, representing more than 25 billion pounds of annual milk production, and we need to maintain and grow that."

In addition to mozzarella, the new pizzas use Parmesan, Cheddar, asiago and American cheeses.