



**MAKING
EVERY
DROP
COUNT**

**your
DAIRY
CHECKOFF**
Dairy Management Inc.

2022 Annual Report

2022 Annual Report

About This Report

The 2022 Annual Report is published by Dairy Management Inc.™ (DMI), which manages the national dairy checkoff program on behalf of the nation’s nearly 28,000 dairy farm families and those that import dairy to the United States.

Dairy farmers and importers who direct dairy promotion and research priorities and strategies know that the work of the checkoff doesn’t start and stop within a single calendar year. In fact, checkoff programs aim to advance dairy by:

- Accelerating incremental dairy sales growth
- Building trust in youth and other key consumer audiences
- Positioning dairy in a global food system

The checkoff accomplishes this through a balance of programs that advance dairy now and in the near term, and efforts that help dairy farmers and the dairy community over the long term.

This work was true again in 2022 as dairy checkoff organizations locally, nationally and globally continued shifting in an ever-evolving marketplace, industry and workforce as the nation emerged from the pandemic and two years of supply chain disruptions, inflation and other considerations that affected dairy consumers and customers alike.

The checkoff’s approach remains strong – an approach that focuses on working with and through industry partners that co-invest in priorities that help extend checkoff resources, voice and impact.

Annual plans are reviewed and partners established at the direction of the farmer-led DMI Board of Directors (which also includes one dairy importer seat), checkoff staff, dairy community leaders and other stakeholders who provide industry, marketing and scientific expertise.

Checkoff strategies and outcomes are evaluated regularly to ensure work is aligned with board priorities and remain relevant in meeting the evolving needs of consumers, and adapting to the changing industry, business and marketplace landscape.

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A Message from the Farmer Chairs

For more than 28 years, national and local dairy checkoff organizations, funded by America's dairy farm families and importers, have been united nationally through DMI, and globally through the DMI-founded U.S. Dairy Export Council®.

As your farmer chairs who work with our collective promotion board members to oversee dairy checkoff priorities and strategies, we take pride in the progress and outcome of the checkoff, and remain committed to advancing checkoff leader priorities and voice.

But a lot has changed in nearly 30 years. When DMI was established in 1995, there were four times the number of dairy farms across the country, and U.S. dairy per capita consumption was 572 pounds (milk equivalent, milkfat basis). National checkoff programs focused largely on generic advertising and image programs that generated buzz, but didn't necessarily move the needle in advancing U.S. dairy sales.

Today, just as our industry and consumers have evolved, so has your checkoff. Now we reach consumers where they are, shifting from the TV screen to their smartphones. We help drive short- and long-term change by working with and through the foodservice and dairy industries to advance sustained

growth. And U.S. dairy per capita consumption grew to 661 pounds (milk equivalent, milkfat basis) in 2021.

At the same time, your dairy promotion leaders also are taking a close look at the evolution of the checkoff. In 2022, national and local checkoff leaders kicked off an aggressive plan to revisit and modernize the vision of what America's dairy farmers created when they started the national checkoff program - strengthening the power of a unified voice that ensures impact here in the United States and internationally. Working in collaboration with national and local checkoff organizations, your farmer leaders are committed to building processes and systems that will advance diverse farmer representation, shared accountability and resources to markets and regions and that drive the most impact for checkoff funders.

It's making our investment work harder ... It's partnering with others who make an impact today and in the future ... It's Making Every Drop Count.

Have questions or want more information about your checkoff? We want to hear from you. Email us at talktothecheckoff@dairy.org or check out www.usdairy.com/for-farmers.



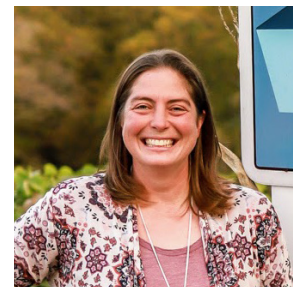
Marilyn Hershey

Marilyn Hershey
Dairy Farmer
Cochranville, Pa.
Chair, Dairy Management Inc.



Neil Hoff

Neil Hoff
Dairy Farmer
Windthorst, Texas
Chair, United Dairy Industry Association



Joanna Shipp

Joanna Shipp
Dairy Farmer
Boones Mill, Va.
Chair, National Dairy Promotion and Research Board

A Message from the CEO

As DMI's President and CEO, I have the honor and privilege of working on behalf of dairy farmers from across the country and importers remain focused on your priorities to guide the industry now and into the future.

National and local staff are focused on a set of interdependent priorities – all aimed at driving greater impact for dairy farmers and the dairy community. These ASPIRE priorities signify a commitment to **ACTION** through

- **Sustainability** - demonstrate that dairy is an environmental solution, backed by science and proof, and provides economic value for farmers, markets and society
- **People** - ensure our work and success is visible, and to recruit and retain the best talent for the checkoff and the industry
- **Innovation** - deliver technology-powered breakthrough science, benefits and innovation to advance dairy wellness and product development leadership
- **Reputation** - revitalize dairy's image and relevance as a source of human nourishment, renewable energy, and societal and planetary solutions
- **Exports** - ensure U.S. dairy is a consistent, preferred supplier in key markets around the world

Each of these priorities is achievable as we aspire to define the next-generation checkoff. It is how dairy will win and continue to lead.

To advance these priorities, we continue to work with dairy farmers, national and local checkoff executives and other industry leaders to modernize the checkoff. What does this mean? It means we will ensure that that all areas of the organization are fully leveraged around these shared priorities, and that strategies benefit farmers and the industry. We focus on areas where we can continue to make improvements both **IN** and **ON** the business.

Working **IN** the business means we align the structure

of your checkoff teams to bring together skill sets and expertise to deliver impact. For example, realigning our health and wellness, and research and development teams within our innovation priority helps us accelerate and commercialize new products based on consumer insights, and the latest dairy product and technical innovation.

This work is best exemplified by the checkoff's new collaboration with the Mayo Clinic, announced in 2022. This five-year research collaboration allows us to conduct research and outreach that improves public health and advances dairy's benefits. This includes work supporting the role full-fat dairy may play in cardiovascular and metabolic conditions. This also means engaging Mayo – one of the most trusted health institutions in the world – to help set the record straight on long-held dairy myths and advance people's knowledge of dairy benefits.

Working **ON** the business means we engage with the checkoff's affiliate organizations to ensure we remain relevant over the next decade and beyond. Examples of how this work comes to life is the use of digital technology and data in the work we do – such as creating (for the first time) a searchable digital research database to help us analyze new potential benefits for dairy in a timely, actionable fashion.

It also means bringing new social listening technologies and centralized media support to establish a digital Command Center. The Command Center services the entire checkoff system with the end goal to improve the reach and impact of the hundreds of influencer voices.

Your checkoff works hard every day to deliver results here and around the world on behalf of farmers and the industry ... and to make every drop count.



Barbara O'Brien
Chief Executive Officer
Dairy Management Inc.

2022 Highlights at a Glance

Here are 2022 checkoff results that you can learn more about throughout this annual report.

Driving Innovation to Grow Sales & Identify New Opportunities

Announced new partnership with **Raising Cane's** to drive menu innovation and grow dairy use through under-tapped chicken and dairy opportunity

Checkoff food scientists helped partner **Taco Bell** roll out dairy-based creamer and relaunched checkoff-created Grilled Cheese Burrito

Collaboration with **Mayo Clinic** and National Dairy Council to explore research and consumer outreach that improves public health and advances dairy's benefits

Thanks in part to work of checkoff-founded U.S. Dairy Export Council, U.S. dairy remains strong with exports representing **18 percent of total U.S. production** in 2022

Advancing Dairy as Solution to Consumers & Society

Partnered with "MrBeast" to **reach Gen Z** with dairy-focused video game that reached millions

"Reset Yourself with Dairy" generated more than **525 million impressions** to share how dairy fits within the personal lifestyles of Gen Z

Building Science & Proof of Dairy's Role as Sustainability Solution

Convened dairy community and secured funds to advance progress to help meet **2050 Environmental Stewardship Goals**

Secured nearly **\$38 million** in grants and partner support for the U.S. Dairy Net Zero Initiative

Coordinated and worked with **70 partner organizations** and **338 dairy farms** engaged in environmental research and implementation



Growing Sales in the U.S. & Around the World

In 2022, dairy checkoff innovation and sales efforts focused on driving immediate sales today and building a pipeline for future growth. To accomplish this, the checkoff partners with leaders across retail, foodservice and ecommerce to deliver additional sales through product innovation and dairy marketing programs.



Domestic checkoff foodservice partners Domino's, McDonald's® and Taco Bell® (and former partner Pizza Hut®) continued to see 3 percent average growth – an increase that has happened every year since the start of the partnership, totaling **more than 2.3 billion additional pounds annually** and drive more than 9.6 billion pounds of dairy sales per year.

Channel partners also launched significant product innovations. In total, **32 dairy-based products** (21 national and 11 local) launched in 2022. New products included Taco Bell's Toasted Breakfast Burrito and Cinnabon-flavored coffee that uses real dairy creamer, replacing a former non-dairy option. The checkoff also collaborated with Amazon on marketing programs that supported dairy recipe and other usage ideas during key holiday periods.

U.S. dairy export markets also spurred sales growth. DMI international checkoff partners Domino's and Pizza Hut saw **U.S. cheese use grow more than 10 percent** from 2019 through 2022, and international partners launched or relaunched 11 products, implemented 12 additional marketing campaigns and expanded to new global markets, including Taiwan, in 2022.

The checkoff continued its **partnership with dairy cooperatives** Associated Milk Producers Inc., Dairy



Farmers of America, Darigold and United Dairywomen of Arizona to help build export capabilities, strategies and market expansion to help U.S. dairy become a leading choice among international customers.

Exports continued to serve as an important sales driver, with industry leadership and support provided by



U.S. Dairy Export Council, which was founded by and funded in large part by the dairy checkoff.

In 2022, the United States set new records for dairy export volume (2.4 million metric tons, milk solids equivalent), value (\$9.6 billion) and percentage of U.S. milk production exported (18 percent). This was the third straight record year for volume and second straight year for value growth.

For more information, visit the [dairy checkoff](#) and [U.S. Dairy Export Council](#) websites.

2022 Sales & Innovation Highlights

The checkoff continued its work as a go-to expert resource for natural cheese and fluid milk with ecommerce giant Amazon, sharing consumer and market insights to drive dairy purchases. In 2022, Amazon **natural cheese sales grew 13.3 percent** and **fluid milk sales grew 8.3 percent** over 2021.



amazon

DMI's partnership with General Mills drove yogurt category innovation. General Mills and the checkoff have driven health and wellness by



focusing on youth-centric product innovation that included the launch of Yoplait® Cereal Toppers, Oui® Whole Milk French-style yogurt and Ratio® Keto-style yogurt. Of note, each percentage increase in yogurt category sales has the potential to move approximately **43 million milk equivalent pounds** of additional sales.

A collaboration with **Mayo Clinic** and National Dairy Council was announced to explore research and consumer outreach that improves public health and advances dairy's benefits. This includes work supporting the role full-fat dairy may play in cardiovascular and metabolic conditions.

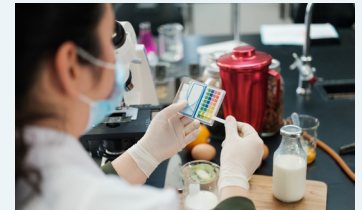


The checkoff announced a partnership with up-and-coming foodservice chain



Raising Cane's®. Quick-serve chicken restaurants are growing more than 10 percent annually, and Raising Cane's is the fastest-growing chain with more than 700 U.S. locations and is a popular destination for Gen Z consumers. The partnership will increase dairy innovation opportunities by bringing dairy to sandwiches, beverages, sides and more.

Checkoff-funded **product research continued to fuel dairy innovation.**



Throughout 2022, the checkoff supported 59 ongoing dairy product, technical and applications research efforts, and reached food scientists and developers through 25 publications and 33 conferences and meetings. Checkoff scientists also conducted or participated in 3,000-plus trainings and seminars.

McDonald's continued to drive dairy sales and innovation



throughout the day. The chain introduced McFlurry® flavors Chocolatey Pretzel and Oreo Fudge, launched a Breakfast Cheese Danish, and conducted a nationwide promotion for National Cheeseburger Day.



Securing Dairy's Place with the Next Generation

Protecting and building trust in milk and dairy foods, farmers and the community remains a pillar of the national checkoff. And, from reaching youth in schools and beyond to reaching consumers and thought leaders who influence consumer perceptions about dairy and food production, your checkoff helped drive trust in 2022.

The checkoff continued its focus on reaching Gen Z as well as Millennial parents. These efforts yielded results as consumer research indicated a **2.5 percent increase** in the percentage of Gen Z who agreed that dairy was nutritious after seeing Undeniably Dairy content. And looking at overall consumer attitudes, trust in dairy remained stable despite economic concerns.

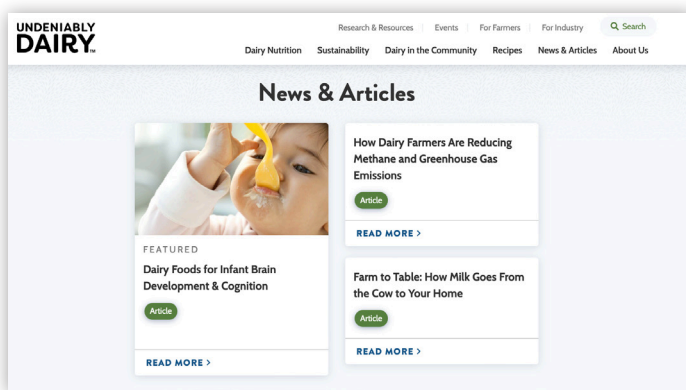
Visitors to USDairy.com – the checkoff’s website for consumers and thought leaders – grew by **more than 2.7 million new users**, a nearly 38 percent increase over 2021. At the site, visitors learned more about dairy’s health and wellness benefits, U.S. dairy’s sustainability commitment, and checkoff-led efforts to advance youth wellness and fight hunger, while finding some great-tasting, [dairy recipes](#) for all occasions.



Youth also remains a key priority for national, state and regional checkoff organizations. Through [Fuel Up to Play 60](#), positive dairy messages reached kids, educators and school officials. Efforts reached more than 66,000 educators through learning plan resources, and more than \$1.1 million was awarded in grants for coolers and other equipment to grow dairy consumption.

The checkoff also saw growth in reaching consumers through social media, including [Facebook](#), [Twitter](#), [Instagram](#) and [Pinterest](#). As part of the Undeniably Dairy campaign, **social media followers grew by 60 percent** over 2021 figures. This increase was attributed in large part to the checkoff’s continued partnerships with chefs, recipe developers, “foodies,” gamers and lifestyle influencers to share their love of dairy in their own voice and online communities.

For more information about the checkoff’s youth wellness strategy, check out this [video](#) that details farmers’ experiences of interacting with school nutrition professionals.



2022 Reputation & Trust Highlights

A partnership with gamer **MrBeast**, one of the most-subscribed to YouTube personalities, led to a video and Minecraft game touting farmers' environmental stewardship and animal care practices after his visit to a dairy farm. The video garnered more than 3 million views and thousands of comments within the first 24 hours of posting.



In its second year, “Reset Yourself with Dairy” continued to resonate with Gen Z with increases in their agreement that “dairy is in the meals I love” and “dairy is nutritious.” In all, the campaign generated more than 525 million impressions to demonstrate how dairy fits within the personal lifestyles of Gen Z.

In addition, the campaign reached shoppers as part of a retail program with Amazon Fresh, Instacart and Walmart, which generated a return of \$21 in dairy sales for every \$1 the checkoff invested.

Dairy checkoff nutrition professionals continued to use credible science and outreach to help position **dairy as an unmatched source of**

nutrition and modern wellness.

Efforts included sharing science-based information regarding nutrition guidance recommendations



and public health. National Dairy Council created and distributed health professional resource materials that detailed the current state of the science on dairy's role in health and wellness, and chronic disease prevention and management, along with an overview on dairy's role in pregnancy and lactation.

In addition, checkoff staff hosted thought leader meetings and presented at 12 health and wellness seminars and symposiums to help advance dairy's health and wellness story and role in the diet.

Building relationships with credible influencers, the checkoff created a “Dairy Dream Team” of chefs and foodies, health and fitness professionals, general lifestyle and family, gamers and more to extend dairy's benefits to millions. This work led to dairy-relevant videos created by influencers that were viewed more than 130 million times.





Advancing Dairy As Essential, Sustainable Food Source

The dairy checkoff, working in collaboration with others across the dairy value chain, continued to demonstrate U.S. dairy's essential role as a nutritious and sustainable food source.

Priority areas focused on modernizing the checkoff's approach to nutrition, health and environmental science to help set the record straight and position dairy as part of a sustainable food system. This includes **advancing science with farmers and the dairy community** - 338 dairy farms of different sizes, practices and geographies were involved in environmental research and case studies, and 70 partner organizations engaged in research and implementation.

In addition, checkoff staff reached **thought leaders, media and other influencers** to share progress and outcomes of research and partnerships. As a result,



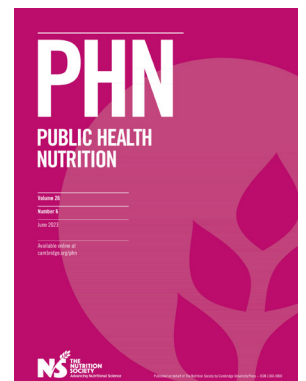
At the 2022 Sustainable Agriculture Summit, co-hosted by the Innovation Center for U.S. Dairy, western producers shared their thoughts on the unique nature of western agriculture, regional concerns about water and the importance of industry-wide collaborations to build economically viable pathways for progress.

efforts led to more than 20 pieces of unique content that highlighted dairy's sustainability story in targeted social channels.

This work contributed to survey findings that showed 92 percent agreement among health and sustainability thought leaders that **dairy plays an important role** in the shift toward more sustainable food systems.

In addition, checkoff-supported research appeared in **23 scientific publications** that focused on the health and wellness benefits of dairy foods throughout a person's life and role in modern wellness.

Click [here](#) to learn more about U.S. dairy global positioning efforts.



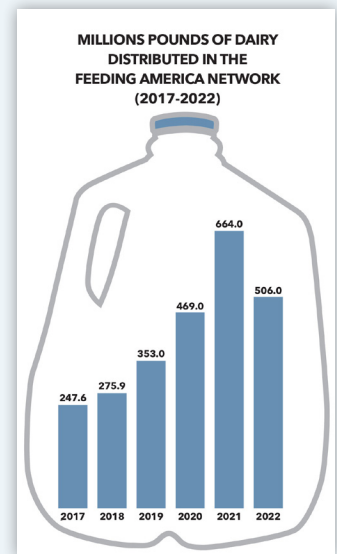
2022 Global Positioning Highlights

The dairy checkoff and the Innovation Center for U.S. Dairy reached more than 5,500 thought leaders at seven major meetings and symposiums to **showcase U.S. dairy's leadership and critical role in sustainable food systems.** In addition, several paid digital campaigns shared content that featured dairy farmers' commitment to and stories of progress around environmental sustainability, generating more than 157 million impressions.



Image courtesy of DMI
For generations, we've seen the power of dairy to do the body good, but many are surprised to hear the good of dairy isn't just limited to the foods we eat. America's nearly 30,000 dairy farms and thousands of dairy businesses are advancing the role dairy plays in a sustainable

As part of the checkoff's and the U.S. dairy community's work with **Feeding America** to address U.S. food insecurity and help increase access to dairy and other nutritious foods, **more than 506 million pounds** of milk and dairy foods were distributed (purchased or donated) through a network of 200 food banks nationwide between July 2021 and June 2022. Milk and dairy remain among the most in-demand, yet least available, foods.



Working through the checkoff-founded Innovation Center for U.S. Dairy, **nearly \$38 million** in non-checkoff grants and partner support was secured to support the U.S. Dairy Net Zero Initiative since 2021, including funding from Foundation for Food & Agriculture Research, Nestlé and Starbucks.

The [U.S. Dairy Net Zero Initiative](#) is a collaboration of DMI, the Innovation Center for U.S. Dairy, International Dairy Foods Association, Newtrient, National Milk Producers Federation and U.S. Dairy Export Council that aims to advance research, on-farm pilot programs and new market development to make sustainability practices more accessible and affordable to farms of all sizes.



Checkoff staff conducted media outreach to share dairy's ongoing progress around nutrition and sustainability, generating **more than 1.2 billion impressions**, including placements in *Forbes* and *Eat This, Not That!*





Engaging Farmers & the Dairy Community

National, state and regional dairy checkoff organizations continued efforts to reach farmers and importers in multiple ways to share the work, progress and value of their checkoff investment.

Dairy promotion board members and checkoff staff reach funders in many ways. This includes visits with individual farmers; participation in small-group and farmer trade shows and cooperative meetings;

earned media outreach with dairy and agriculture trade media; and digital communications.

This outreach is called for in the congressional Act & Order that created the national checkoff program. This work provides the ways and means to report updates and progress, and creates a forum for

funders to provide input into the checkoff's direction.

In 2022, the checkoff launched its **Making Every Drop Count** multi-channel initiative to reach the nation's nearly 28,000 dairy farm businesses. Making Every Drop Count aims to tell a complete 15-cent checkoff story to increase awareness and understanding of how checkoff organizations work locally, nationally and internationally. The initiative generated more than 11.5 million impressions in 2022 through trade paid and earned media, social and other digital communications.

Other activities included:

- Produced 12 podcasts that focused on checkoff priorities and featured farmer hosts that garnered more than 23,500 downloads

- Outreach to more than 6,300 farmers to share progress and seek input into ongoing checkoff priorities and progress, including conversations around youth wellness, partnerships, and environmental stewardship and sustainability initiatives
- More than 500 placements through dairy and agriculture media interviews, columns, articles and podcasts featuring the voices of checkoff leaders

For more information about your checkoff investment, you can:

- Visit usdairy.com for checkoff-related resources and an interactive map to find your state or regional checkoff organization
- Like the [dairy checkoff Facebook page](#) for regular dairy news, videos and more
- Sign up for [DMI's Dairy Checkoff E-newsletter](#) for a roundup of relevant national and local news
- Listen to the monthly [Your Dairy Checkoff](#) podcast as farmer hosts take a deeper dive into checkoff-related topics





2022 Financial Report

National dairy checkoff plans and budgets are reviewed and approved annually by the [DMI Board of Directors](#), which consists of dairy farmers from across the country who are elected by their peers or appointed by the U.S. Secretary of Agriculture. In addition, one board member representing companies that import products into the United States serves on the National Dairy Promotion and Research Board (NDB). Board members – along with national, state and regional checkoff staff who develop and implement programs on behalf of farmers and the dairy community – help the checkoff realize its vision and accomplish its mission to grow sales and trust in dairy foods, dairy farmers and the dairy community.

2022 Dairy Checkoff Marketing Plan Program Revenues (in millions)¹

National Dairy Promotion & Research Board	\$135.2
United Dairy Industry Association (UDIA).	\$125.8
Total Revenues	\$261.0

NDB was established by the U.S. Department of Agriculture under the Dairy Production Stabilization Act of 1983. The 37-member board carries out coordinated promotion, research and nutrition education programs to help build demand for and expand domestic and international markets for dairy. NDB funds, in part, Dairy Management Inc., which manages the national dairy checkoff program.

UDIA is a federation of state and regional farmer-funded promotion organizations that provides marketing programs developed and implemented in coordination with its members. UDIA is overseen by a board comprised of 41 dairy farmers elected by the respective boards of their member organizations.

2022 Dairy Checkoff Marketing Plan Program Expenses (in millions)

(Includes national program and allocated core costs, and local program and implementation spend)

Reputation ²	\$106.7
Innovation ³	\$66.5
Sustainability ⁴	\$35.5
Export ⁵	\$30.9
Farmer & Community Relations ⁶	\$16.8
General & Administration ⁷	\$4.6
Total Expenditures	\$261.0

¹ Reflects both national and local Unified Marketing Plan funding

² Includes marketing and communications, Fuel Up to Play 60, youth wellness programs and scientific affairs and outreach

³ Includes domestic partners, nutrition research, product research and consumer and stakeholder market research/insights and dairy innovation

⁴ Includes social responsibility, environmental initiatives & research, dairy scale for good and Global Dairy Platform

⁵ Includes international partnerships and U.S. Dairy Export Council (DMI funding)

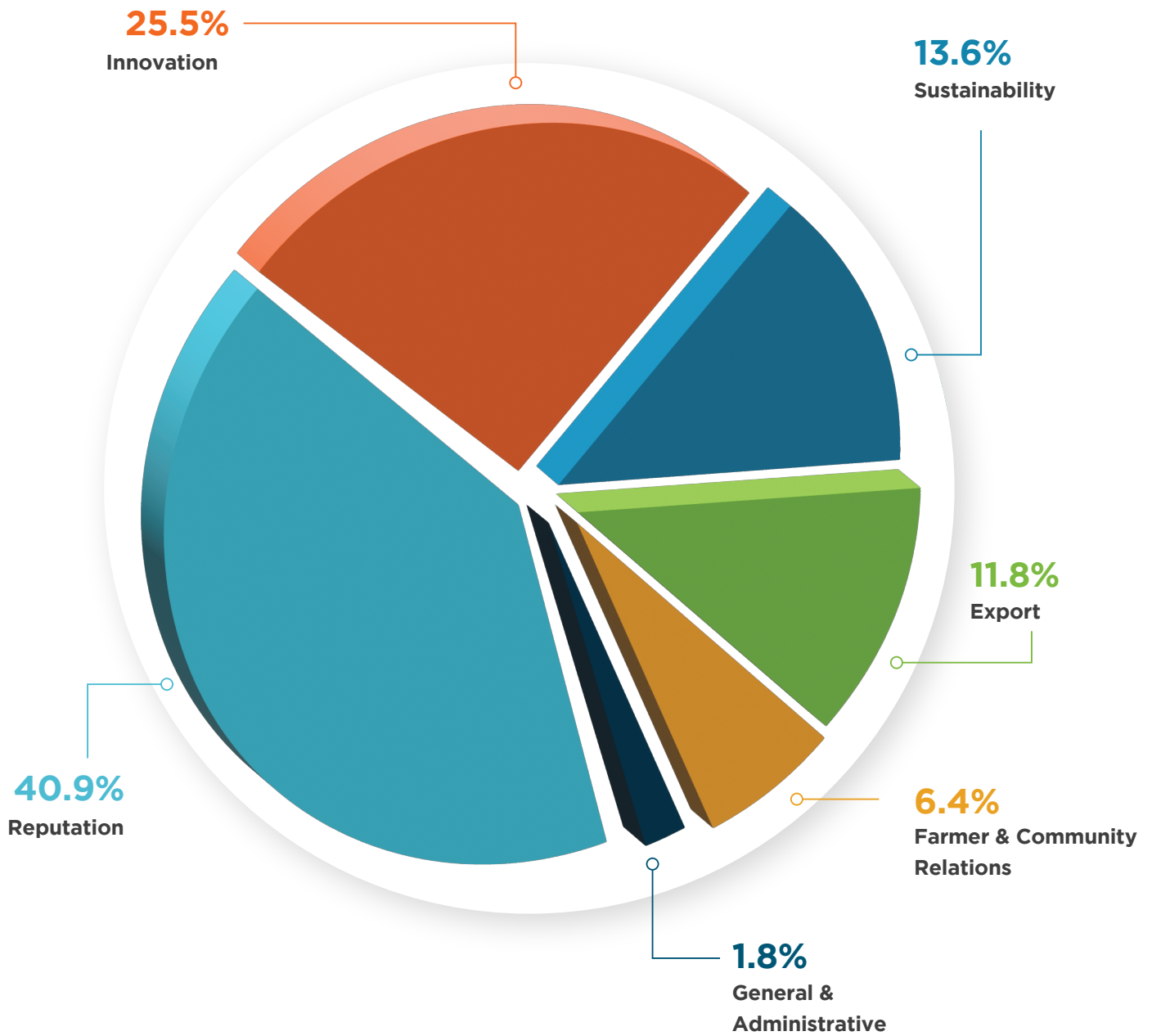
⁶ Includes farmer and community communications and relations

⁷ Includes general administration costs for DMI-related expenditures only



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2022 Expenses (Percentage of Total)





State & Regional Promotion Organizations



For local United Dairy Industry Association information, visit <https://www.usdairy.com/for-farmers/local-checkoff>.

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