



**MAKING  
EVERY  
DROP  
COUNT**

**your  
DAIRY  
CHECKOFF**  
*Dairy Management Inc.*

# 2021 Annual Report



# 2021 Annual Report

## About This Report

**T**he 2021 Annual Report is published by Dairy Management Inc.™ (DMI), which manages the national dairy checkoff program on behalf of America's nearly 30,000 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 advance dairy by:

- Growing new opportunities for domestic and international sales
- Securing dairy's place with the next generation of consumers
- Demonstrating dairy's leadership as an essential, sustainable food source

This work is done through a balance of programs that advance dairy now and in the near term, and specific efforts that help dairy realize a future for dairy farmers and the dairy community over the long term.

In fact, dairy checkoff programs aim to grow sales and trust in dairy, and to position dairy as an essential and

sustainable food source within a global food system. This work is done through an integrated approach that focuses on programs that advance dairy now and in the near term, and specific efforts that help dairy realize a future for dairy farmers and the dairy community over the long term.

This was especially true in in 2021, as the dairy checkoff at local, national and global levels continued to address challenges as we faced year two of a global pandemic, supply chain disruptions and other considerations that affected international markets, customers and consumers alike.

Our approach holds strong – largely working with and through industry partners that co-invest in priorities to extend checkoff resources farther and make them work harder. 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 critical industry, marketing and scientific expertise.

Checkoff strategies are evaluated regularly to ensure work is aligned with farmer priorities and remain relevant by 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

Since 1995, local and national dairy promotion checkoff programs, funded by America's dairy farm families and importers, have been united through Dairy Management Inc. (DMI), and globally under the DMI-founded U.S. Dairy Export Council.

As the farmer chairs working with our collective promotion boards to oversee dairy checkoff activities here and around the world, we are proud of how the unified checkoff has worked to keep increasing dairy consumption over the past 27 years.

Along the way, we have needed to change how we promote dairy as our consumers have changed their habits. We have gone from traditional TV advertising and retail marketing ... to a focus on younger generations who look to digital technology and media for information, entertainment, and shopping on e-commerce platforms.

We have worked more with influential partners with deep pockets who use our milk and their own dollars to market their products directly.

In 2021 we also transitioned to a new CEO, Barbara

O'Brien. She is not new to the dairy checkoff ... Barbara has worked for dairy farmers for 20 years, including the last six years as DMI's president, directing day-to-day strategy and operations for the national checkoff.

She was a driving force behind the checkoff-founded Innovation Center for U.S. Dairy, which brings together a wide array of industry interests to bring about the changes needed to keep dairy products attractive to consumers and food companies alike.

Having Barb as our CEO is a natural next step in the evolution of the checkoff. She brings to the table her own perspectives and her many industry relationships that help keep our dairy demand-building programs on the cutting edge for all of us.

Barbara never forgets who she works for - that's why she's the right person for this position right now as the checkoff moves into the future.

Have questions or want more information about your checkoff? We want to hear from you. Email us at [talktothecheckoff@dairy.org](mailto:talktothecheckoff@dairy.org) or check out resources available at [www.usdairy.com/for-farmers](http://www.usdairy.com/for-farmers).



*Marilyn Hershey*

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



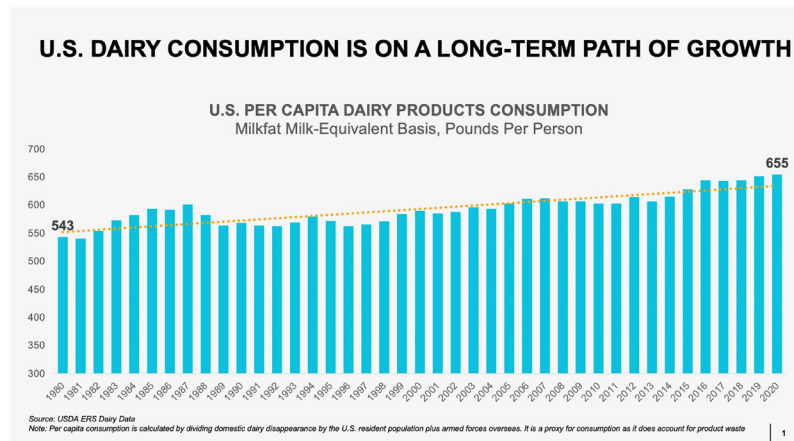
*Neil Hoff*

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



*Alex Peterson*

**Alex Peterson**  
Dairy Farmer  
Trenton, Mo.  
Chair, National Dairy Promotion and Research Board



# A Message from the CEO

In the early months of being named Dairy Management Inc. CEO in the fall of 2021, I visited with hundreds of dairy farmers across the country as part of a purposeful “listening tour.”

Talking with farmers from different geographies, types and sized operations – at national and local checkoff board meetings, at major farmer meetings and events, virtual meetings and individual phone calls – gave me important insights into what is on farmers’ minds.

These insights served as the basis for building the vision and purpose to build the next generation checkoff that includes:

- **Science remains our foundation.** The checkoff’s core values as a science-based organization continue to drive our work.
- **Checkoff and farmers together are the engine that drives the industry.** Farmer priorities are industry priorities. Whether focusing on partners here and abroad that can lift overall dairy categories or funding product research that leads to value-added milk and dairy foods to bringing together industry players to discuss opportunities and challenges that require an industry-wide solution, dairy farmers are at the center of the strategies and discussions that will shape the future.
- **Transparency is key.** As CEO, my commitment to you is to be transparent with our farmer and importer funders to provide an end-to-end view of your investment across all checkoff organizations. This means sharing more information about checkoff priorities and results, structures, governance, funding and more so that farmers nationwide better understand how their checkoff works for them and our industry.

Building on the work of past leadership, the checkoff

will be laser-focused on interdependent priorities that drive impact today while building a checkoff for generations to come with our ASPIRE strategy:

**A: Commitment to ACTION** through

**S: Sustainability** that builds health and wellness, and environmental proof points to affirm and reaffirm dairy’s role as an essential, sustainable food source

**P: People** to recruit and retain the best talent to checkoff and the industry

**I: Innovation** to grow relevancy, excitement and sales around dairy’s claims, messages and products

**R: Reputation** to take a louder, more proactive and competitive approach to sharing dairy’s indispensable role, and as a wellness and societal solution

**E: Exports** that position U.S. dairy as a consistent, preferred supplier in key global markets

We do this by harnessing the full power of the checkoff working with and through affiliated organizations, partners and others that align around clear expectations on organizational roles and accountability; fewer – but bigger – bets; a “value and volume” mindset; and a nimble, outcome-focused plan.

I’m energized, excited and inspired as we look at the work underway today – and tomorrow ... and so is the amazing checkoff staff that is working hard on your behalf locally, nationally and globally.

I hope you are as well.



**Barbara O'Brien**  
Chief Executive Officer  
Dairy Management Inc.

# 2021 Highlights at a Glance

Here's 2021 checkoff results by the numbers that you can learn more about throughout this annual report

## SALES

Foodservice partners grew an additional **250 million pounds** (milk equivalent) in 2021

U.S. foodservice partner dairy has grown **an average 2.2 billion pounds** between 2009 and 2021

International pizza chain partnerships grew U.S. **cheese volume 13 percent** in 2020-2021

Milk and retail partners introduced **20 new products** in 2021

Overall, dairy exports account for **17 percent of U.S. production**, setting volume, value and production percentage records in 2021

## TRUST

Online influencers generated **200 million+ consumer impressions** to promote dairy benefits

Ecommerce partnership with Instacart led to **\$8 worth of dairy purchases** for every \$1 checkoff invested

Through Undeniably Dairy's **Reset Yourself with Dairy**, Gen Z increased awareness of the dairy category and positive dairy messages

usdairy.org visitors **grew 90 percent** in 2021

## GLOBAL POSITIONING

Dairy-focused digital campaign led to **50 million impressions** to reach thought leaders

Secured **\$10 million** each in partnerships with Nestlé and Starbucks, and engaged research institutions in the Dairy Soil & Water Regeneration project with a \$10 million grant from the Foundation for Food & Agriculture Research

Provided research and secured support for **milk's essential 13 nutrients** (from nine) by adding iodine, potassium, selenium and zinc

Published peer-reviewed nutrition research that **enabled new messages** on dairy's benefits



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

In 2021, dairy checkoff sales-driving efforts focused on delivering results in the short term while still keeping a close eye on the future. In all, U.S. foodservice partners Domino's®, McDonald's® and Taco Bell® dairy sales grew an **additional 250 million pounds** (milk equivalent) in 2021.



These results reinforce that the checkoff partners with industry leaders that make an impact. **Dairy use among foodservice partners has grown an average 2.2 billion pounds** - meaning checkoff partners represented 5 percent of total dairy (milk equivalent, milkfat basis) overall growth between 2009 and 2021.

Innovation paved the way to this success. National foodservice partners introduced nine new dairy-rich products in 2021 alone, while fluid milk partners Dairy Farmers of America, Darigold, Kroger and Shamrock Farms introduced 13 new milk offerings. This helps drive category innovation - since 2018, milk brands have introduced **75 new value-added fluid milk products**.

International markets also spurred U.S. dairy sales in 2021. DMI's international partners launched new products and expanded into new markets. **Pizza Hut Asia Pacific** drove awareness for U.S. dairy through 10 product and consumer promotions, and **Associated Milk Producers Inc.** introduced its Dinner Bell Creamery cheese slices at more than 850 foodservice outlets in China. Additionally, **Domino's** expanded



*McDonald's promoted its dairy-friendly McFlurry® that featured vanilla soft-serve ice cream, one of many partner products and promotions in 2021.*

its global presence to the Middle East, driving a 38 percent U.S. dairy increase in its first year.

Exports remain a core sales driver for U.S. dairy, accounting for 17 percent of total milk production in 2021. Through the work of the **U.S. Dairy Export Council** (founded by and funded in large part through the dairy checkoff), U.S. dairy saw record-setting volume growth based on growing demand for dairy by international customers.

Categories driving 2021 growth were U.S. cheese (increased 14 percent), nonfat dry milk/skim milk and whey (both increased 10 percent).

And, despite the challenging global environment in 2021, U.S. dairy grew 29 percent in China, 16 percent in Mexico and maintained its growth in the Middle East and North Africa.

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



# 2021 Sales Highlights

Taco Bell introduced its **Mountain Dew Baja Blast Colada Freeze** in its more than 7,500 U.S. locations, using a tropical-infused dairy cream.



DMI's fluid milk partners **collectively introduced 13 new products** in 2021, including flavored, lactose-free, shelf-stable and other value-added options. These launches were further supported with new packaging, promotion and other marketing efforts.



DMI continued its work with Amazon in our role as dairy **"category captain" for the ecommerce giant**, sharing consumer insights that can drive online traffic and sales. In the two years working with Amazon, its natural cheese and milk sales growth outpaced overall category averages by more than 20 percent.



Domino's Japan launched a Jumbo Pizza and a Pizza Rice Bowl, both featuring U.S. cheese. The chain has **doubled its U.S. cheese use** since the partnership started in 2019.





# Building Trust with the Next Generation

**P**rotecting and growing trust in dairy foods, dairy farmers and the dairy community remains a longstanding priority of the checkoff. In 2021, this work continued with ongoing efforts to reach youth in schools through Fuel Up to Play 60 and other initiatives (see page 8 for more details) and an increased focus on reaching Gen Z-ers (generally born between 1997 and 2012) and Millennial parents.

Why? This generation is second only to Boomers as the largest living generation at 69 million-plus, and have a spending power of more than \$100 billion - through their purchasing influence on their parents.

In 2021, DMI took a focused look at how to reach the next generation by reinforcing **dairy's relevance as part of their daily life**. This means a modern health and wellness approach that demonstrates dairy's strengths relative to:

- **Immunity** - dairy's contributions to protecting overall health
- **Calm** - dairy's ability to provide emotional well-being to help you take on the day
- **Energy** - dairy's benefits to sustaining the mind and body throughout the day
- **Digestive health** - dairy's contributions to maintaining gut health and share the wide range of lactose-free dairy options



The checkoff kicked off this initiative through **Undenably Dairy's "Reset Yourself With Dairy,"** an integrated campaign that reached Gen Z-ers where they are and how they want to hear from us.



This means a focus on social and digital channels, including Instagram, YouTube, Twitch (to reach gamers) and TikTok. It also means sharing the "Reset" messages on more than **400 college campuses** with digital billboards and other marketing efforts.

Initial findings showed significant shifts in understanding of dairy benefits by those exposed to checkoff content. Results showed a 3 percent lift in agreement with "dairy is nutritious," a 5 percent lift in agreement that "dairy fits my lifestyle" and a 6 percent lift in "dairy is something that helps me reset/find calm."

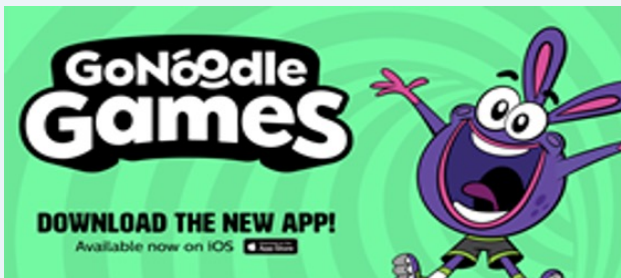
In addition, the checkoff continued to build relationships with influencers, garnering more than 200 million impressions through targeted outreach with social media lifestyle, food, cultural, health and wellness stars that influence Gen Z-ers and Millennial parents.

For more information about Gen Z, check out this [blog](#) by the DMI farmer chair or visit the [dairy checkoff's](#) website.



# 2021 Trust Highlights

Through the checkoff's Fuel Up to Play 60 program, a **dairy-focused "Go Noodle"** game was created to reach students and share the value of healthy eating - including dairy - and physical activity. Other gaming efforts focused on a dairy-centric activation in Minecraft and partnerships with popular personalities in the gaming world.



The checkoff created a **"Dairy Dream Team"** of social media lifestyle, food, cultural, health and wellness influencers who shared their love of dairy, favorite recipes and more, garnering more than 111 million impressions.



Building on the checkoff's partnership with the National Football League, the **Undeniably Dairy Smoothie Blitz** brought elite athletes in a head-to-head recipe competition to share their favorite recipes to find the ultimate smoothie. In all, the Smoothie Blitz generated nearly 13 million media impressions through Undeniably Dairy and Fuel Up to Play 60 content, and included an appearance by the winning McCourty twins (Devin and Jason, who have played for the New England Patriots and the Miami Dolphins) on "Good Morning Football."



The checkoff helped gamers **"Beat the Lag"** by featuring dairy's role in replenishing energy during epic online competitions, generating more than 46 million impressions. The campaign also leveraged popular gaming influencers to underscore dairy's energy-building benefits.



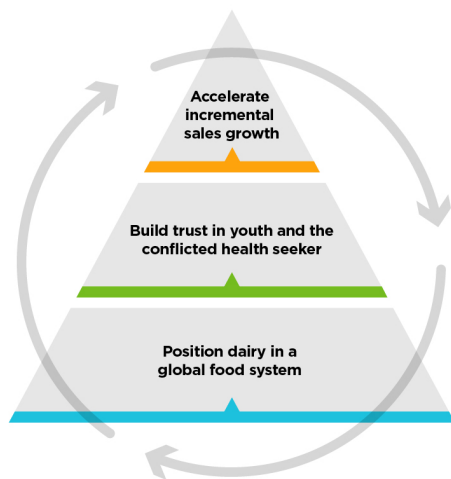


# Advancing Dairy as an Essential, Sustainable Food Source

**D**emonstrating dairy's leadership as an essential and sustainable food source remains another core priority of the dairy checkoff. In 2021, this work continued with a focus on proof, partnerships and information to maintain and build support for dairy.

This means advancing nutrition and environmental science with the dairy community (including farmers), engaging the dairy industry and other partners, and informing thought leaders, media and others by sharing the outcomes of science and partnerships.

**NDC** In 2021, **nutrition science** paved the way for positioning dairy in new ways to reach Gen Z by offering the proof points around dairy's benefits relative to immunity, calm, energy and digestive health.



*Checkoff's investment in nutrition, product and environmental science serves as the foundation to grow sales and trust in dairy.*

In all, checkoff-funded research appeared in **57 publications** through peer-reviewed articles, interviews and scientific reports.

Additionally, working through the Innovation Center



for U.S. Dairy, the dairy checkoff reached more than **32,000 thought leaders** at more than 150 meetings and events in 2021 to showcase U.S. dairy's science and leadership in sustainable food systems.

This included leading a year-long process to showcase U.S. dairy's sustainability progress at the **United Nations Food Systems Summit and the 2021 United Nations Climate Change Conference, COP26**. These events offered U.S. dairy the opportunity to share game-changing solutions, including the U.S. Dairy Net Zero Initiative, the checkoff's work to advance children's nutrition through schools and its food bank and partnership with Feeding America.

Beyond relationship- and credibility-building at these events, the checkoff also earned **49 million impressions** through an eight-week thought leader targeted digital campaign to share U.S. dairy's sustainability story. During focused activity around the United Nations' meetings, sustainability-related content at [usdairy.com](http://usdairy.com) saw a significant spike - and a sustained increase in website traffic of 30 percent in the months following the meeting.

# 2021 Global Positioning Highlights

Through the **U.S. Dairy Stewardship Commitment**, the checkoff continued to advance engagement and advocacy through the dairy community and partners. The Stewardship Commitment

aligns dairy's social responsibility priorities and allows U.S. dairy to define for itself what it

means to be sustainable and use consistent standards when sharing dairy's story with consumers and others. In 2021, adoptees that signed on to the Stewardship Commitment grew to 34 dairy cooperatives and processors, representing nearly 75 percent of U.S. milk production.



As part of the checkoff's partnership with Feeding America to address U.S. food insecurity and help increase access to nutritious foods, more than **2.2 billion servings** of milk, cheese and yogurt were distributed through the Feeding America network.



In 2021, the checkoff celebrated the 10th anniversary of the **Innovation Center for U.S. Dairy's U.S. Dairy Sustainability Awards**. The awards unearth and share dairy's story with consumers, thought leaders, farmers and other dairy community

members by celebrating best practices around stewardship and sustainability. In its first 10 years, the awards have honored nearly 80 dairy farms, businesses and organizations for excellence in sustainability.



The checkoff supported collective action and industry-wide projects on **more than 200 farms** representing different sizes and geographies across the country to enhance research and implement environmentally friendly management practices focused in the areas of feed, enteric methane, energy and manure. Equally important, partners - including the Foundation for Food & Agriculture Research, Nestlé and Starbucks - invested tens of millions of dollars to support science and data in support of sustainability and the U.S. Dairy Net Zero Initiative.



# Engaging Farmers & the Dairy Community

In 2021, national, state and regional dairy promotion organizations continued to reach farmers and importers in proven and new ways to share the work, progress and results of their checkoff investment.

Nationally and locally, staff and dairy promotion board members reach funders in many ways, including visits with individual farmers, participation in dairy farmer meetings and trade shows, dairy and agriculture trade media relations and digital communications.

This outreach is called for in the congressional Act & Order that created the national checkoff program, and is important to the work of the checkoff as it provides the ways and means for the checkoff to report updates and progress, and creates a forum to seek funder input into the direction of the checkoff.

In 2021, the checkoff reached funders in new ways through its “**Making Every Drop Count**” initiative. Making Every Drop Count aims to tell a complete 15-cent checkoff story to help increase awareness and understanding of how checkoff organizations work locally, nationally and internationally.

Making Every Drop Count addresses common questions about the checkoff and shares hard-hitting facts and results to meet farmers where they get information. Equally important, it explains the WHY behind the what of the checkoff’s collective work.

Other activities in 2021 included:

- Outreach to more than **8,000 farmers** through one-on-one, small-group events and other farmer meetings
- The launch of the “**Your Dairy Checkoff Podcast**,” a collaboration of DMI and state and regional dairy promotion organizations, to take an in-depth look at topics and questions of interest to farmers
- More than **630 placements** through dairy/agriculture media interviews, columns, articles, podcasts featuring the voices of checkoff leaders



For more information about your checkoff investment, you can:

- Visit [usdairy.com](https://usdairy.com) for checkoff-related resources and an interactive map to find your state or regional checkoff organization
- Join the [dairy checkoff farmer Facebook group](#) 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](#) where farmer hosts take a deeper dive into checkoff-related topics

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# 2021 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.

## 2021 Dairy Checkoff Marketing Plan Program Revenues (in millions)<sup>1</sup>

National Dairy Promotion & Research Board . . . . .	\$110.9
United Dairy Industry Association (UDIA). . . . .	\$120.2
<b>Total Revenues</b> . . . . .	<b>\$231.1</b>

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.

## 2021 Dairy Checkoff Marketing Plan Program Expenses (in millions)<sup>2</sup>

Dairy Trust Among Youth & Next Generation of Consumers <sup>3</sup> . . . . .	\$87.8
Incremental Sales through Innovative Partnerships <sup>4</sup> . . . . .	\$75.7
Dairy Positioning in a Global Food System <sup>5</sup> . . . . .	\$36.8
Farmer & Community Relations <sup>6</sup> . . . . .	\$15.3
Strategic Intelligence <sup>7</sup> . . . . .	\$11.5
General & Administrative <sup>8</sup> . . . . .	\$ 4.0
<b>Total Expenditures.</b> . . . .	<b>\$231.1</b>

<sup>1</sup> Reflects both national and local Unified Marketing Plan funding

<sup>2</sup> Includes national program and allocated core costs, and local program and implementation spend

<sup>3</sup> Includes integrated marketing and communications, Fuel Up to Play 60 and youth wellness programs

<sup>4</sup> Includes domestic partners, international partners, product research and U.S. Dairy Export Council (DMI funding)

<sup>5</sup> Includes nutrition research, social responsibility, environmental initiatives & research, scientific affairs and outreach, Global Dairy Platform

<sup>6</sup> Includes farmer and community communications and relations

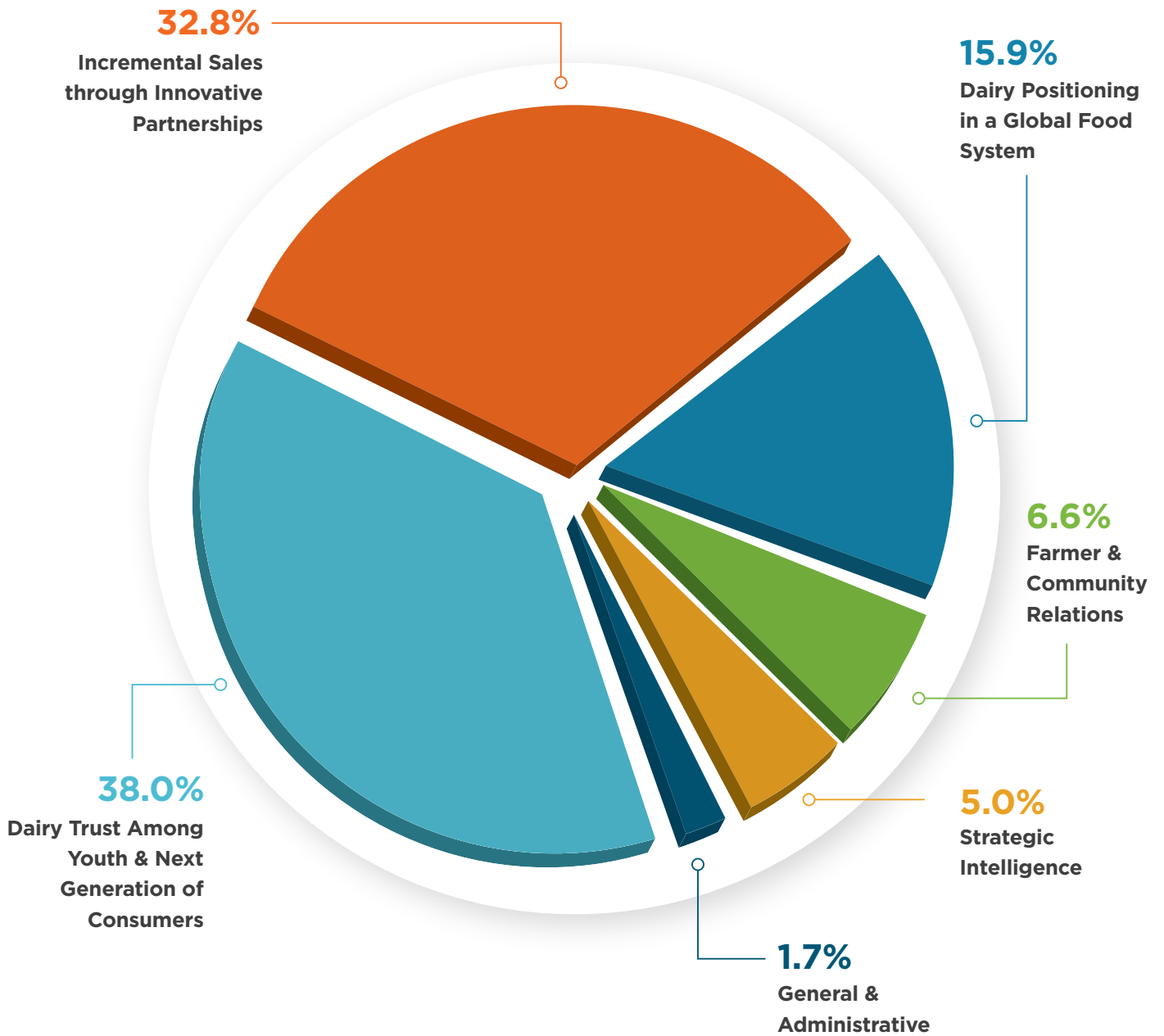
<sup>7</sup> Includes consumer and stakeholder market research/insights and dairy transformation

<sup>8</sup> Includes general administration costs for DMI-related expenditures only



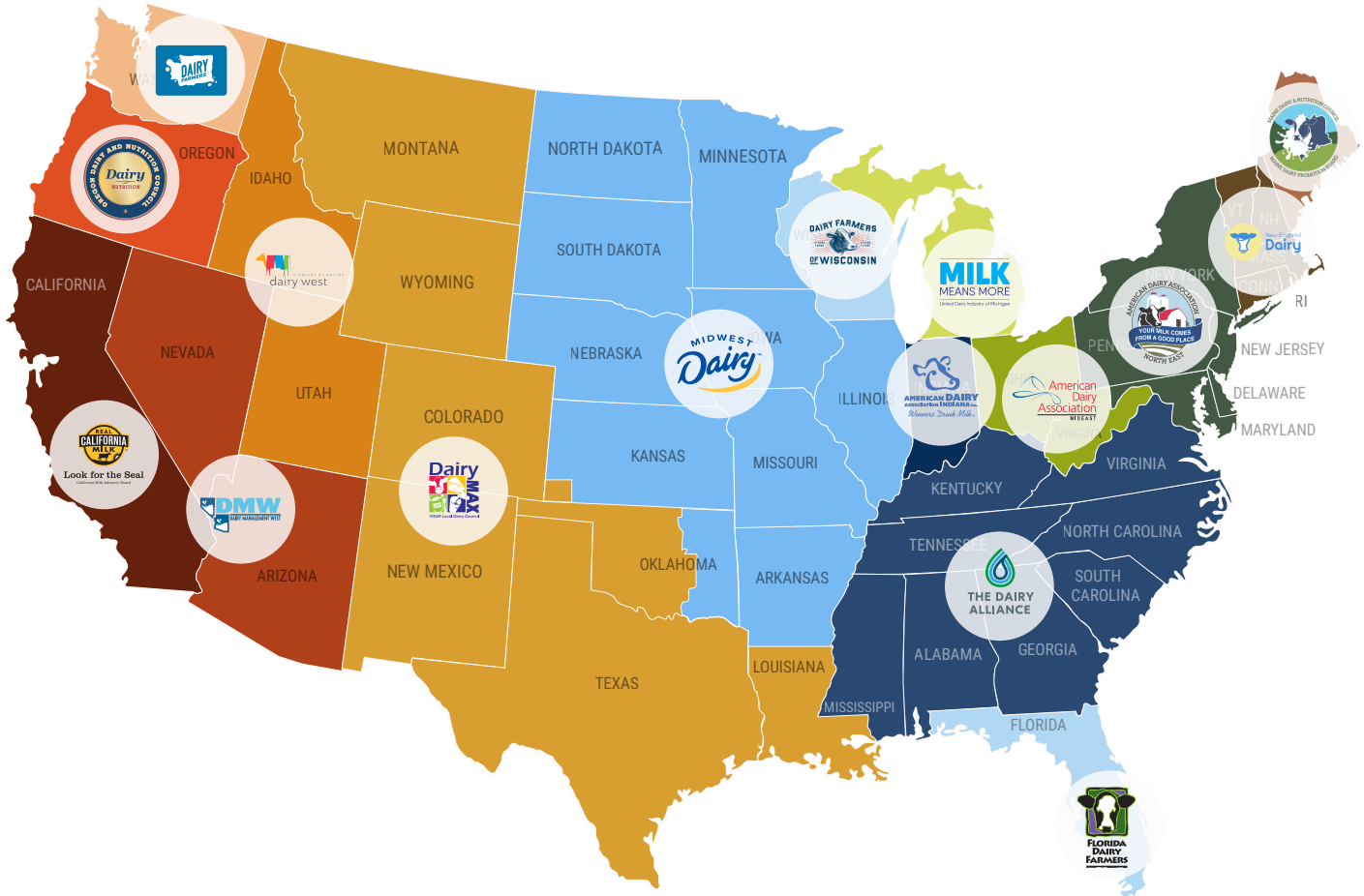
# 2021 Financial Report

## 2021 Expenses (Percentage of Total)





# State & Regional Promotion Organizations



For local UDIA promotion organization information, visit <https://www.usdairy.com/for-farmers/local-checkoff>.

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