



New Look of School Milk

Outline

- Background
- Studies
- New Look of School Milk
- Components of Success

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New Look of School Milk

Background: Status of School Milk

Drivers Behind Need to Change School Milk

- Declining School Milk Consumption
- Non-Competitive Image of School Milk
- Beverage Competitor Activity in Schools
- Negative Health Trends Among Students

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New Look of School Milk

Background: Status of School Milk

- On average, every year, for the past 10 years, children have stopped drinking another 60 million gallons of milk
- **Attitude Statements: School Milk**
 - As good as home 35% disagree
 - Like white milk 39% disagree
 - Like Chocolate 19% disagree
 - Like carton 41% disagree
- Each student who stops drinking milk cost us 1,000 gallons –

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Background: School Milk is BIG Volume

- **School Channel is 6% of Total Milk**
 - Second only to grocery channel and 50% larger than C-Store volume.
- **School Milk Dominates Unit Volume**
 - Three times the consumer purchase occasions (units) vs. grocery stores.

60

Channel	Volume (Millions of Gallons)
Grocery	60
Schools	~10
C-Store	~5
Club	~2
Rest	~1

0 1,000 2,000 3,000 4,000 5,000 6,000

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Background: Nutrition Implications

- America's children are overweight and undernourished
 - 1/4 US children overweight or obese
 - 9 out of 10 girls and 7 of 10 boys do not meet their calcium requirements
- National School Lunch Program including milk is important nutrition solution for:
 - Superior nutrient intake
 - Significant percent of students depend on meals for daily nutrition

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The Competition at Times



Background: How school milk was...

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School Milk Pilot Test: Model for Change

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- Co-sponsored with ASFSFA to make milk competitive in schools
- School milk drivers:
 - Enhanced plastic packaging
 - At least one new flavor (usually strawberry)
 - Better storage and refrigeration
 - Better merchandising and served cold (new coolers)
 - 8-ounce on meal line (10-ounce two markets)
 - 16-ounce a la carte and vending

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Test: Getting Kids to Drink More Milk

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School Milk Pilot Test involved ...

- 146 schools in 18 districts
- 100,000 students
- 9 dairy processors
- Timeline: 2001–02 school year
- Measurements
 - School meal participation
 - Milk sales data
 - Milk plate waste
 - Student opinions

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- School milk model based on School Milk Pilot Test results
 - Milk Sales – increased 18%
 - 86% increase came from meal line
 - Milk consumption – increased 37%
 - Lunch ADP (secondary level) – increased 5%
 - 10 oz unit sales – increased 5.5%
- **What happens if implemented nationally...**

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SMPT: National Rollout



- Promar International studied national health implications:
- **430,000 more students in school meals**
- **2.1 million students become milk drinkers**
- **Student's lifetime risk 6 major health conditions decrease 20-50%**
- **Direct, indirect healthcare costs would fall by \$800 million – \$1.1 billion per year**

Outline

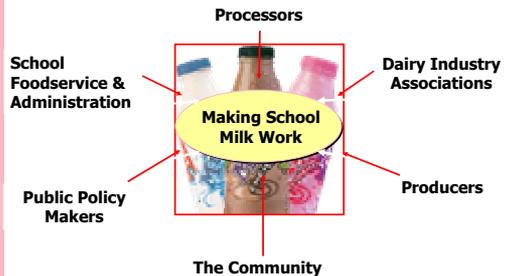
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Key Marketing/Communication Objectives

- Build wide-spread support for fixing school milk among key players
- Increase demand from schools and consumers
- Educate opinion leaders
- Convince dairy processors of economic and operational feasibility and benefits
- Develop future customers



Integrated Effort Required to Make the Change



New Look of School Milk: Key Elements

- Packaging
- Flavor Variety
- Points of Distribution
- Equipment
 - Merchandising
 - Handling
- New "Business Plan"



School Milk Assessment: Guide for Future Program

- Recognize Value of School Milk
- Schools and dairy processors work together to assess school milk product and service options
 - Agreement on key elements, service terms
 - Discuss current options available and possibility for future
- Establish school milk plan for total school
- Dairy Council's support of schools implementing New Look of School Milk
 - Equipment grants
 - Adoption/Promotion package
 - » Breakfast, Lunch, After school

How milk could be...



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- **Components of Success**

Components of Success: School Milk Drives Participation



- School Milk is not a commodity but a marketing opportunity
- Additional revenue
 - Additional meals from increased ADP
 - A la carte and vending sales
- Calculations range provided for average school district
- Provide budget template to support business decision
- Talking points for School Business Official
- Building "success" stories

Components of Success: Key Learnings

Customer

- School food service attitudes are changing
 - improve nutrition increasing milk consumption is key.
- Schools may pay more for an improved product and still "profit"
- School food service director is the key driver of change
- Dairy Council is a **key resource** to develop relationships and sell School Foodservice Directors.
- Value added milk programs increase milk sales **and** total meal participation, generating incremental revenue for schools to help offset the cost.
- Secondary schools represent a broader opportunity.

Components of Success: Significant Progress Has Been Made

Creative Milk Processors

Progressive School Districts

Dozens of innovative solutions, growing school milk

Whether leader or fast follower, the time to act is NOW!

Components of Success: MORE Milk at School



- Spreading the word
 - Educating school foodservice, others about volume opportunity with enhanced milk on school feeding line
 - Reach 4,000 schools, representing 3.5 million students in 2004
 - MilkPEP investing \$500,000 for processor education program
 - 21 Processors supplying plastic singles in 19 states and growing!

Today, nearly 1200 schools, representing 860,000 students, offer plastic, single serve on the line!



New Look of School Milk

Thank you!



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