

2023 Annual Report

**MAKING
EVERY
DROP
COUNT**

your
**DAIRY
CHECKOFF**
Dairy Management Inc.



2023 Annual Report

About This Report

The 2023 Annual Report is published by Dairy Management Inc.™ (DMI), which manages the national dairy checkoff program on behalf of the nation’s more than 26,000 dairy farm families and those who 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 continuously advance dairy by:

- Accelerating sales growth through partnerships and innovation
- Building trust among key audiences
- Positioning dairy and its role in a global food system

The checkoff achieves this through programming that drives dairy’s priorities now and in the near term, and strategies that help dairy farmers and the dairy community over the long term.

In 2023, dairy checkoff organizations locally, nationally

and globally continued to anticipate and respond to our rapidly changing consumer dynamics that impact dairy sales and demand, including products that meet the broader wellness needs of consumers looking for foods that benefit their physical, mental and emotional health. This happened in a time when the industry faced market challenges, including domestic and global inflation, labor challenges, supply chain realities, and more.

The checkoff’s approach remains strong, with a focus on working with and through industry partners that co-invest in priorities that extend our resources, influence and voice.

The farmer-led DMI Board of Directors (which includes a dairy importer seat) provide input and review plans annually – plans that are created with the input of checkoff staff, dairy community leaders and others who provide industry, marketing and scientific expertise.

In this year’s report, you will find more information about checkoff priorities ... why they are priorities, how they come to life and outcomes of this work in 2023.

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A Message from the Farmer Chairs

In the 40 years since the national dairy checkoff implemented promotion, research and education programs across the country - from "Milk, it Does a Body Good," and "got milk?®" to nutrition and product research that served as the foundation for classroom nutrition education programs - dairy farmers and importers have been committed to growing demand for and trust in dairy.

During this time, national and local checkoff leaders have worked continually to review and modernize strategies and programs to align with consumer, industry and other marketplace needs. Today, that means your leadership works closely to tell a full story of farmers' 15-cent checkoff investment.

This full story means:

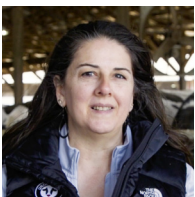
- Investing in **novel science and research** to deliver nutrition, product and environmental research that supports dairy's role in childhood health, food-based dietary guidance and sustainable practices, and discovers and validates new health benefits, claims and messaging.
- Uncovering **consumer insights and market intelligence** that enables planning, programing and implementation of programs that are nimble, proactive and focused on the future.
- Building **multi-national partnerships and collaborations** with foodservice and consumer-

packaged goods companies, and farmer-owned organizations that are aligned around a shared commitment to innovation and development to drive sales.

- Expanding **export marketing capabilities** through the checkoff-founded U.S. Dairy Export Council in established and emerging markets around the world.
- Working collaboratively on **issues management and crisis preparedness** to identify and create resources, provide monitoring and insights, media relations expertise and training to anticipate and respond to potential issues that can impact dairy's reputation.
- Focusing on **youth wellness strategies and programs** geared toward future generations of dairy consumers by reaching youth, schools and families (both in and out of schools) with solutions and resources to increase access to milk and dairy, expand school meal participation and engage students.

Throughout this report you will find updates and outcomes in these areas that are a result of your investment in the national dairy checkoff program. And that'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 DairyCheckoff.com.



Marilyn Hershey

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



Alex Peterson

Alex Peterson
Dairy Farmer
Trenton, Mo.
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 I continue on my journey serving as DMI's President and CEO, I remain humbled and honored to work on behalf of dairy farmers like you from across the country.

Over the past two years, I have aligned the checkoff priorities identified by DMI board leadership to have the most impact for U.S. dairy. These priorities inspire your national and local staff as we **ASPIRE** - Action through Sustainability, People, Innovation, Reputation and Exports - to meet farmers' and industry needs over the short and long term.

2023 saw significant shifts in the dairy industry and its leadership. With this change came opportunities - to reintroduce the checkoff to new leadership and align around fundamental strategies that will drive volume and value for farmers and the broader dairy industry. We took the time to engage cooperatives, leaders and farmers in the DMI vision and priorities.

That includes the checkoff's ongoing work to deliver:

- **More science and non-checkoff investments**, taking the science-based nutrition, product and environmental research that can lead to action and commercialization; and identifying funding and

resources outside of the checkoff to advance shared priorities.

- **More focused partnerships and product innovation** with domestic and international foodservice partners.
- **More in-market voices that advocate for dairy and dairy farmers** that are consumer-relevant and have established audiences where people look for information, whether using popular social media channels like TikTok or with major media partners that share dairy's story around responsible production.

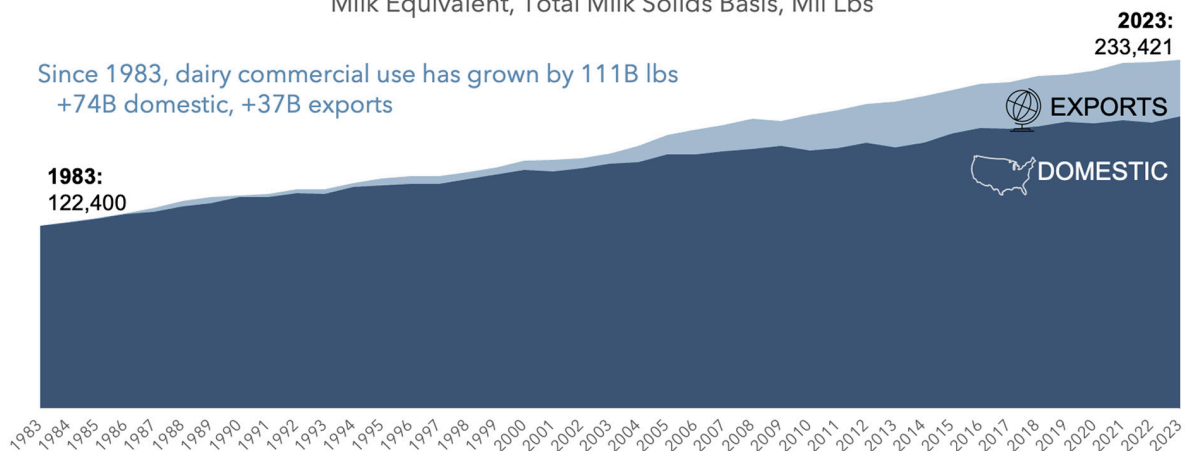
This report not only represents our 2023 results, but it also serves as a demonstration of the hard work your dairy checkoff continues to deliver here and around world on behalf of America's dairy farmers and importers. The work that makes every drop count.



Barbara O'Brien
Chief Executive Officer
Dairy Management Inc.

U.S. Dairy has a Long-term History of Growth, Fueled by Both Domestic and International Markets

TOTAL DAIRY ALL CHANNEL SALES*
Milk Equivalent, Total Milk Solids Basis, Mil Lbs



Source: USDA, NMPF
*Dairy demand measured as domestic commercial use plus commercial U.S. exports
Note that the dairy aggregate includes commercial use of some low-valued milk solids, especially nonfat solids

2023 Highlights at a Glance

The dairy checkoff program aims to build demand for dairy and create new markets that lead to sales growth in the short and long term. This work happens through sales-enabling priorities that help to move the needle on consumer trust in dairy foods, dairy farmers and the dairy community that is foundational to moving demand; and sales-driving priorities that propel in-market, quantifiable results and outcomes.

Reputation Building Results

SUSTAINABILITY*

8 new sustainability projects initiated

Developed new **manure methane model** to advance continuous improvement around environmental stewardship

More than **5,600 dairy farmers and farm advisors** empowered to pursue sustainability action

Today, **two-thirds of all environmental research is funded externally**, bringing other people's money, resources and expertise to advance checkoff priorities

*Checkoff funds are not used in on-farm practices. Other partners fund on-farm studies.

REPUTATION

A "Dairy Dream Team" of cultural influencers led to content targeting young adults and early parents, securing more than **36 million impressions** on TikTok

Partnership with School Nutrition Association reached more than **50,000 school nutrition leaders** to increase school meal participation that includes milk and other dairy foods

The "**See Dairy Differently**" campaign inspired thought leaders to see a new side of dairy and included high-profile content in *The Economist*, *Washington Post*, *USA Today* and *Wired*

Collaboration with Mayo Clinic engaged **70,000 health professionals**

2023 Highlights at a Glance

Sales-Driving Results

INNOVATION



Collaborated with **Mayo Clinic** to support research on cardiovascular benefits of dairy

Shared key insights for **long-term growth opportunities** with dairy industry leaders, colleges and universities, and at major dairy and food industry events, to support product innovation

Checkoff partners launched **20 new dairy-centric products** in the United States; domestic partners increased dairy use by more than 150 million incremental pounds

EXPORTS

International foodservice partners **Domino's® and Pizza Hut®** increased global U.S. cheese use and grew pizza consumption in key markets



A Pizza Hut Indonesia partnership reached **1.7 million consumers**, promoting U.S. cheese with the "Made with US Cheese" logo

The checkoff-funded U.S. Dairy Export Council held 5,300 demo days in 12 countries to promote U.S. dairy with an **average sales increase of 120%** during the promotional events



Advancing Sales & Innovation

The national dairy checkoff program was established to do two things: Grow sales and build trust in dairy. In 2023, checkoff innovation and sales-driving efforts focused on increasing sales in the short term while building the path to future growth opportunities, which are focused on identifying potential sales with the greatest impact in areas around the health and wellness, beverage and foodservice categories.



Domestic foodservice and yogurt partners leveraged checkoff insights and expertise to launch 10 new products, leading to an additional **150 million equivalent pounds of dairy used**. Partners included foodservice leaders Domino's®, McDonald's® and Taco Bell®, along with General Mills®.

Value-added milk remains a great opportunity for dairy processors and food industry leaders to meet consumer needs. Checkoff partners Dairy Farmers of America and DARI, LLC, launched higher-protein, lactose-free and low-sugar flavored milk products that contributed to value-added volume growth of 0.2% compared to 2022 data, while lactose-free milk products grew 6.8%.

Nutrition and product science also yielded results. Checkoff-funded research concentrated on accelerating the discovery and commercialization of health and wellness functional benefits and claims that lead to long-term sales. This work led to the development of 150 new claims that are now under research validation.

Other work led to the publication of **six new papers showing the positive impact of dairy consumption** in sleep, digestive health and weight management.

Additional studies were initiated in 2023 to look at dairy's potential positive benefits to aging, inflammation, digestion, and mental and emotional health.

International partners also drove U.S. dairy sales in key priority markets, such as Southeast Asia and the Middle East. Pizza Hut Indonesia introduced its Quartzza Pizza that moved nearly **220,000 pounds of U.S. cheese** during the five-week promotion period. The



chain also ran its "Pizza Hut Means Cheesy" campaign that reached Indonesians through television and social media to drive pizza - and U.S. cheese - sales.

The U.S. Dairy Export Council, which is funded in large part through the checkoff, continues its work to expand existing global markets and identify new opportunities around the world.



While 2023 saw significant challenges facing the export market, including elevated global inflation and disappointing economic growth in China and other key markets, there were export bright spots. This included a **combined 10% growth** in milk solids to Mexico, South America, Central America and the Caribbean. While U.S. export cheese sales faced a slight decline overall in 2023, U.S. cheese sales grew in several key markets, including Mexico, China, Central America and Canada.

Additionally, U.S. dairy export value finished 2023 at \$8.11 billion, the second-largest value of all time.

For more information, visit DairyCheckoff.com and [U.S. Dairy Export Council](https://U.S.DairyExportCouncil.com) websites.

2023 Highlights

Associated Milk Producers Inc.

partnered with the checkoff to expand its Dinner Bell Creamery brand in China, Southeast Asia and the Middle East/North Africa. This work resulted in nearly 2,000 outlets selling Dinner Bell Creamery or Mera-branded cheese.



Domino's launched its **Pepperoni Stuffed Cheesy Bread** (made with mozzarella and cheddar) and **Loaded Tots** (made with mozzarella, Cheddar, Parmesan, provolone and creamy Alfredo depending on toppings ordered). The chain supported these launches with a multi-million-dollar advertising campaign that heavily featured dairy through television and digital marketing efforts.

Checkoff partner **General Mills** continued to drive innovation in the yogurt category to grow additional sales. Using checkoff-funded research and expertise, the company introduced its Häagen Dazs Cultured Crème for consumers seeking luxury and indulgence in the dairy case.



In 2023, the checkoff worked to **drive innovation and inspire the next generation** of food scientists and developers. Activities included the new product competition, where university students presented innovative dairy-based product concepts and a series of pilot programs across nine universities to drive innovative health and wellness opportunities.

Checkoff partner Domino's also grew U.S. cheese sales in international markets, such as the United Arab Emirates (UAE) and Saudi Arabia. Domino's launched many new products, including the **Fiery Pizza** in Saudi Arabia and well-known platforms, such as pan pizza and stuffed cheesy bread in the UAE, all of which use U.S. cheese.





Building Trust in Dairy

Protecting and growing trust in dairy is a foundational checkoff priority – trust in milk and dairy foods, farmers and the industry. How consumers, thought leaders and influencers feel about dairy and its reputation has a direct impact on driving sales and trust.

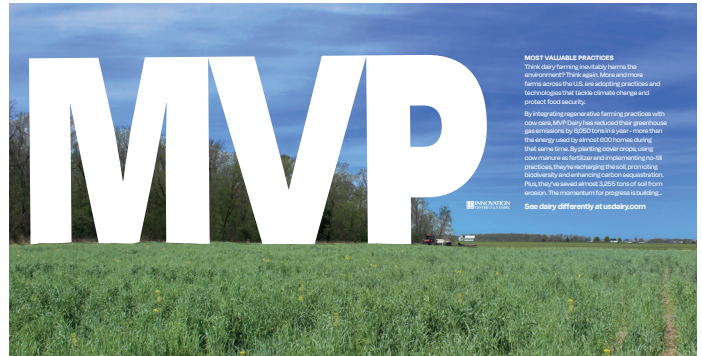
In 2023, the checkoff continued its focus on trust with a multi-pronged approach to:

- Deliver consumer content and amplify dairy’s voice in the key channels where young adults, youth and their parents look for information
- Expand dairy’s impact in youth wellness efforts through a new Fuel Up program that offers greater flexibility for national and local checkoff organizations
- Activate dairy champions by engaging experts and thought leaders who bring added credibility with consumers
- Work with high-impact partners focused on health and wellness, environment and industry to share dairy’s role in the diet and in global food systems

This work makes a difference. Research shows that after being exposed to the checkoff’s “A Farmer Is More Than a Farmer” content, consumer perceptions that “dairy is produced in an environmentally responsible way” **increased 10.6%**.

The **“See Dairy Differently”** campaign focused on inspiring thought leaders to see a new side of dairy and the industry’s commitment to sustainability and environmental stewardship. This work included ads in national media outlets and 11 individual pieces of content that delivered more than 64,000 pageviews.

Through the checkoff’s longstanding partnership with the **School Nutrition Association**, more than 50,000



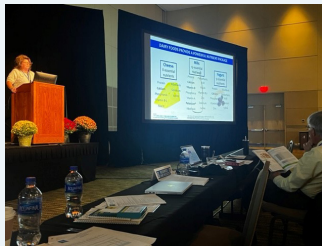
school nutrition leaders were encouraged to increase school meal participation among students (including milk and dairy consumption).

Other key health professional partnerships that helped **advance dairy’s health and wellness reputation** included the Academy of Nutrition and Dietetics, American Academy of Pediatrics and the National Medical Association. National Dairy Council (the nutrition research and education arm of the dairy checkoff) works with partners to share key research findings, educate on dairy’s facts versus fiction and answer frequently asked questions.

For more information about the checkoff’s efforts to maintain and grow trust in dairy, visit DairyCheckoff.com.

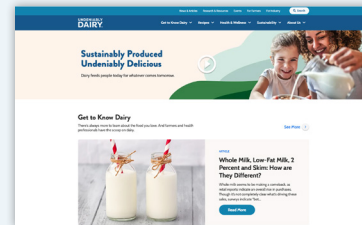
2023 Highlights

The checkoff's collaboration with Mayo Clinic reached more than **70,000 health professionals** to share dairy nutrition, and health



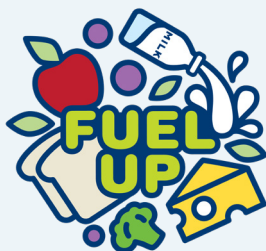
and wellness information to those who reach consumers. Efforts included health professional educational sessions and webinars, 12 Mayo Clinic podcasts and a dedicated Dairy and Health microsite on Mayo Clinic Press.

Traffic at [USDairy.com](https://www.usdairy.com) grew by nearly **30 percent**,



compared to 2022. Checkoff efforts continued to advance storytelling around key areas of interest to consumers, including common questions about animal care and how dairy's nutrition profile can benefit mental health.

The checkoff continued its efforts nationally and locally to win with youth through schools. This includes the evolution of the **Fuel Up** youth and school program, which shifted to a more focused approach around improving the school milk experience and expanding access to school meals. This evolution brings more involvement with a wide range of partners to advance checkoff priorities, while maintaining a collaboration with the National Football League.



The benefits of saving water ensure a sustainable future.

The checkoff partnered with **TIME** to create an in-depth story and video that showcased how farmers care about water, which is a relevant topic of interest among consumers. The story detailed farmers' innovative ways to reduce water use and increase recycling to ensure a more sustainable future. In total, media partnerships generated nearly 6 million impressions.

Working through the **Dairy Dream Team**, the checkoff reached Gen Zers and young parents on social media. The team consists of chefs, recipe developers, foodies, gamers and lifestyle influencers with a combined 24 million followers. In 2023, the Dairy Dream Team garnered more than 36 million impressions on TikTok alone.



Through National Dairy Council, the checkoff continued its **NextGen Science Program** that aims to identify and form relationships with emerging leaders in nutrition, public health, social and animal science spaces. The program engages these thought leaders of tomorrow to address dairy misperceptions and amplify dairy science in health, wellness and sustainable food systems.



Advancing Dairy As Essential, Sustainable Food Source

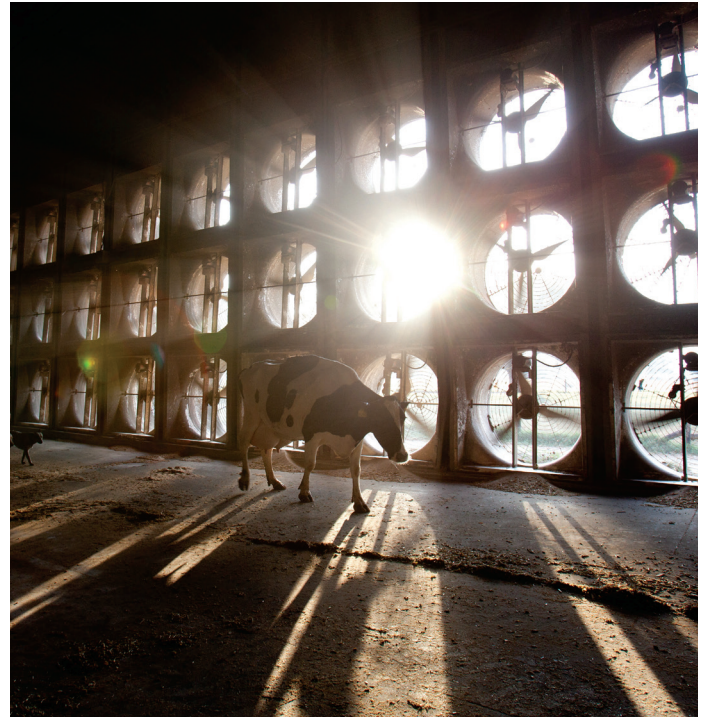
Another way the dairy checkoff helps grow dairy sales and trust is our work to advance dairy perceptions over the long term, including efforts to demonstrate dairy's leadership as an essential and sustainable food source.

To accomplish this the checkoff works in collaboration and in partnership with others across the value chain to advance dairy's sustainability priority. This area of work aims to demonstrate that **dairy is an environmental solution** – backed by science and other proof points – and economically viable for farmers, markets and society.

In 2023, the checkoff worked in collaboration with others across the dairy community to deliver for farmers and U.S. dairy. This means more solutions for farmers, more scientific proof that serves as the foundation to share dairy's story with consumers and thought leaders, and more partners to extend checkoff investments and/or leverage other resources and expertise that are outside of the checkoff's purview. Today, **two-thirds of environmental research** that is part of U.S. dairy's sustainability research plan is funded by companies and organizations outside of the checkoff.

Last year, the checkoff created a **regional pilot program** to connect and support farm advisors, increasing their ability to assist farmers with sustainability planning and decision making. By the end of the year, more than 5,600 farmers and advisors were actively involved in on-farm pilots and projects.

Founded by the checkoff, the Innovation Center for U.S. Dairy aligns the industry around priorities and spurs action that strengthens trust in



dairy as part of a sustainable food system. The [U.S. Dairy Stewardship Commitment](#) supports farmers, cooperatives and processors who voluntarily advance sustainability leadership and transparently report progress. As of 2023, 39 companies, representing more than 75% of U.S. milk production, adopted the Commitment. This proof of action, built on programs U.S. dairy has in place – like the National Dairy FARM (Farmers Assuring Responsible Management) program that is administered by National Milk Producers Federation – helps to positively position U.S. dairy with domestic and global customers and consumers.

In addition, through National Dairy Council, the checkoff published **19 peer-reviewed scientific papers** around nutrition science. Staff also authored **15 science-based comments** and nutrition research findings in support of dairy's role in dietary guidance.

For more information visit DairyCheckoff.com.

2023 Global Positioning Highlights

The sustainability team expanded the **Feed in Focus Program**, which provides farmers with the technical and financial assistance they need to implement sustainability practices. The program distributed nearly \$500,000 in non-checkoff funds to 31 farmers to support the implementation of best management practices on more than 9,000 acres and to improve the rations for more than 20,000 cows.



© Patrick Flood for The Nature Conservancy

More partners working to advance dairy's sustainability priorities led to more than **\$10 million in additional funding and commitments** to support environmental research and action. Partners included Saputo and Global Methane Hub.



As part of the Innovation Center/National Dairy Council's partnership with Feeding America, **more than 406 million pounds of milk and dairy foods** were distributed through a network of 200 food banks across the country between July 2022 and June 2023. While this amount is down from the spike in 2021 due to the end of pandemic government feeding programs, this reflects a 15% volume increase from 2019 pre-pandemic levels.

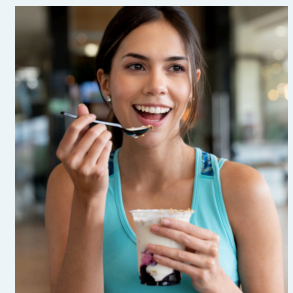
The checkoff supports the **National Dairy FARM (Farmers Assuring Responsible Management) Program** administered by the



National Milk Producers Federation. FARM serves as the industry-wide, on-farm social responsibility program that supports the proof of dairy's commitment to responsible on-farm practices encompassing animal care, antibiotic stewardship, biosecurity, environmental stewardship and workforce development that customers and consumers desire and expect here and around the world. Today, 85% of top-tier dairy customers support the FARM Animal Care Program through aligned sourcing policies and protocols.

The checkoff works through the Innovation Center to ensure the **safety of milk and dairy foods**. Industry volunteers identify best practices and drive their adoption at manufacturing facilities of all sizes. Funded primarily by processors, resources include an extensive online catalog and training workshops that have reached 5,000+ dairy professionals.

The Innovation Center launched a **Health and Well-being Committee** to leverage checkoff investments in science and insights, and to align around an industry-wide strategy for processors, cooperatives and others to adopt and market modern dairy wellness messages.





Engaging Farmers & the Dairy Community

As funders into the checkoff program, it's crucial for farmers and importers to know more about the strategies, progress and value of their investment.

That's why national, state and regional organizations engage in multiple ways to share the priorities and outcomes of the checkoff. This includes visits with individual farmers; participation in small-group and farmer, trade show and cooperative meetings; outreach with dairy and agricultural media; and digital communications.

This outreach is called for in the congressional Act & Order that created the national checkoff program. This work is important to the checkoff as it 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 2023, the checkoff continued its **Making Every Drop Count** initiative to reach the nation's more than 26,000 dairy farm businesses. Making Every Drop Count shares a complete 15-cent checkoff story to help raise awareness and understanding of how local, national and global checkoff organizations work. Efforts led to more than 12 million impressions through dairy farmer and agriculture trade media, and social and other digital communications.

Other activities included:

- More than **500 placements in dairy and agricultural media** through interviews, articles and podcasts featuring the voices of checkoff farmer leaders and executives.

- Outreach by national and local checkoff staff to reach more than **6,500 farmers** to share progress and seek input into ongoing priorities and progress, including conversations around youth wellness, checkoff partnerships, innovation and environmental stewardship and sustainability initiatives.
- Working in partnership with local checkoff organizations, a **farmer emerging leader program** reached 150 farmers so these future leaders can gain a better awareness and understanding of their checkoff.

For more information about the checkoff, you can:

- Visit DairyCheckoff.com for checkoff-related resources and an interactive map to find your state or regional checkoff organization
- Follow and like the Your Dairy Checkoff [Facebook](#) page for regular dairy news, videos and more
- Sign up for the dairy checkoff's [newsletter](#) from the DMI CEO for a roundup of relevant checkoff news
- Listen to the [Your Dairy Checkoff](#) podcast to take a deeper dive into checkoff-related topics, along with periodic bonus content

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2023 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.

2023 Dairy Checkoff Marketing Plan Program Revenues (in millions)¹

National Dairy Promotion & Research Board	\$133.1
United Dairy Industry Association (UDIA).	\$129.5
Total Revenues	\$262.6

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 of 41 dairy farmers elected by their member organizations’ respective boards.

2023 Dairy Checkoff Marketing Plan Program Expenses (in millions)²

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

Reputation ³	\$123.1
Innovation ⁴	\$ 58.5
Export ⁵	\$ 32.6
Sustainability ⁶	\$ 26.2
Farmer & Community Relations ⁷	\$ 17.3
General & Administrative ⁸	\$ 4.9
Total Expenditures	\$262.6

¹ Reflects both national and local Unified Marketing Plan funding

² Includes national program and allocated core costs, and local program and implementation spend

³ Includes marketing and communications, Fuel Up to Play 60, youth wellness programs and scientific affairs and outreach

⁴ Includes domestic partners, nutrition research, product research and consumer and stakeholder market research/insights and dairy innovation

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

⁶ Includes social responsibility, environmental initiatives & research, and Global Dairy Platform (DMI funding)

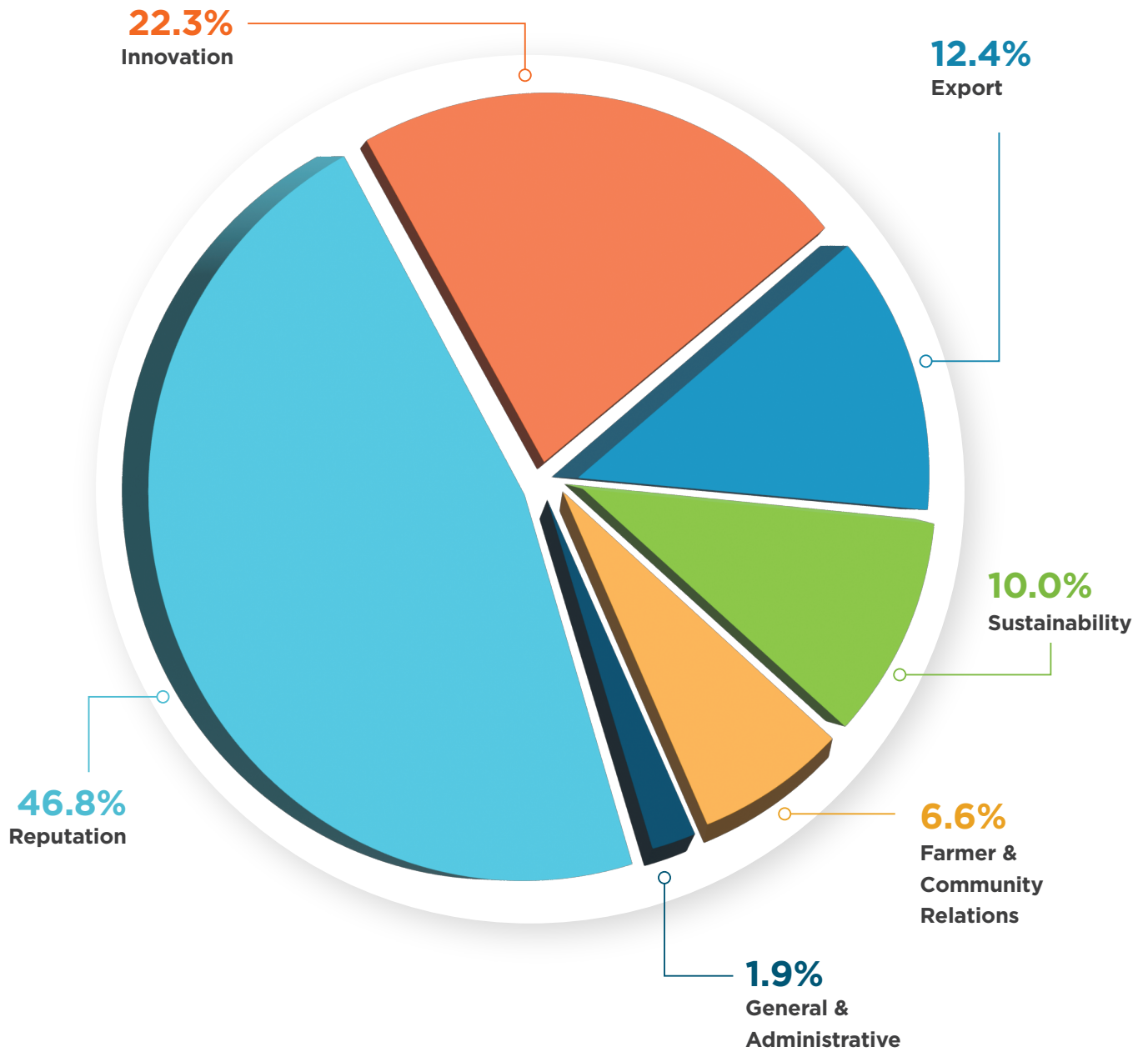
⁷ Includes farmer and community communications and relations

⁸ Includes general administration costs for DMI-related expenditures only



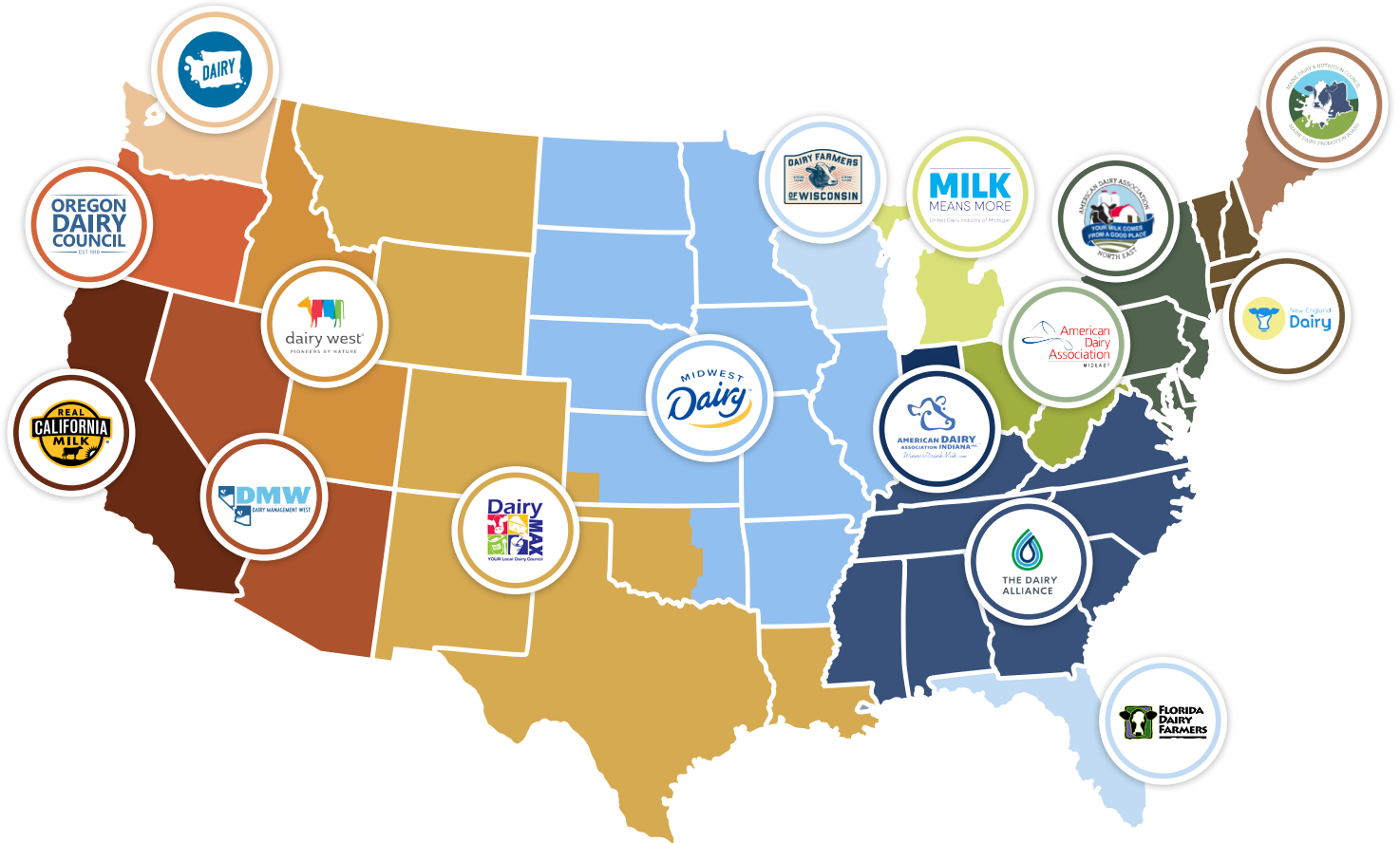
2023 Financial Report

2023 Expenses (Percentage of Total)





State & Regional Promotion Organizations



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

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