



GRAIN FOODS
CHECK OFF

STATUS REPORT



The Vision

- **Increase unit sales** across the breadbasket (retail, food service, fresh, frozen, etc.) in 3-5 years.
- **Change the perception of bread.**
- **Produce research** to strengthen our understanding of the goodness of bread.
- **Rally a focused group of bakers and millers** to fund a promotional effort dedicated to the breadbasket that will have a lasting impact on the industry.
- Invest collectively on a **business challenge that would, otherwise, go unaddressed.**



The Vision Crafters

Bakers

Aryzta

Tracie Sheehan

Aunt Millie's Bakeries

Bohn Popp

Campbell's Soup Co.

Kelly Johnston

BBU

Vince Melchiorre
Jim Morris

Flowers Foods

Allen Shiver
Debo Mukherjee

The Bakery Cos.

Cordia Harrington

The Kroger Co.

Brian Dwyer

Millers

ADM

Mark Kolkhorst
Kevin Like

Ardent Mills

Dan Dye

Bartlett Milling Co.

Rod Geiger

Grain Craft

Pete Frederick

Italgrani USA

Jim Meyer

Mennel Milling

Ford Mennel

North Dakota Milling

Vance Taylor



Why a Checkoff?

- Mandatory industry marketing programs make sense when there are **shared problems at a scale** that defy individual company solutions.
- **Drive growth**, market share, revenue and profits.
- **Enhance industry reputation** among consumers and value chain stakeholders.
- **Change retailer and food service perceptions** of the role of bread basket products.
- **Give consumers permission** to consume the bread basket of products they know and love.



Program Structure

- **Total Annual Budget:** \$15million
- **Allocation:** 85% Bakers; 15% Millers
- **Assessment:** \$0.16 per CWT of wheat flour used to produce bread basket products
 - **Bakers:** \$0.136 per CWT of flour
 - **Millers:** \$0.024 per CWT of flour
- **Collection:** Bakers are responsible for collecting the assessments from millers and remitting them to the Board along with their own assessment on a quarterly basis.

Program Structure

- **Products subject to assessment:**

- **Included: Fresh and Frozen**

- Sliced bread
- Unsliced bread
- Rolls and buns
- Bagels
- Naan, pitas and other flatbreads,
- English muffins and biscuits

- **Excluded:** pasta, cereal, tortillas, organic products (by law), products sold in the frozen section of a grocery store, bars, crackers, or sweet goods



Program Structure

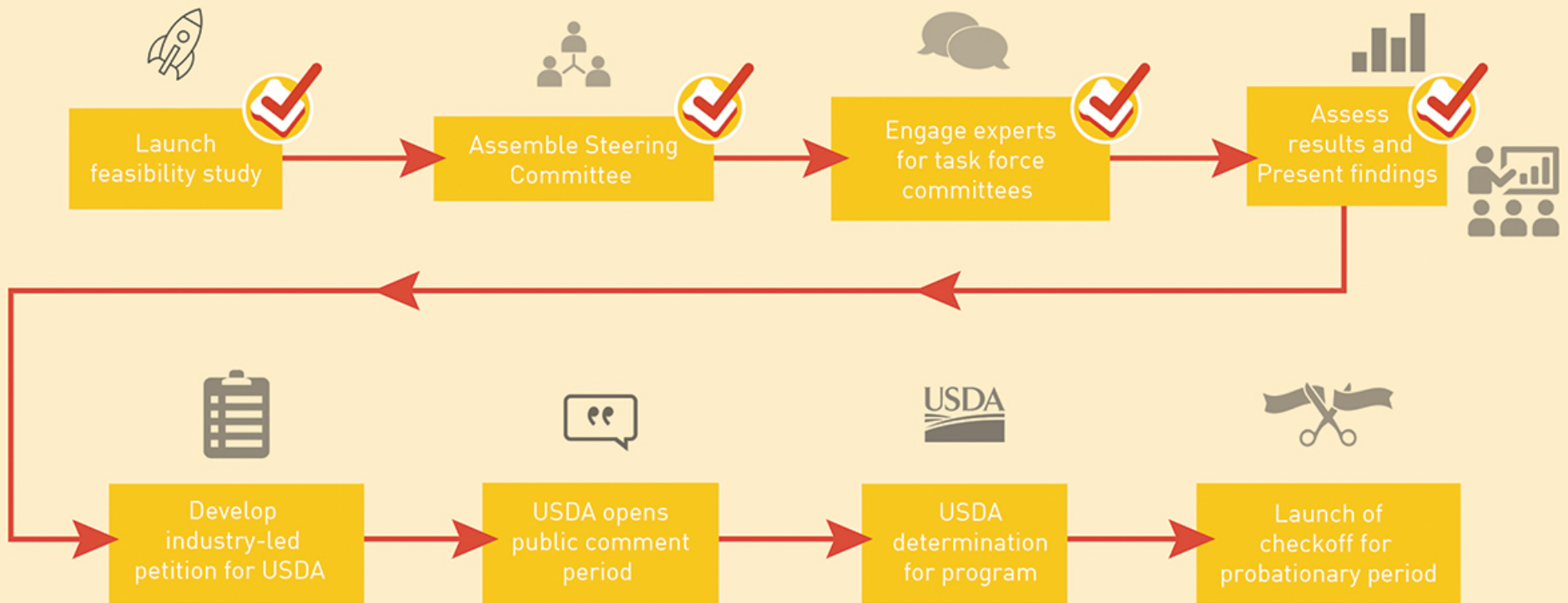
- **Exemptions:** Companies using or selling less than 750,000CWT of wheat flour for the production of bread basket products. To claim an exemption, Bakers and Millers must substantiate one of the following:
 - **The Baker:** annually purchases less than 750,000CWT of wheat flour to produce bread basket products;
 - **The Miller:** annually sells less than 750,000CWT of wheat flour to produce bread basket products; or
 - **The Miller:** is also exempt from assessment on that portion of wheat flour sold to an exempt baker

What Do We Get?



- **ROI:** For every \$1 invested, we can expect an ROI of \$5-\$15
- **Accountability:** You are the governors of your dollars and the program. A checkoff program is accountable to a Board of Directors and required by USDA to report an ROI analysis
- **4 Key Program Elements:**
 - **Consumer Media:** The objective is to use a national initiative to change the perception of bread among consumers and influencers
 - **Retail Channel Development:** Increase unit sales at the retail level through an integrated campaign
 - **Food Service Channel Development:** Increase unit sales and pre-competitive innovation to deliver new and better products
 - **Science/Nutrition Research:** Fill in the gaps in the scientific literature and activate a national conversation among food and nutrition opinion leaders.

Checkoff Road Map



What Happens Next?

- **Formal Process**

- Industry submits proposal to USDA
- USDA opens a public comment period
- USDA authorizes (or not) the program
- Industry nominates Board of Directors
- Program trial period launches
- Industry has up to three years to hold a referendum to vote the program in or out

- **Working Groups and Pilot Programs**

open to all companies subject to the assessment

- Marketing Request for Information
- Retail Channel Development
- Food Service Pilot Program

Questions?