

70th Annual Convention
 Virginia State Feed Association & Nutritional Management
 "Cow" College

February 17-19, 2016 • Roanoke, Virginia

Building & Maintaining Consumer Confidence in Dairy and Agriculture.



Are you in the Game or on the Bench?

DMI DAIRY MANAGEMENT INC.




Stan Erwine Vice President of Farmer Relations and Activation
Twitter: @Stan Erwine
Facebook: Stan Erwine



Who is DMI?

Who do I work for?
 How have we changed?
 What have we learned that's relevant to you?

My goals for today's presentation:

1. Share 1 or 2 things that cause you to think differently about agricultural advocacy
2. Cause you to think differently about the modern consumer
3. Motivate you to embrace new communications tools and channels

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How Checkoff Investment Impacts Dairy Sales, Demand & Image



Checkoff Investment leads to **Dairy Checkoff**, which supports the **Farmer Mission** to Drive Demand and Increase Dairy Sales and Trust.

Farmer Mission: Drive Demand and Increase Dairy Sales and Trust

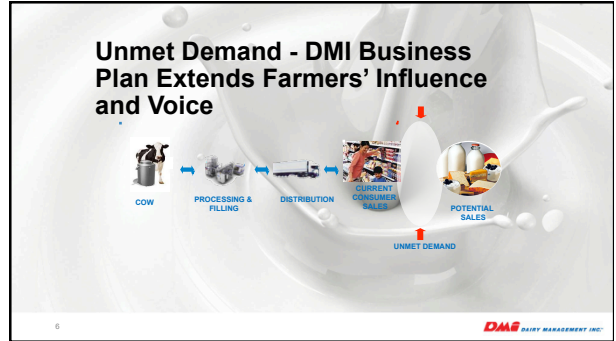
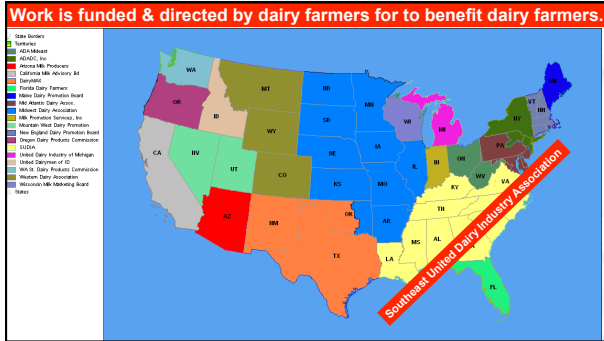
Priority: Accelerate Innovation & Sales through Industry-Wide Participation

Strategy: Collective Partnerships

Strategy: Farmer Partnerships

Strategy: Retail Partnerships

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The Power of Partnerships

Farmer Mission: Drive Demand and Increase Dairy Sales and Profit

Strategy: Collective Partnerships

Partners & Members: **INNOVATION CENTERS FOR DAIRY**, **US Dairy**, **DAIRY**

Daily Communications Management Team

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Benefits to Dairy Farmers

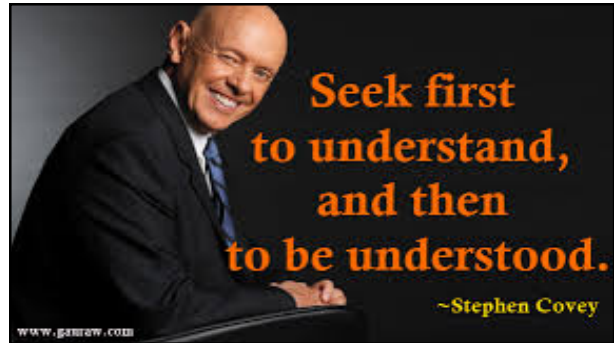
- Extends farmer voice -** Magnifies farmer investment
- Domestic Cheese Sales** +4 Billion lbs. of milk 1/14 - 7/15
- Let us butter you up + 600 Million lbs. of milk** **Milk Fat is Back!**
- + 10 billion lbs. of milk since 2009 + 100 mm lbs. of Pac Rim Cheese**
- + 12 billion additional lbs. of export sales since 2009**

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Tough Questions

- Is trust in dairy, food or agriculture increasing or decreasing?
- **Whose job is it to communicate to consumers?**
- Who do consumers want to hear from?
- **How often do you communicate with consumers?**
- How large is your consumer audience and voice?
- **What are you doing to grow it? What's at risk if you don't?**
- **What or who are you waiting for?**

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Seek first to understand, and then to be understood.

~Stephen Covey

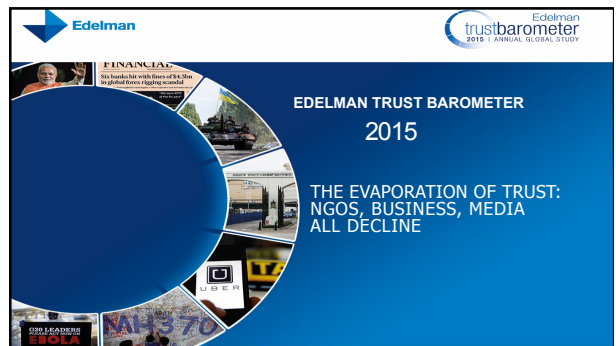
www.gseiw.com

Most profound demographic change since 1890's

- 55+ Population will increase 45% by 2020
- 50% of Growth 2000 - 2010 Hispanic
- Asian Population +43% since 2000
- 45% Children under 5 are Minorities
- 48% of Food Expenditures Away from Home
- Couples with Children Declining

Source: 2005 and 2010 Census, Dr. Ron Brownstein - National Journal/Editorial Director

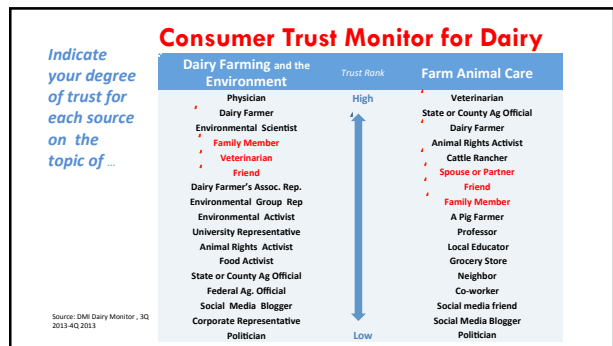
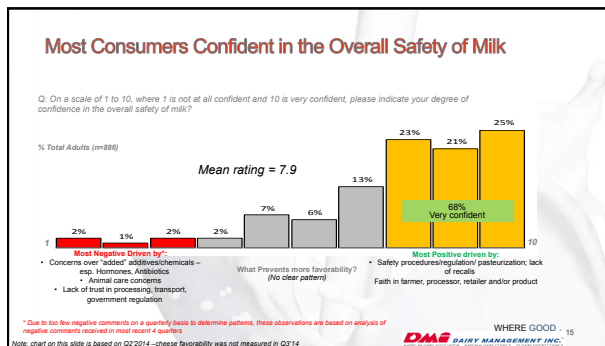
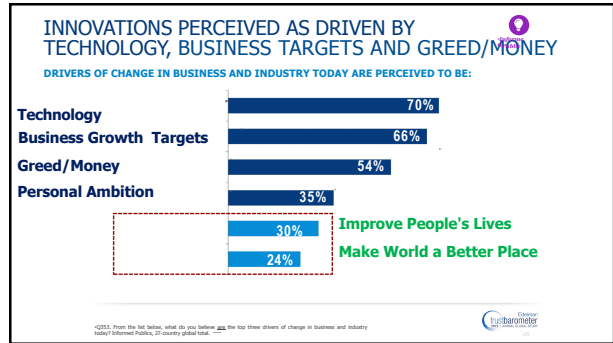
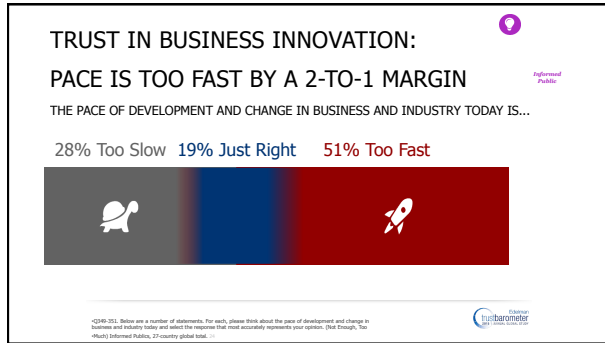
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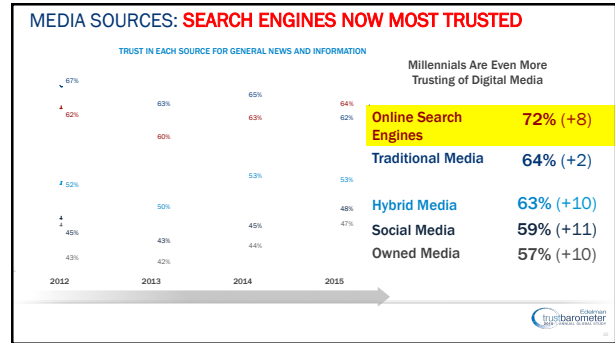


Edelman trustbarometer 2015 ANNUAL GLOBAL STUDY

EDELMAN TRUST BAROMETER 2015

THE EVAPORATION OF TRUST: NGOS, BUSINESS, MEDIA ALL DECLINE



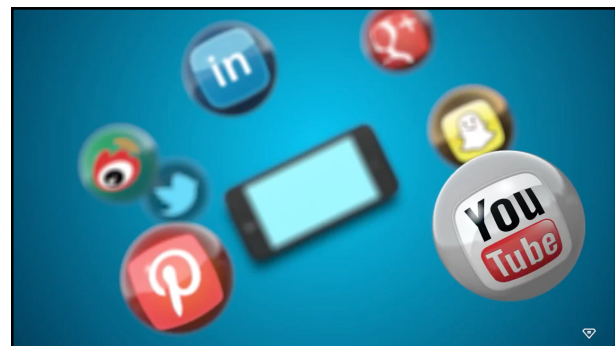


Erik Qualman

Author, Keynote Speaker on Generation Y

www.youtube.com/watch?v=zxp4dNVd3c&feature=youtu.be

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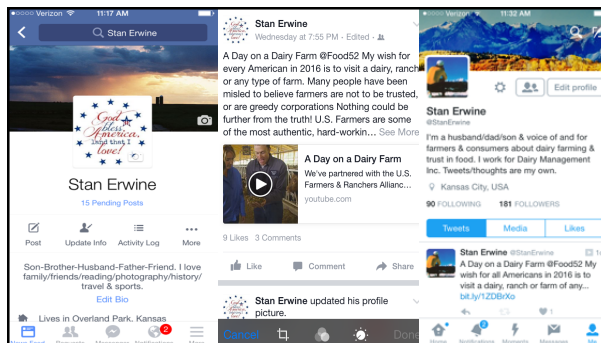


All the Rules have Changed

Consumers Expect More Than Good Food
Expect Us to Treat Animals, Workers & Environment Well

Have a Different View – Demand Transparency
They Seek and have Unfettered Access to Information

We Must Intercept Groups Organized Against Us
We Must Adopt a New Attitude and Tools

CONSUMER INSIGHTS

WHERE ARE CONSUMERS AT TODAY?

Trying to "eat healthy" is complex – they seek "shortcuts" (e.g., fresh, local, organic)

Driven more by "what to avoid" vs. what to eat

Want simpler, more straightforward food information to make better choices

More concerns in food safety, animal care






GROWING DISCONNECTION FROM AGRICULTURE, LEADING TO SKEPTICISM

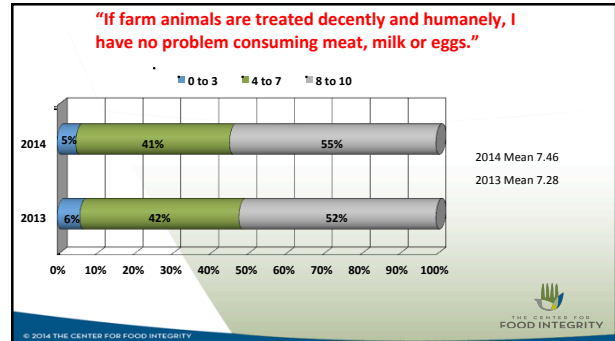
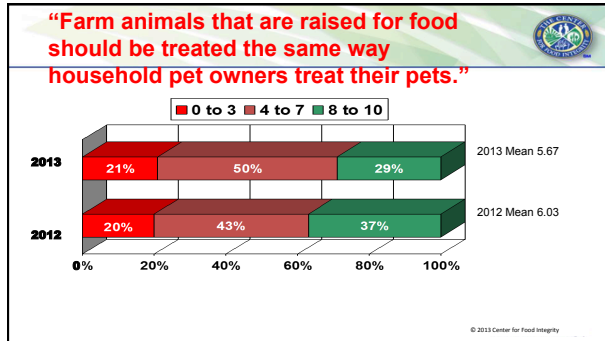
Only 47% believe farming is performed in a responsible way

40% believe U.S. farmers take good care of the environment

33% believe livestock are treated in a

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TRANSPARENCY AND SOCIAL LICENSE

Transparency: Operating in such a way that it is easy for others to see what actions are performed. It has been defined simply as "the perceived quality of intentionally shared information or action".

Social License: The level of acceptance or approval continually granted to an organization's operations or products or services by consumers, the local community and other stakeholder Based on:

Maintaining public trust/belief that your business activities are consistent with social expectations/values of community & stakeholders

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Why Does Dairy Care About Millennials?


| | |
|-------------------------------|--|
| Spending (CPG) | 2014 \$150 Billion 17% of \$ 884 Billion Market |
| | 2020 \$290 Billion 29% of \$ 1,000 Billion Market |
| Milk and Millennials | 96% Buy Milk 32 Gallons/Household (-4%) Account for 27% of Retail Milk Volume |
| Yogurt and Millennials | 90% Buy Yogurt 31 Pints/Household = 1.6% Account for 28% of Retail Yogurt Volume |
| Cheese and Millennials | 98% Buy Cheese 34 Pounds/Household Account for 28% of Retail Cheese Volume |

MILLENNIALS EVERYWHERE!

OVER HALF OF MILLENNIALS HAVE NOT YET FORMED OPINIONS ABOUT DAIRY

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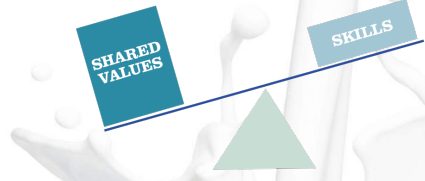
Who are Millennials



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| The Me-Me-Me – Generation | 90% Equate Success with being a Friend 68% Working for a Cause They Believe In |
| Later Life Stage Differences | Marry & Become Parents Later Less Likely to Own a Home |
| Technology - Mobile Devices | 49% Are Early Adopters of Technology 29% Regularly Use a Mobile App to Pay |
| Brand Loyalty | 44% Say They are Brand Loyal 52% Quality & "Purpose" over Price 62% Buy Healthfulness 40% Buy Sustainability |


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What Drives Consumer Trust?



Shared values are 3-5x more important in building trust than demonstrating competence

Trust research was published in December 2009 - Journal of Rural Sociology



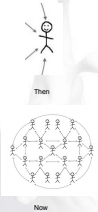
UNITED DAIRY INDUSTRY ASSOCIATION



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SHIFT IN THE COMMUNICATION LANDSCAPE

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| <h4>The Old World</h4> <ul style="list-style-type: none"> ○ One-way communications; focused on "push" messaging ○ Traditional media was the only media ○ "Influencers" defined by their titles ○ Feedback was delayed or nonexistent |  <p style="font-size: x-small;">Then</p> <p style="font-size: x-small;">Now</p> | <h4>The New Reality</h4> <ul style="list-style-type: none"> ○ Intense speed of information, fragility of trust; more connected world ○ Media has changed ("search" is key; simultaneous use of Web, TV, mobile, media consumption increases overall) ○ Social media is mainstream media ○ Authority redefined ○ Societal/attitudinal shifts (activism) ○ Conversations start anywhere and involve influencers of all types |
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DAIRY HAD TOO MANY VOICES, TOO MANY MESSAGES

OTHERS HAVE BEEN BETTER ORGANIZED, MORE NIMBLE AND LEADING ONE-SIDED CONVERSATIONS

COMMON VOICE NETWORK

NEW COMMUNICATION SYSTEM TO MEET OUR AUDIENCE WHERE THEY LIVE



THE UDDER TRUTH: VIDEO SERIES

"Cow Care"
Joe Kelsay, Kelsay Farms, Whiteland, IN
Myth: Most large dairy farms prioritize profits over animal care, and mistreat animals through crowded conditions and abuse

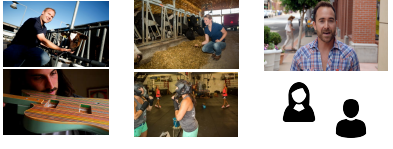
"Antibiotics"
Linnea Kooistra, Kooistra Dairy, Woodstock, IL
Myth: Antibiotics are standard practice on most US dairy farms and antibiotic residue ends up in the milk we drink

"Big Farms"
Annie Link, Swisslane Dairy Farms, Alto, MI
Myth: Most dairy farms are large, corporate, factory farms that are driven by profit rather than taking proper care of their cows or the land

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▶ Acres + Avenues: Video Series



"Stewards of the Land"
Shared Value: Sustainability

- Dairy farmer uses fuel from cow manure to power his farm
- Millennial makes guitars out of old skateboards

"Nourishing Others"
Shared Value: Promoting Wellness

- Dairy farmer is also an 80+ who runs a dairy with her husband and another millennial couple
- Millennial is a U.S. boxing coach and international tennisball competitor

Casting Call
Promote Submissions

- Fox interviewing characters in his hometown to drive interest in casting for Season 2

THE HOST: Jax Austin

Jax Austin is currently working as a pilot, which allows him to travel frequently and pursue his passion for snowboarding.

Highly-engaged and active, Jax travels and snowboards frequently, mirroring the adventurous spirit of the Acres + Avenues brand.

- His adventures and travels mirror the adventurous spirit of the Acres + Avenues brand.
- Jax's millennial lifestyle and interests embrace Jax's involvement in Acres + Avenues and amplify the episodes further.



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Consumer Confidence At Work





1.1 MM Video views

24 Million Onion Impressions

44 million Total Impressions in 5 weeks

49 Media Placements

4.4 MM Video views

30.5 K Shares

20.9 K Social Actions

62 MM Impressions...and counting









DMA DAIRY MANAGEMENT INC.

[Http://mydairy.dairy.org](http://mydairy.dairy.org)

<https://amplification.dairygood.org/>

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Amplifying Dairy's Voice

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|  <p>73,000 schools reaching 11M children engaged</p> <p>myDairy</p> <p>2,400 producers active in social media</p>  <p>2,800+ scientific and industry leaders using nutrition, product and sustainability research</p>  <p>750,000 health and wellness professionals advocating for dairy</p> |  <p>27M+ Facebook fans 1M+ Twitter followers 27M customers per day 14,000 U.S. stores</p>  <p>100+ cooperative, processor and trading company members</p> <p>60 Dairy Producer Trade Organizations</p> |  <p>300+ companies 1,000+ industry staff 34 communication professionals 1,800+ industry members accessing insights and opportunities</p>  <p>Industry coordination on issues and crises</p>  <p>Nearly 5,000 U.S. stores 8M+ Facebook fans</p> <p style="font-size: x-small;">WHERE GOOD 46 COMES FROM.</p> |
|--|--|--|

ACTIVATION IDEAS

Everyone can do these types of things

- **Share content and amplify**— episodes shared on company websites, social properties, etc.
- **Engage employees/stakeholders to share content through their social channels**
- Use content as **springboard to local social responsibility stories**
- **Participate in real-time, social conversations** sparked by episodes
- Use raw footage/assets for your customized content

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| <p>"People will forget what you said, people will forget what you did, but people will never forget how you made them feel." — <i>Maya Angelou</i></p> | <p>"CHANGE BEFORE YOU HAVE TO." JACK WELCH</p> |
| <p>"There is at least one point in the history of any company when you have to change dramatically to rise to the next level of performance. Miss that moment - and you start to decline." — <i>Andy Grove</i></p> | <p>WILLINGNESS TO CHANGE IS A STRENGTH. EVEN IF IT MEANS PLUNGING PART OF THE COMPANY INTO TOTAL CONFUSION FOR A WHILE.</p> |
| <p>Don't become paralyzed by analysis – focus on laser-sharp goals, act and fine tune. As leaders you have been empowered to act not overthink. Tom Gallagher DMI CEO</p> | <p>IF YOU DON'T HAVE A COMPETITIVE ADVANTAGE, DON'T COMPETE.</p> |
| <p>"THE SECRET OF CHANGE IS TO FOCUS ALL OF YOUR ENERGY, NOT ON FIGHTING THE OLD, BUT ON BUILDING THE NEW." — <i>BRANDER</i></p> | <p>"As we look ahead into the next century, leaders will be those who empower others." — <i>GEORGE YERGEN</i></p> |