



Industry experts pose solutions to fluid milk crisis

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A panel of industry leaders agreed that it is time for the entire industry to reevaluate and reinvent how it invests in fluid milk. Their assessment and solutions were delivered during the joint annual meeting of the National Milk Producers Federation, National Dairy Promotion and Research Board (NDB) and the United Dairy Industry Assn. (UDIA) in Orlando, Fla.

Barbara O'Brien, president of the checkoff-funded Innovation Center for U.S. Dairy, said fluid milk "is now at a crossroads" following four decades of declining sales ([Feedstuffs, October 15](#)).

"There are solutions," O'Brien said. "But we need the will and commitment (of the industry) to carry them out."

In September, the board of directors of Dairy Management Inc. (DMI), which manages the national dairy checkoff, approved six proposals with individual fluid milk processors to accelerate product innovation, extend milk's availability in new channels, and secure additional resources to market fluid milk.

The total checkoff investment is \$9 million to date; the combined investment by processors is \$80 million.

Mike McCloskey, CEO of Select Milk Producers, pointed to several reasons for declining sales, including a lack of innovation throughout the value chain, competition from other beverages and antiquated plants that result in distribution and packaging challenges.

"We can do more things to affect the desirability of milk," McCloskey said.

Jim Wegner, president and CEO of Darigold, Inc., said an aging U.S. population also is a factor, adding that 57 million people are 30 or older.

"We must re-invent milk," he said, adding innovations such as Greek yogurt and products featuring probiotics and low carbohydrates are solutions that meet the demand of today's young consumer base.

John Kaneb, Chairman of HP Hood LLC, said a natural division between producers and processors has slowed progress during the years.

"As (DMI CEO) Tom Gallagher said (in an industry white paper), we need to take a 'trustee approach' to grow fluid milk sales," Kaneb said. "We must not (maintain) a rigid system that smothers innovation. We must work to give oxygen to (the development of) new products. Milk should be the leader (in the beverage category)."

DMI has created an Innovation Fund Task Force to explore the fundamental factors inhibiting fluid milk sales, including barriers and lack of innovation, among others. DMI will work with industry leaders to identify potential pilot programs to rejuvenate gallon and half-gallon milk sales through product formulation, packaging, placement and branded marketing/promotion at retail.

As part of this initiative, checkoff representatives are seeking input from the management teams of major dairy co-ops, processors, manufacturers, and retailers on the challenges and solutions to growing fluid milk sales.

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