





Thank you for reading the Midwest Dairy 2021 Annual Report. Your initiative to not only check in on your checkoff dollars, but support the programs and activations they fund is always welcome. I am honored to serve as Chair of the Midwest Dairy Board. This work is proving to be more important than ever as we continue to face challenges that force us to be flexible and ready to pivot. Thank you for all you do to support Midwest Dairy and share your dairy story.

In our changing world, we must remain open and responsive to local needs and opportunities. Midwest Dairy is a valuable resource to help advance the story and power of dairy at a grassroots level. Our work is driven by your leadership locally. We are united in our purpose to grow trust and sales and are committed to supporting local strategies to achieve those goals. In many ways, the power of Midwest Dairy is in the diversity of the divisions.

This report includes a few of the countless examples of Midwest Dairy's work to partner locally to increase demand and sales, build trust, facilitate research and innovation, and develop dairy leaders. Whether it's working to provide breakfast carts to local schools, using our state fairs to bring the dairy story to a new generation, or partnering with local stores to find innovative ways to bring dairy home to consumers, Midwest Dairy continues to work with you to maximize your checkoff investment. We are confident that our shared commitment, focus, and flexibility will power our continued success.

Allen Merrill
Chairman, Midwest Dairy



Midwest Dairy is working on behalf of dairy farmers to maximize your investment in dairy promotion and research across our 10-state region. I truly believe our strategic plan maximizes your 15-cent checkoff investment and aligns with the promotion plan implemented throughout the nation as it is customized for consumers and partners. Our continual pledge is to *Make Every Drop Count* with a focus to build demand for, and trust in, dairy foods and dairy farmers.

We are a dairy farmer led organization. The direction and focus of the programs implemented with your checkoff investment is provided by our boards. Staff is dedicated to bringing that direction to life and is passionate about serving you. We take pride in representing dairy farmer priorities and bringing your voice to the table. Your dairy story – the unique wellness benefits of dairy and your dedication to taking care of the planet and your cows – is at the center of what we do.

In the pages that follow, you'll read about our work in 2021. You've shared with us that you'd like a more concise and to the point farmer communication and annual report with numbers that demonstrate our impact. I want to emphasize we hear you; you'll notice different communication throughout 2022, including this shorter than in the past annual report and that our new strategic plan sets numeric goals for each objective. We're excited to share the results from 2021 and welcome your feedback throughout the year.

Molly Pelzer
CEO, Midwest Dairy



SALES

With a focus on driving dairy demand and sales, Midwest Dairy expanded collaborations with retail and foodservice partners and is working hard to stay ahead of what consumers of all ages are looking for in their dairy choices. Schools also provide an opportunity to grow sales.



*For more,
scan here*

When the weather cools down, beverage options heat up



Midwest Dairy is partnering with schools to create innovative meal programs that incorporate a variety of on-trend options for kids. You may have heard positive things about the smoothie programs being implemented in schools, but as the seasons change, we found heating chocolate milk to serve as hot chocolate is a great way to increase milk consumption during the colder months. This is also part of a reimbursable meal plan, creating a win-win for students and the school. By paying attention to kids' shifting needs and preferences throughout the year, Midwest Dairy is creating programs that increase dairy consumption now and will continue to have an impact on driving demand as these kids make beverage choices outside of school.



INCREMENTAL POUNDS OF MILK SOLD

Retail Sales:
42,863,553



School Sales:
231,112

Foodservice Sales:
4,312,818

** The goal of our sales work is to drive incremental growth through our retail and foodservice partners. Incremental sales are measured as the increase in sales volume compared to the same period in a prior year.*

Partnering with retail and foodservice partners to drive demand

Midwest Dairy collaborated with many retail and foodservice partners in 2021 to build consumer confidence while highlighting in-store and online dairy promotions to drive sales. Check out some of these successful partnerships:

- **Coborn's** continues to be the ideal partner for Midwest Dairy. Through innovative and engaging activations Coborn's helps by supporting local, delivering the dairy sustainability story to their community, and providing innovative ways to engage with their customers. This includes QR codes and in-aisle signage.
- **Dierbergs** grocery store activations in Missouri and Illinois use in-store signage and FoodTV video, social media content, website landing page, and print ad circulars. Together, we target Gen Z shoppers and their parents as key customers. In addition to spotlighting dairy's immunity boosting properties, this partner continues to feature sustainable farming practices through live virtual experiences for Dierbergs shoppers.
- In the second year of our partnership, Midwest Dairy was able to continue supporting their new frozen breakfast pizza with marketing support and an incentive contest for their store personnel.

AS A RESULT

**Midwest Dairy
drove sales through
28 activations at
10 retail partners**

Schnucks

Dierbergs

Price Chopper Enterprises

Hen House

Casey's

Kum & Go

Hy-Vee

Cub Foods

Jewel

Coborn's

TRUST

Midwest Dairy helps build consumer trust by bringing dairy to life with dairy promotions at the local and national levels. We continue to work with partners to share dairy's story and build trust with consumers through new opportunities and ongoing relationships.



Scan Me

Exploring creative ways to bring dairy to life

By thinking outside the box, these 2021 creative collaborations have resulted in unique virtual and in-person experiences. Here are a few highlights:

- Midwest Dairy announced a partnership with the Science Museum of Minnesota to create a new food experience exhibit featuring agriculture, food security/food systems and showcase dairy's sustainable nutrition story. We are collaborating on a series of educational opportunities that will allow participants to learn more about on-farm sustainability, climate and dairy nutrition.
- Midwest Dairy brought together food influencers, partners, registered dietitians, and farmers for conversations in St. Louis, Missouri. Moo & Brew at Grant's Farm connected consumers to dairy's sustainable nutrition story and highlighted the dairy farmers' new partnership with Grant's Farm. The evening featured Midwest cheeses paired with Anheuser-Busch beers.
- Midwest Dairy was at Omaha Baseball Village during the College World Series in Omaha, Nebraska. In partnership with Summit Media, Midwest Dairy had a booth that included live radio broadcasts, dairy giveaways, and education from Nebraska-area dairy farmers.
- In combination with the Husker Radio Sports Nutrition podcast series, Midwest Dairy funded pizza ovens, refrigerators, and freezers to support the Husker Athletics Lewis Training Table allowing athletes to combine flavors for a nutritious meal while learning how to include opportunities for increased dairy consumption off the field.



"What you do, dairy does too" campaign introduction



With the goal of connecting with Gen Z consumers to build trust and drive demand, Midwest Dairy has created a marketing campaign – “What You Do, Dairy Does Too” – to help young consumers see that dairy farmers are just like them: people who care about the environment, their neighbors, and their communities. The toolkit is available for partners and farmers to download on MidwestDairy.com.

It includes bright, fun banner artwork that can be displayed in-store or on the farm, shareable videos, social media images and copy, infographics, and more. We also teamed up with three social media influencers to reach key audiences by using video content to showcase sustainability. The videos highlight the parallels between small changes we all make in our homes to live more sustainably, and things dairy farmers have been doing for years – including composting, recycling, and conserving energy.

WHAT YOU DO, DAIRY DOES TOO

A **Price Chopper Enterprises** partnership effectively utilized “What You Do, Dairy Does Too” messaging to convey the dairy sustainability story to their customer base via Facebook, website and an email blast to over 235,000 recipients.

OVER 75,000 INCREMENTAL POUNDS OF MILK DRIVEN



RESEARCH | LEADERS

Midwest Dairy understands the importance of supporting research projects and their efforts to solve the dairy industry's current and future challenges. Equally important is cultivating new dairy leaders and giving them the tools they need to be successful within the industry.

Supporting research in dairy

Midwest Dairy invests dairy checkoff dollars in various ways, one of which is ongoing product and food safety research. The Midwest Dairy Food Research Center (MDFRC) has been working hard at funding research projects that help build trust in dairy and drive dairy demand worldwide. MDFRC works with industry leaders and representatives to share the industry's biggest issues. Research proposals were solicited to address these problems from professors located at six universities: University of Minnesota, Iowa State University, South Dakota State University, University of Nebraska-Lincoln, Kansas State University, and the University of Missouri. In 2021, four projects were selected to be funded that focused on supporting the following needs:

EXPORTS: With 96% of dairy consumers living outside of the United States, how does the dairy industry grow their exports of cheese and powders?

CONSUMER SOLUTIONS: Knowing that consumers are increasingly focused on clean labels (easy-to-read and understand ingredients), what can the dairy industry do to improve consumer accessibility?

FOOD SAFETY: Consumers want to know the products they're enjoying are safe, so how do we increase the safety of dairy products?

SUSTAINABILITY: With an increased focus on sustainability in the dairy industry, how do we reduce the footprint of the industry?

DEAL program provides 13 farmers tools to connect with consumers

The Dairy Experience and Agricultural Leadership Program (DEAL) is proud to have graduated 13 outstanding individuals from its first-ever class. The 18-month long program provided this group the opportunity to strengthen their skills when engaging with consumers; participate in media interviews; gain a better understanding of the dairy checkoff; and provide an environment to build connections and network with industry leaders. A highlight from the past 18 months included a trip to Chicago that focused on building skills to connect with each other and consumers. While there, the group participated in ENGAGE training, virtually attended the Dairy Experience Forum, heard from Dairy Management Inc. leaders, and toured Lenkaitis Dairy where they saw the farm's robotic milking system in action. The group participated in two other phases throughout the year as well. Midwest Dairy is eager to see these DEAL participants continue to promote the dairy industry. In addition, Midwest Dairy is excited to welcome the new 2022-2023 DEAL class that has already been selected and began their journey this past February.

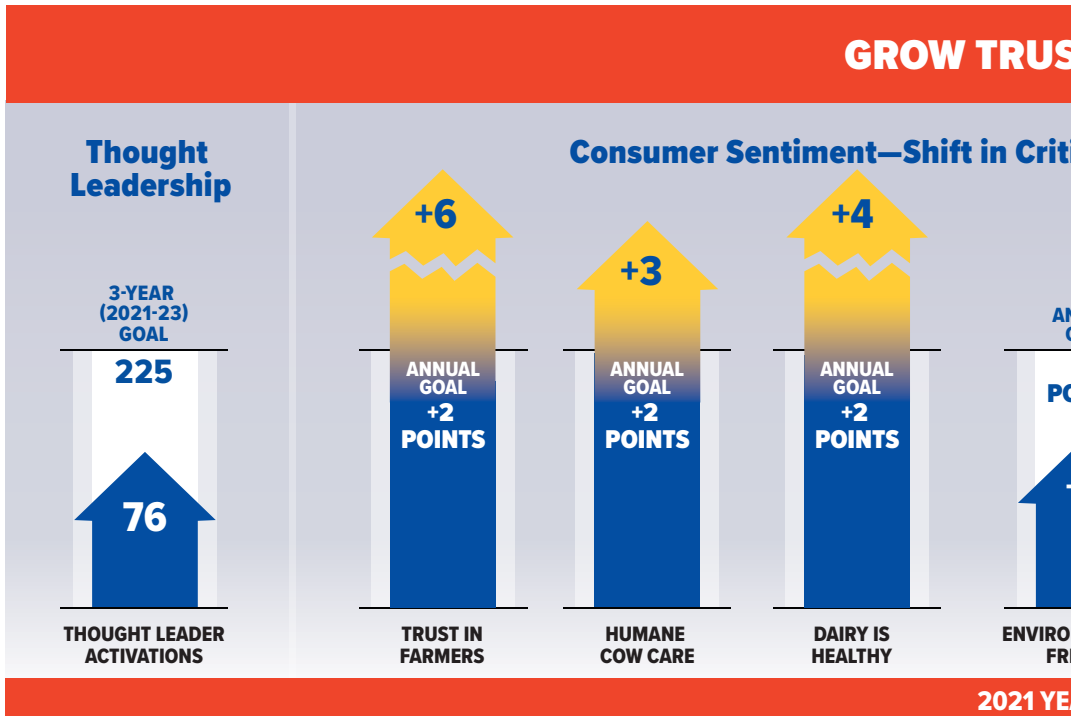
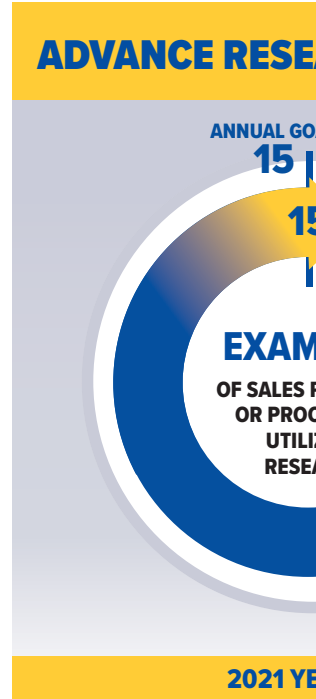
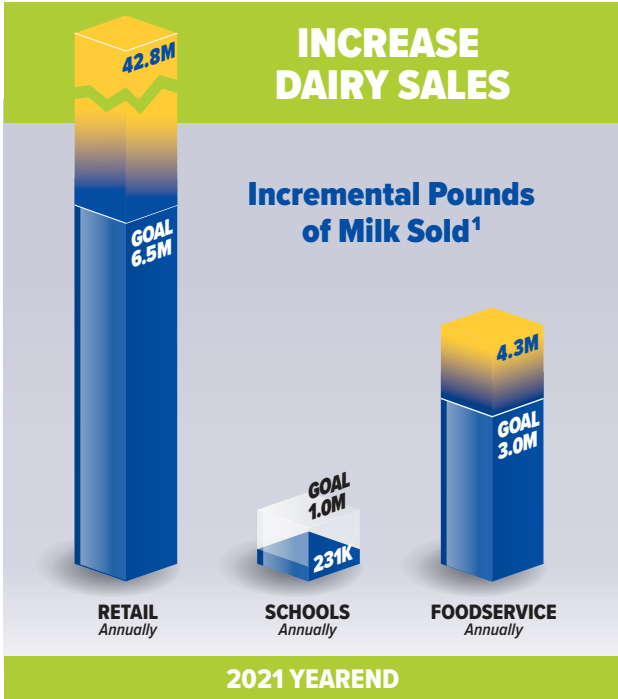




SCORECARD

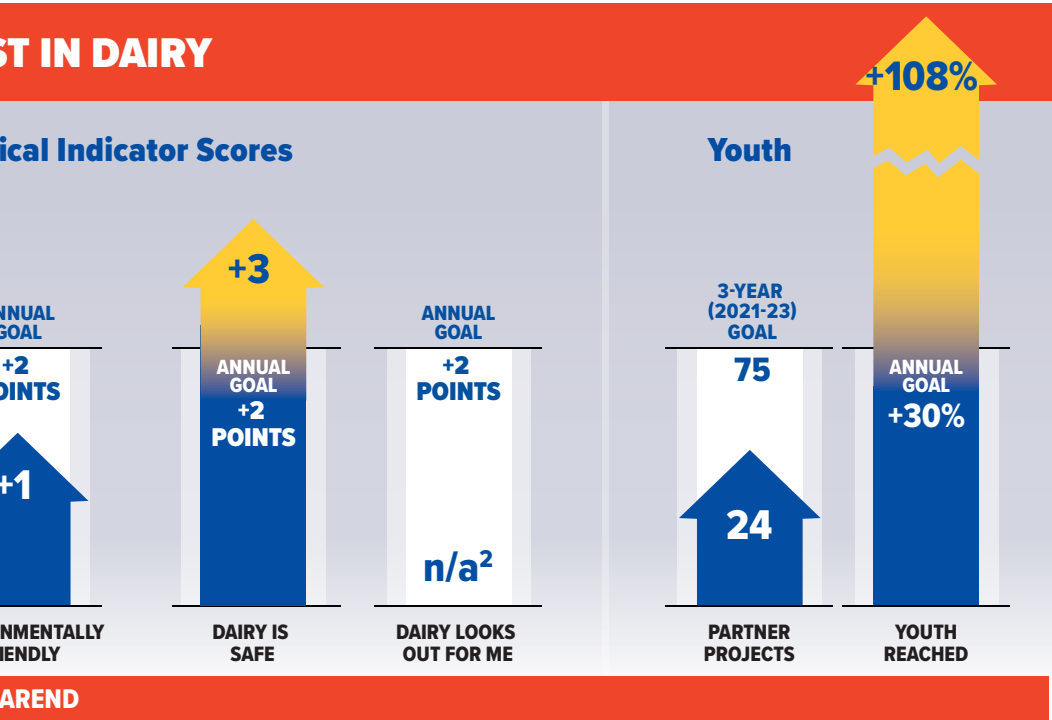
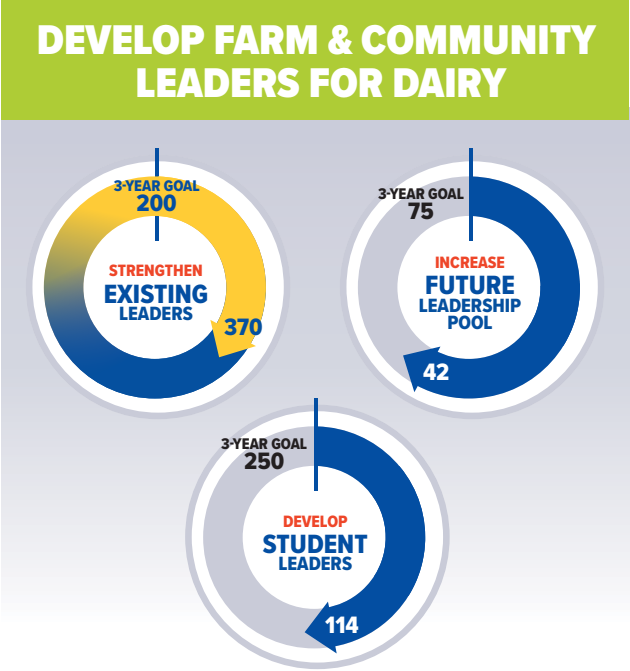
BUSINESS & FOUNDATIONAL

DECEMBER 2021



¹ Because

OBJECTIVES



COVID created 2020 sales volume anomalies, current year sales (2021) are compared to 2019 trends. ² Indicator has no prior year baseline.

DAIRY CHECKOFF ADVOCATES

Download telling your story

To help support what Midwest Dairy and dairy farmers have accomplished together in 2021, we encourage you to showcase your dairy story with consumers. "Telling Your Story," which includes community talking points, is now available on MidwestDairy.com. These talking points will help spark inspiration as you share your dairy story with consumers in your community.



*To access,
scan here*

Resources to help you share your story!

Midwest Dairy offers a variety of resources and support to help dairy farmers engage with consumers through positive conversations and interactions that continue to build trust and drive dairy sales. Visit MidwestDairy.com to find the latest resources available to dairy farmers.



Undeniably Dairy Grants

Available to Midwest Dairy farmers, dairy groups and agriculture organizations, Undeniably Dairy Grants help turn great ideas for promoting the dairy industry into a reality. From on-farm and virtual events to bringing the farm into your community, we want to spark connections from your farm to consumer tables to build trust in dairy.



Here are some successful grant programs to inspire you to get started sharing your own dairy story:

- Bring all things milk to your annual community race or marathon. Promote the benefits of refueling with chocolate milk by utilizing funds to establish signage and other promotional materials. Provide an opportunity for participants to learn more about the benefits of consuming dairy products to help with their recovery.
- Utilize Midwest Dairy resources to promote general dairy information and cheese pairing information. Help your local winery share dairy's sustainability and nutrition benefits with visitors all year around or at large consumer events.



2021 EXPENSES BY SPENDING CATEGORY

\$23.0 MILLION TOTAL EXPENSES

WHERE YOUR CHECKOFF GOES

Partnership & Research Projects (28%) – Funding of nutrition research on milkfat and dairy protein, product research on cheese and whey through Dairy Management Inc., cheese, milk and food security initiatives with national partners through Dairy Management Inc., and global demand opportunities through the U. S. Dairy Export Council.

Dairy Experience (47%) – Leads the creation of strategic initiatives that are executed across the organization.

Sales - Demand (9%) – Initiatives are focused on increasing dairy sales in retail and foodservice.

Sales - Youth (4%) – Projects to build dairy sales in schools through initiatives related to dairy optimization.

Global Positioning (6%) – Includes relationship building and communications with key thought leaders and health professionals on nutrition and health topics.

Trust - Adult (14%) – Covers consumer and influencer confidence programs including influencer presentations and farm tours; traditional and social media; and thought leader communication support.

Trust - Youth (8%) – Projects to build trust inside and outside of schools leveraging environmental sustainability and wellness messages to reach youth.

Strategic Innovation (1%) – This is a customized consultative selling methodology and resources to improve relationship management and increase program success rates along with measurement processes to gauge impact of strategic plan in the regional marketplace.

Farmer Activation (5%) – Includes efforts to engage farmers through consumers (consumers through farmers) with the Promotion Center, and farm tours.

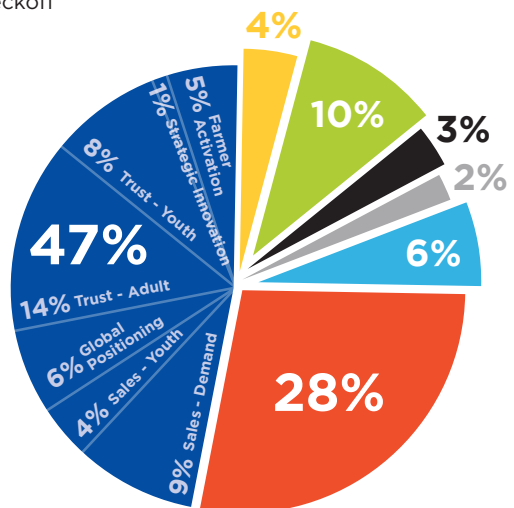
Research (4%) – Covers process innovation and growth through support for export, processor and manufacturer collaboration, market development research and retail consultation. Support for dairy product research through the Midwest Dairy Foods Research Center, including the University of Minnesota, South Dakota State University, Iowa State University, Kansas State University, and the University of Nebraska-Lincoln.

Agricultural Affairs (10%) – Involves consumer-targeted efforts by farmers, scholarships, state agriculture coalition programs, Cooperative and Processor Support (CAPS), princess programs, the Dairy Ambassador program, leadership development and sustainability efforts.

Corporate Communications (3%) – Provides overall reputation management for the organization; farmer communications, including various newsletters and reports targeted at dairy farmers to raise awareness about checkoff value, MidwestDairy.com; social media amplification, communications training; and issues/crisis management.

Farmer Communications (2%) – Includes funds for the Dairy Promotion Update newsletter and other publications, and farmer annual meetings.

Administration (6%) – Includes board expenses; audit; legal fees; and expenses of accounting, administrative and computer network staff.



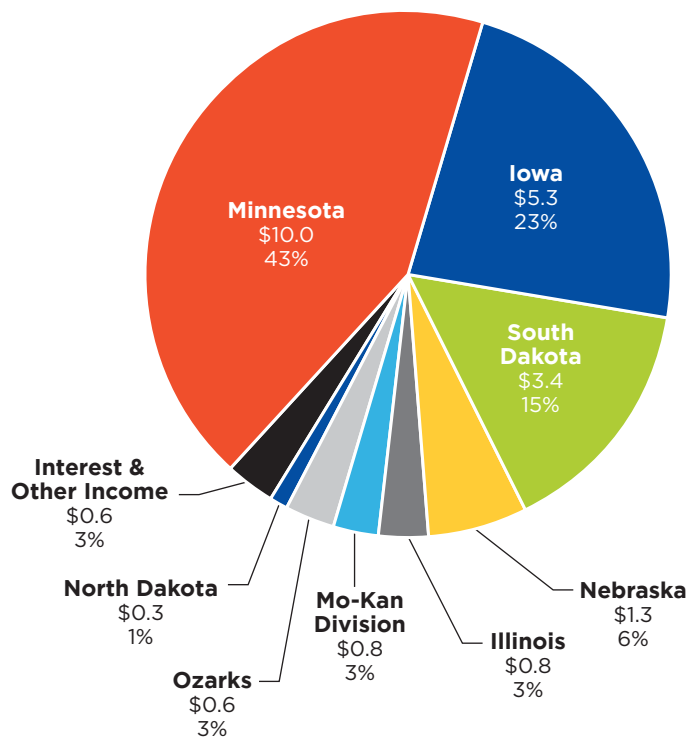
2021 REVENUES BY DIVISION

MIDWEST DAIRY IS FUNDED BY FARMERS

2021 REVENUE BY DIVISION

Total Revenue: \$23.1 million

Minnesota	\$10.0	43%
Iowa	\$5.3	23%
South Dakota	\$3.4	15%
Nebraska	\$1.3	6%
Illinois	\$0.8	3%
Mo-Kan Division	\$0.8	3%
Ozarks	\$0.6	3%
North Dakota	\$0.3	1%
Interest & Other Income	\$0.6	3%



2021 BOARD MEMBERS

BOARD LEADERSHIP

Allen Merrill, Chairman
Molly Pelzer, CEO



CORPORATE BOARD OFFICERS

Midwest Dairy is directed by a 35-member dairy farmer Corporate board with 13 of those members serving on Dairy Management Inc.'s national board.

Mindi Arendt	Margaret Johnson	Rita Mosset	Annelies Seffrood
Pam Bolin	Karen Kasper	Brent Mueller	Larry Shover
Doug Carroll*	Sue Kleingartner	Lowell Mueller	Kristine
Bill Deutsch	Charles Krause	James	Spadgenske
Mark Fellwock	Sarah Kuechle	Neugebauer	Mary Temme
Alan Feuerhelm	Byron Lehman	Alex Peterson	deb Vander Kooi*
Chris Fieber	Barb Liebenstein	Doug Popp	Suzanne Vold
Megan Herberg	Lee Maassen	Marv Post*	Rita Young
Ken Herbranson	Kate McAndrews	Nathan Roth	
Robert Horst	Allen Merrill	Matt Schelling	
Dan Hotvedt	Orville Miller*	Dave Schwartz	



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Change Service Requested