

# ELLE

# DAIRY FORUM 2024



**IDFA**  
International  
Dairy Foods Association

# President's Breakfast

*Elevating Dairy  
to Win the Future*

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# Michael Dykes, DVM

President & CEO  
International Dairy  
Foods Association



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**Welcome to  
Dairy Forum  
2024!**



**Are You Ready  
to ELEVATE?**

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**THANK YOU** for  
Making **DAIRY FORUM**  
the **MOST**  
**SUCCESSFUL** Dairy  
Conference Around!

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An aerial photograph of a large port facility during sunset. In the foreground, a large container ship is docked at a pier, with its deck filled with colorful shipping containers. Several yellow gantry cranes are positioned along the pier, extending over the ship. To the right, a vast yard is filled with stacks of colorful containers. In the background, a city skyline with numerous skyscrapers is visible under a hazy, orange sky. The overall scene conveys a sense of global trade and industrial activity.

# Are We Ready to Win the Future?

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# Dairy Forum 2024: Win the Future



**Embrace A New  
Vision for Dairy**



**Reclaim Our  
Health Halo**



**Lean Into  
Sustainability**



**Reignite Our  
Competitive Fire**



**Focus on People**

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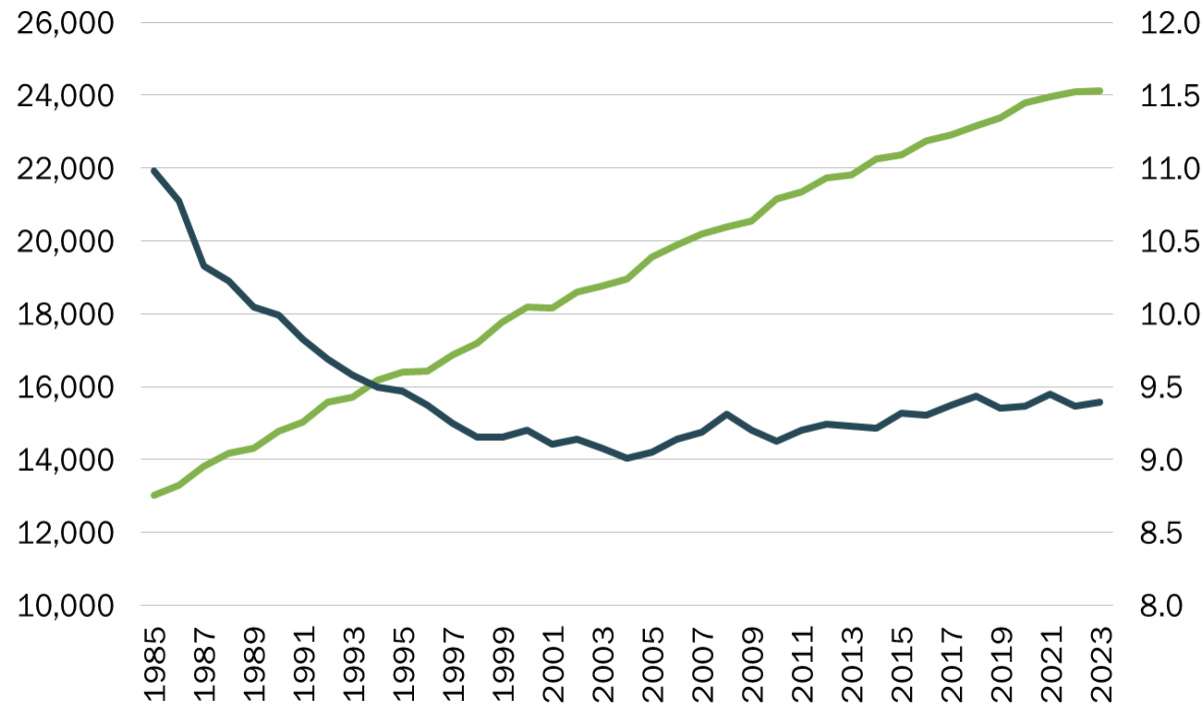
# #1: Embrace a New Vision for U.S. Dairy

- **Adopt a growth mindset**
- **Become world's dominant supplier**
- **Elevate premiumization**
- **Innovate**



# U.S. Dairy Most Efficient in the World

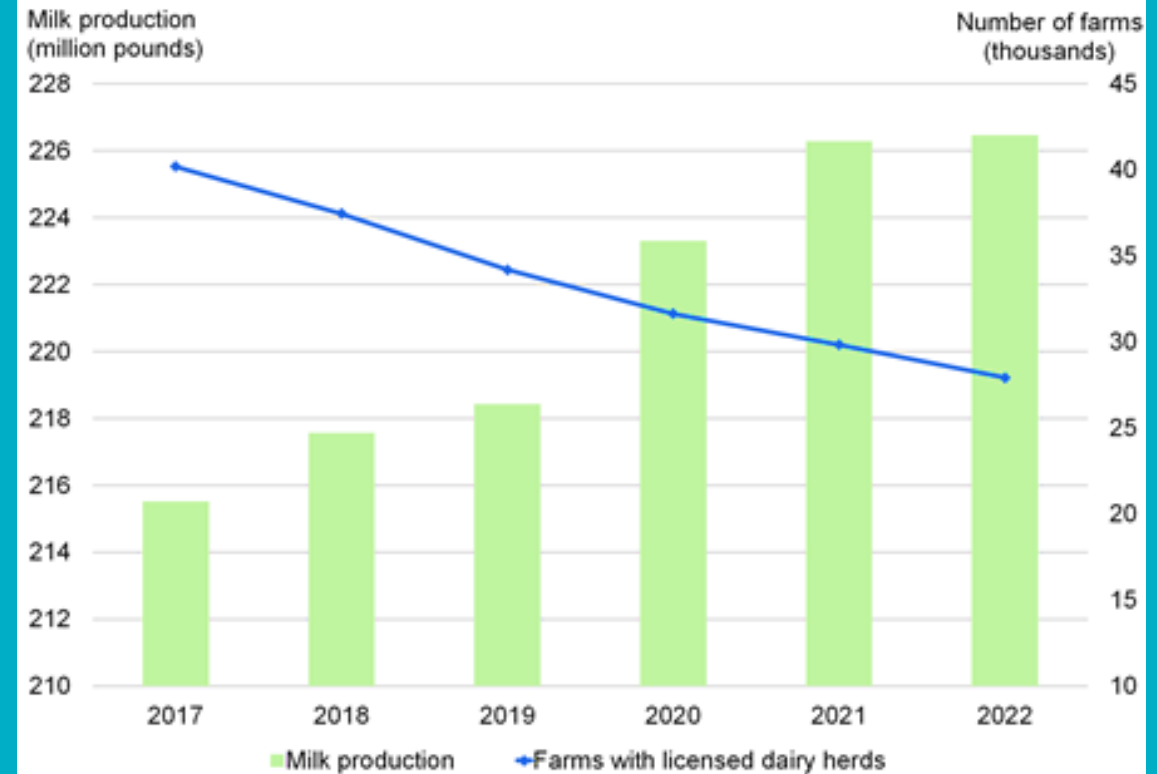
US Milk Per Cow & Number of Cows



Pounds Per Year, Million Head; USDA, Ever.Ag Insights

— Milk Per Cow (Left) — Cows (Right)

Milk production and number of dairy farms from 2017 to 2022



Source: USDA, Economic Research Service calculations using information from USDA, National Agricultural Statistics Service.

**Why? Farmers want to grow to reduce costs and improve margins.**

# Seize The Moment

## U.S. Economy Looking Up

- **U.S. GDP** beating expectations
- **U.S. Inflation Rate** now lower than long-term average
- **Unemployment** at 3.7%
- **Consumer sentiment** surging into 2024
- **Farmer sentiment** improving

## Dairy CEOs Also Optimistic

- **>60% of executives** expressed optimism for 2024
- **Most excited** for growth
- **73% plan** to increase investment in product innovation over 3-5 years

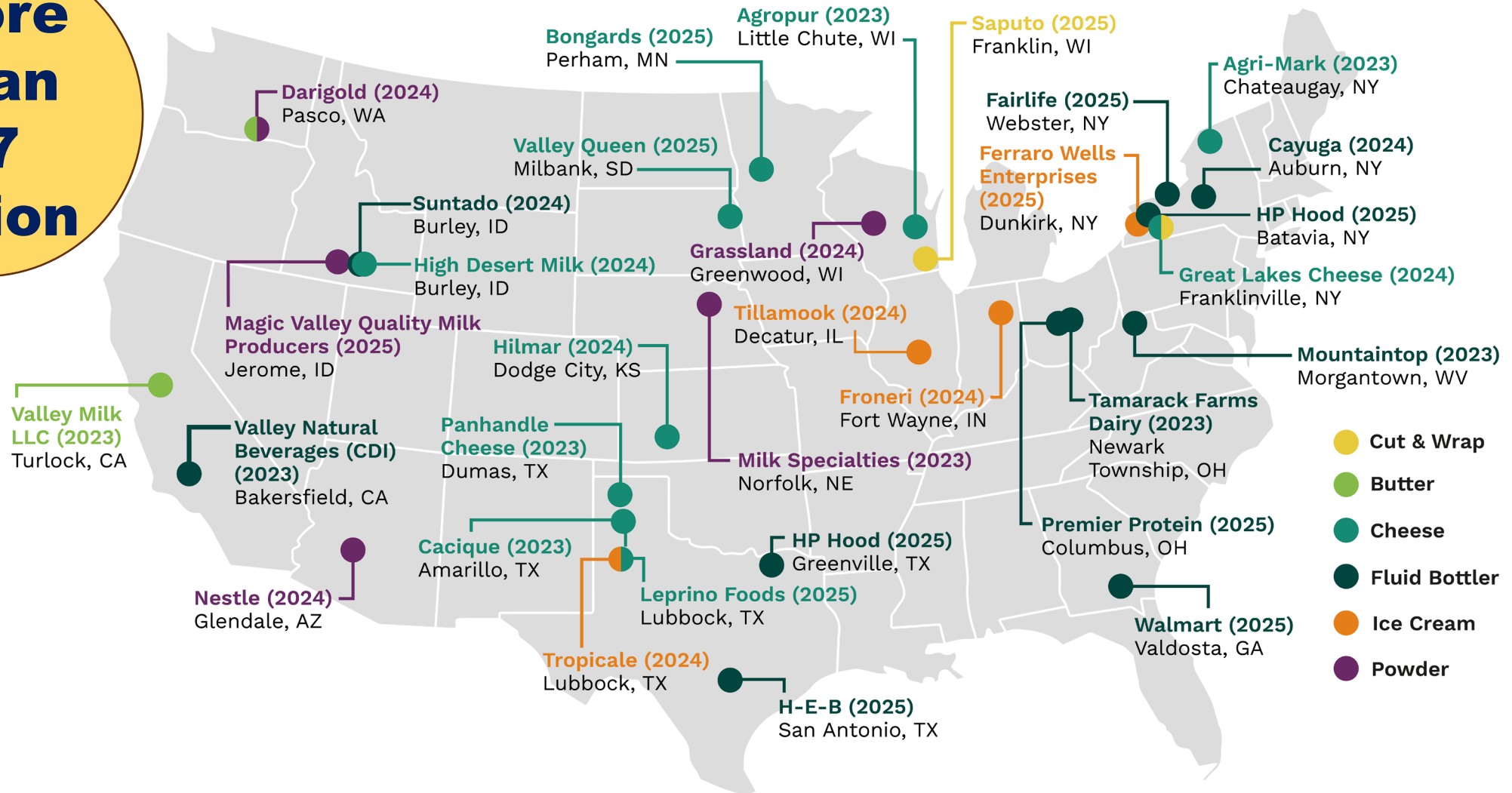
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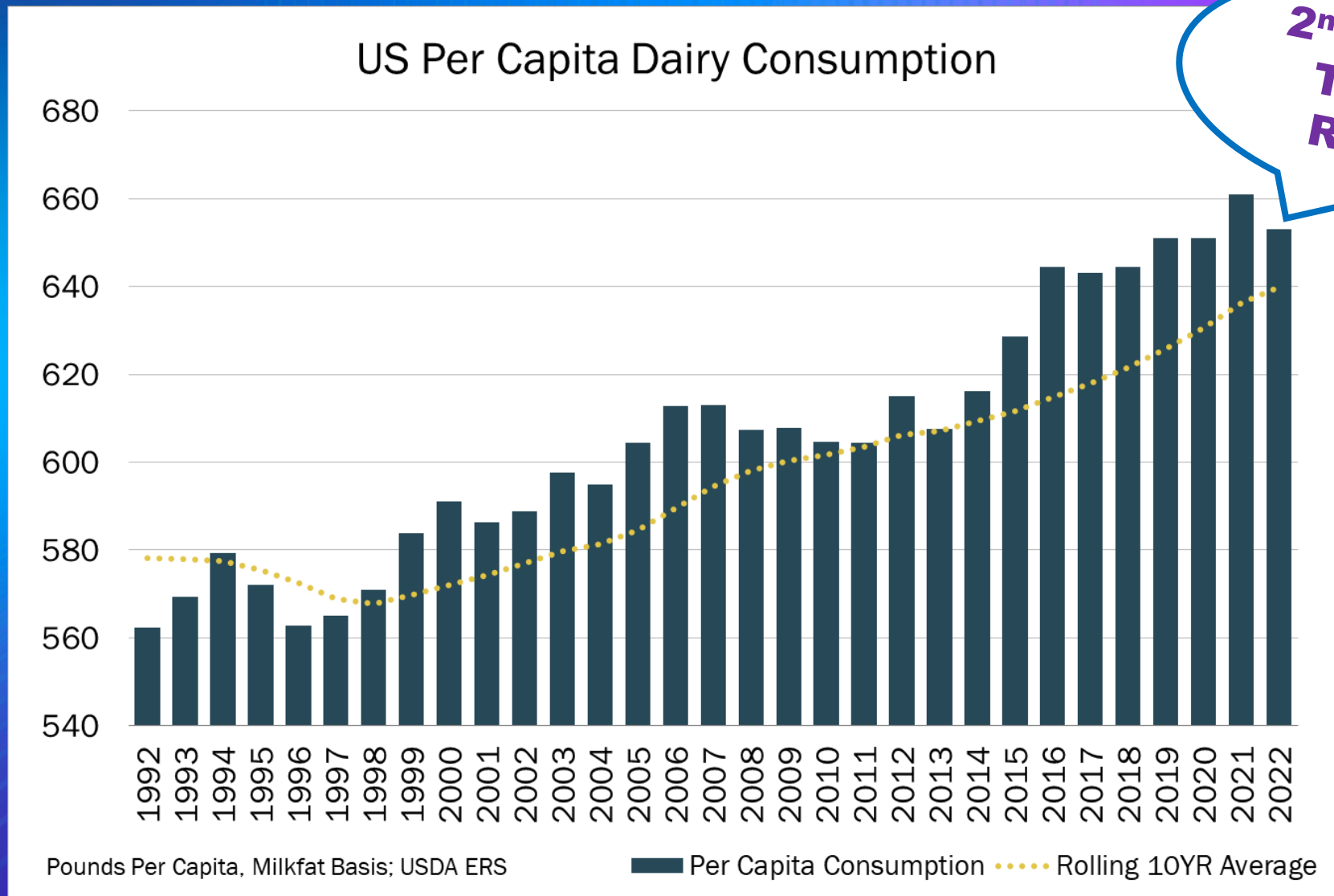


# Invest In a Growth Mindset

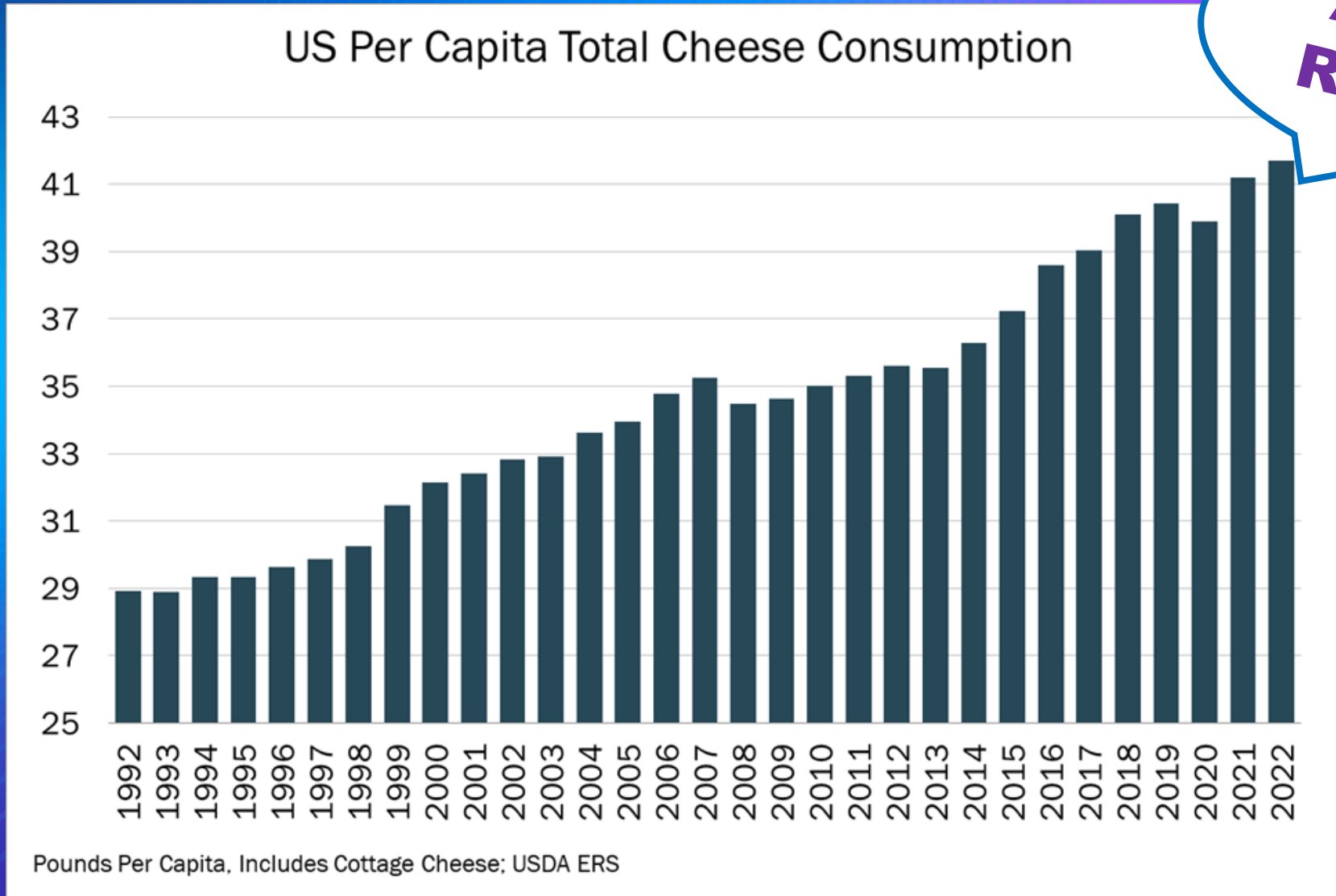
More  
Than  
\$7  
Billion



# Dairy Consumption HOT



# Cheese Is Driving Growth!



**A New Record!**

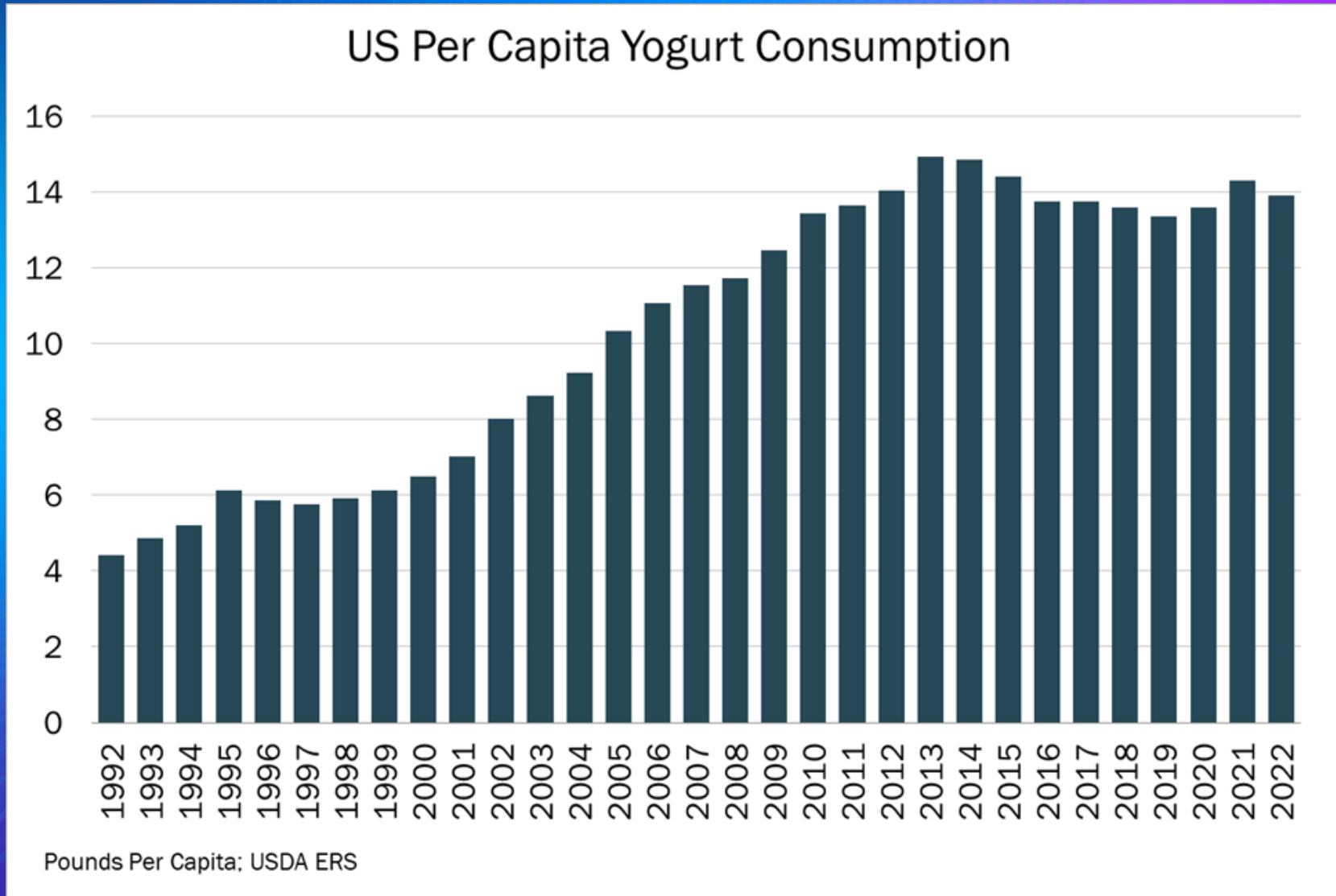


# U.S. Cheese Racks Up More Fans



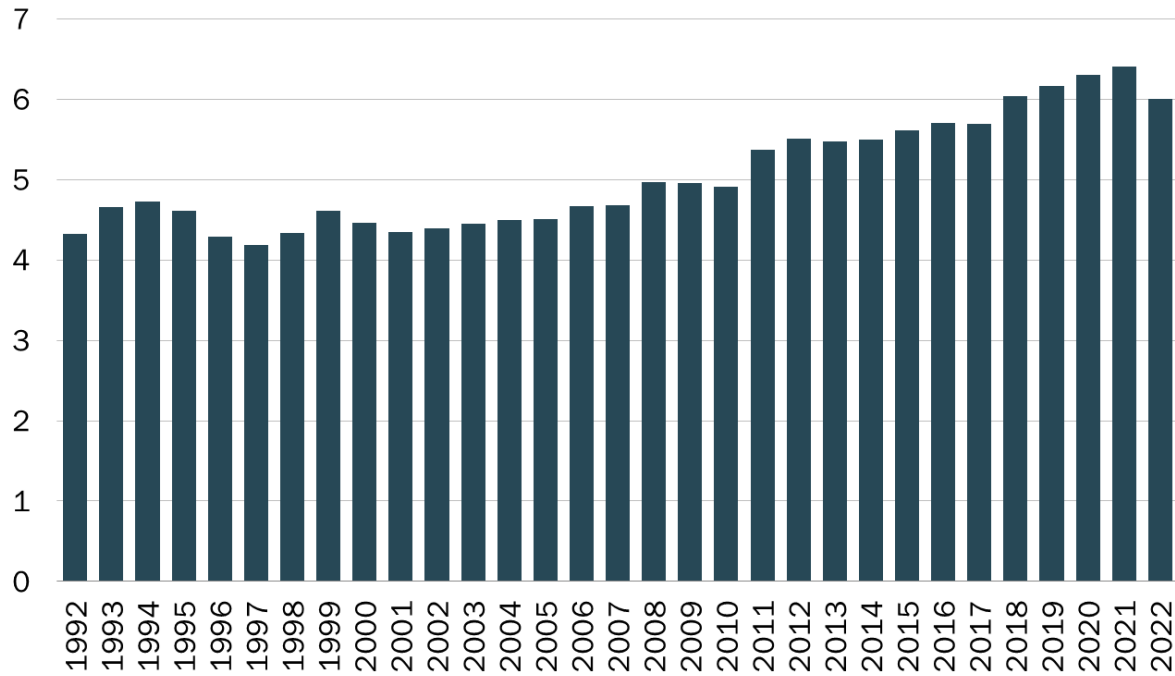
**147  
Medals in  
2023!**

# Yogurt Maintains Its Gains



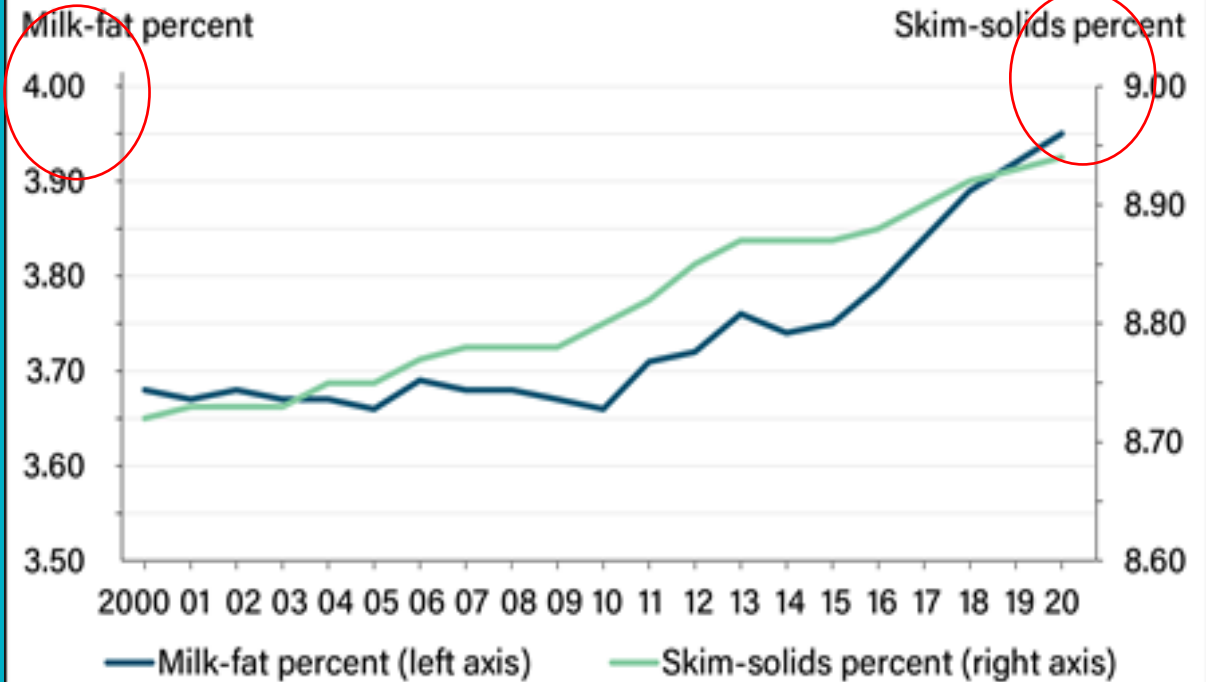
# Milkfat Driving Premiumization

US Per Capita Butter Consumption



Pounds Per Capita; USDA ERS

Percentages of milk fat and skim solids in farm milk increased from 2000 to 2020



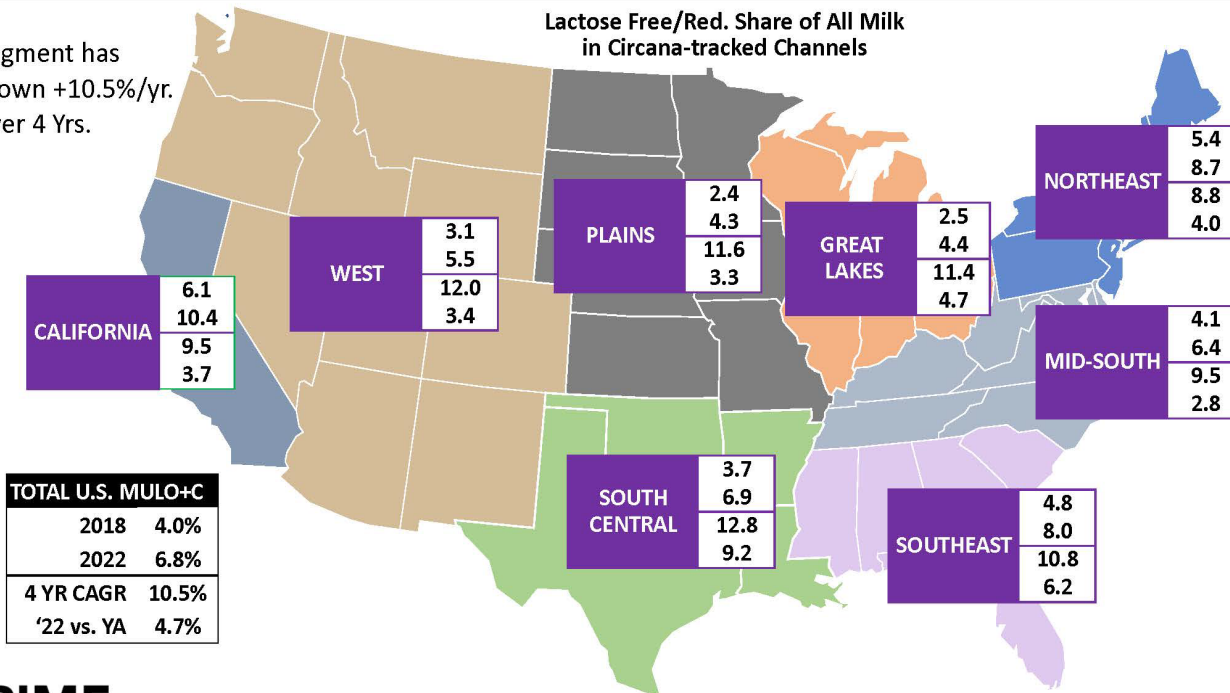


# Lactose-Free & UF Milk Show Muscle

## Lactose Free Share of Milk Has Risen in Tracked Channels

Segment has grown +10.5%/yr. over 4 Yrs.

Lactose Free/Red. Share of All Milk in Circana-tracked Channels



Source: Circana MULO+C

**PRIME**  
CONSULTING

**Ultrafiltered Milk UP 7.7% year-over-year through mid-November. UF Milk has 2.4% market share among milk.**



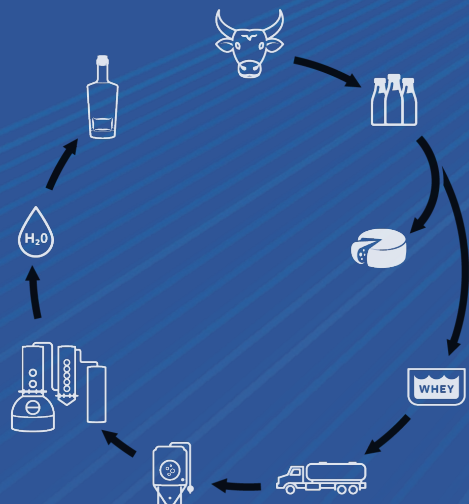
# Ice Cream Embraces Premiumization





# Upcycling Byproducts = Added Value

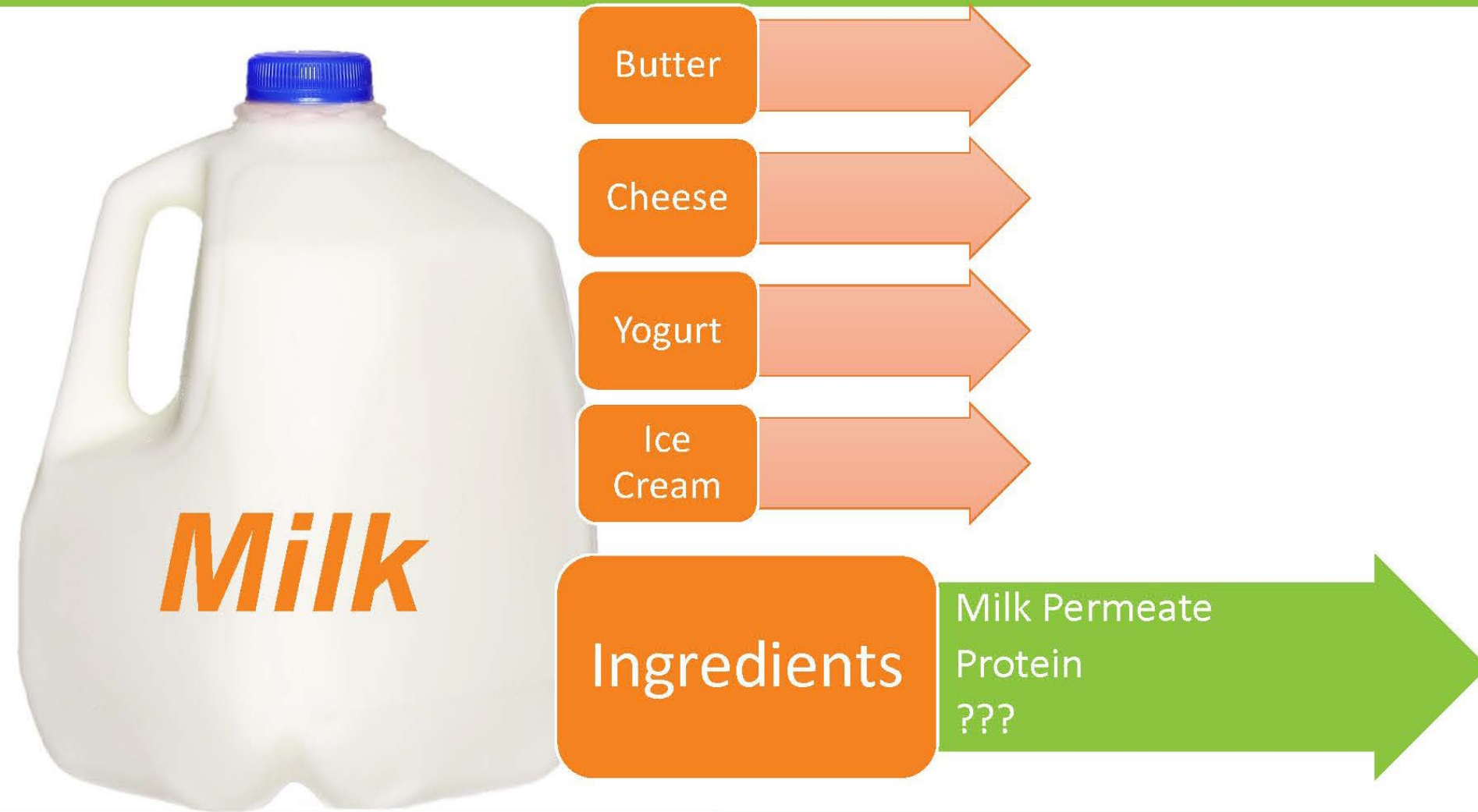
Dairy Distillery – Michigan Milk Producers



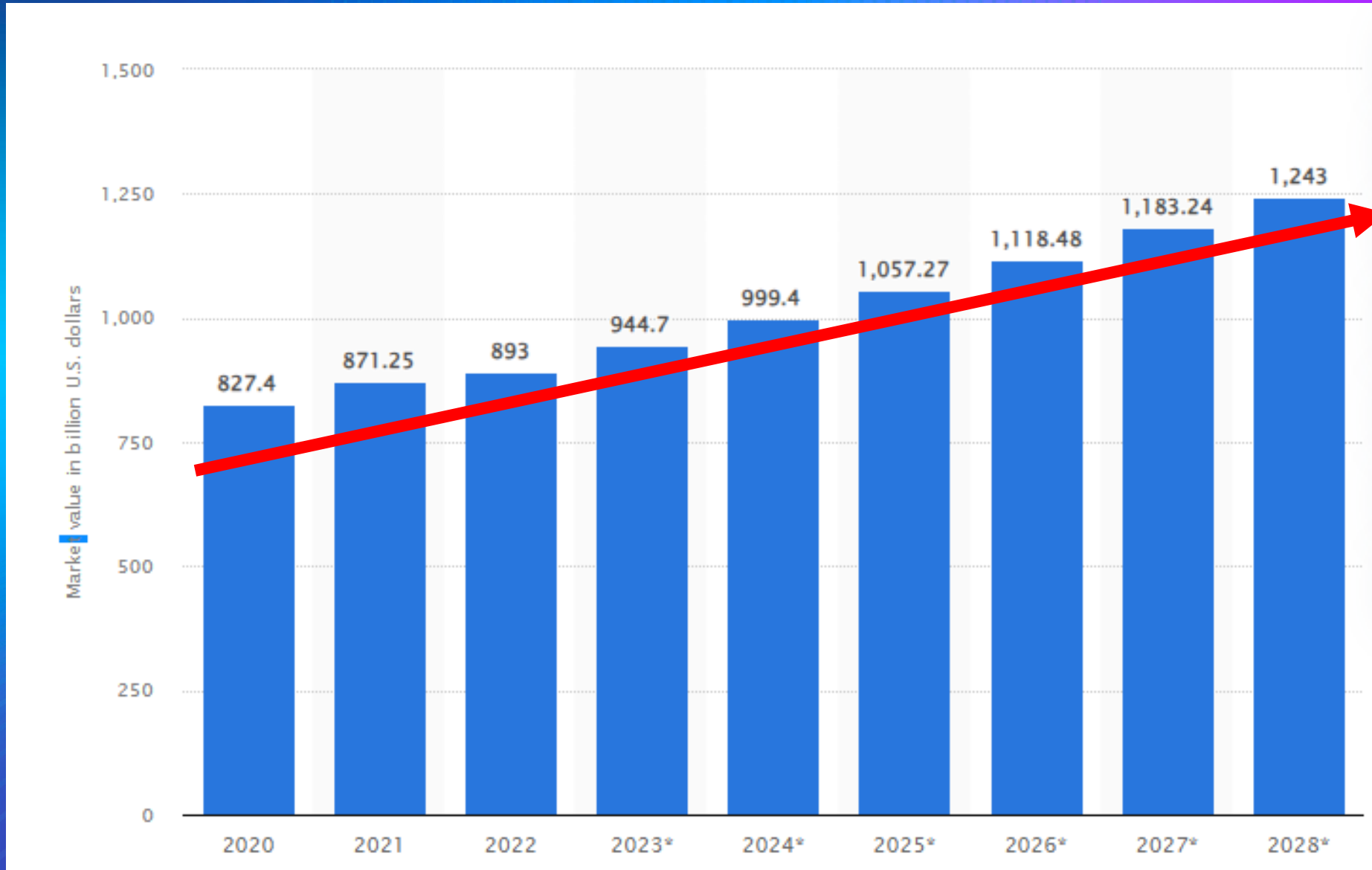


# Innovative Thinking: Out-of-the-Jug

## Dairy Forum 2018



# Global Dairy to Reach \$1.2T



# #2: Reclaim Our Health Halo

- **Put dairy in the ‘good for you’ category**
- **Become central to ‘food as medicine’**
- **Support a national SNAP Dairy Incentive Program**
- **Elevate science**



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# Elevate Dairy In 'Good for You' Group



- **Protect dairy in Dietary Guidelines**
- **Expand SNAP Healthy Fluid Milk Incentive Program**
- **Preserve WIC dairy benefits**
- **Return whole/2% & maintain flavored milk in school meals**
- **Showcase dairy's science**
- **Ensure dairy foods can carry 'healthy' label**

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# Elevate Dairy In 'Food as Medicine'

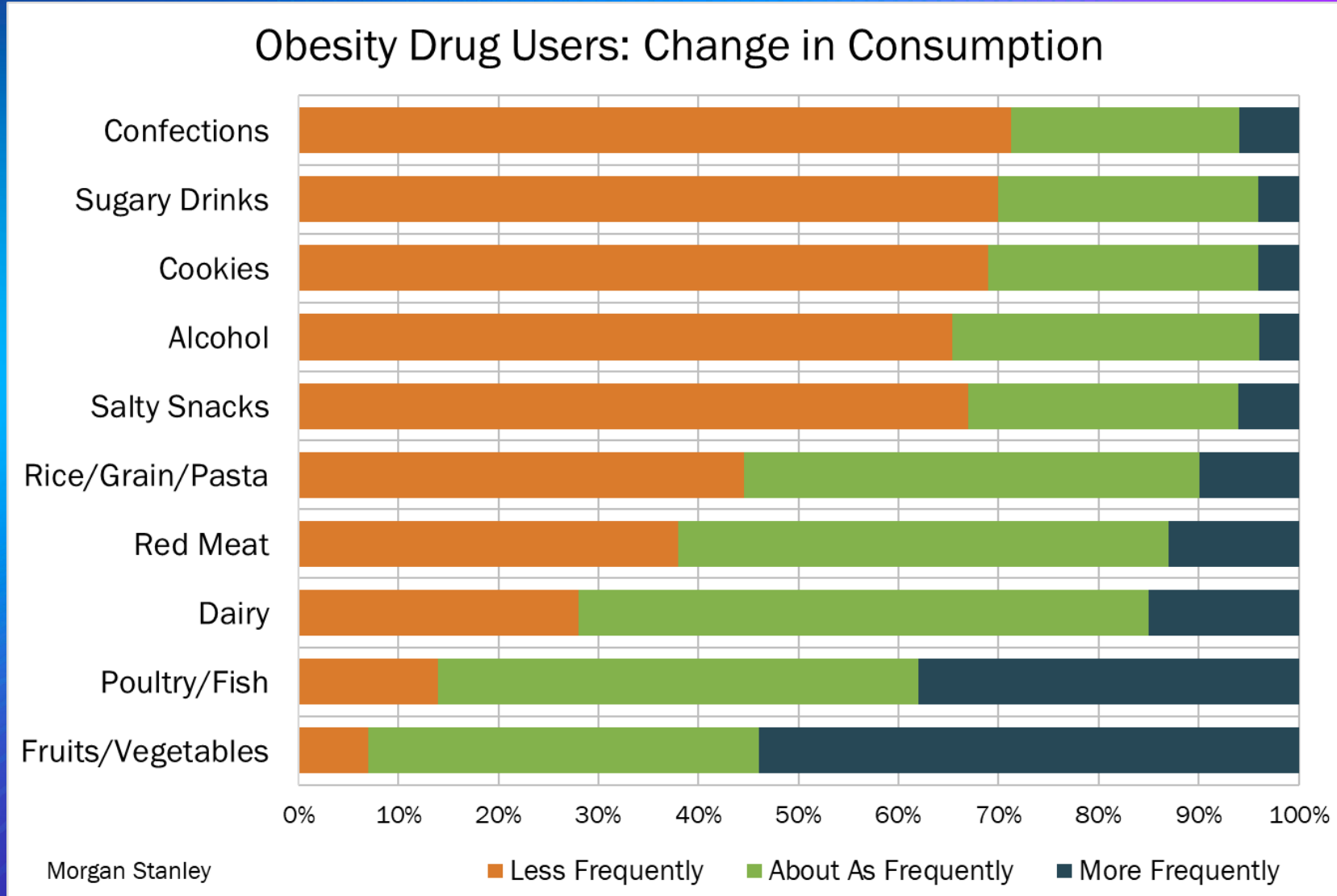
- **Dairy is a nutritional powerhouse**
- **25% of all Medicare Advantage Plans offer a 'food as medicine' benefit**
- **Retail loyalty programs recommend & track healthy purchases**



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# How Will GLP Drugs Affect Dairy?





# SNAP Dairy Incentives in 700+ Stores

**Major  
Progress  
In Past  
Year!**

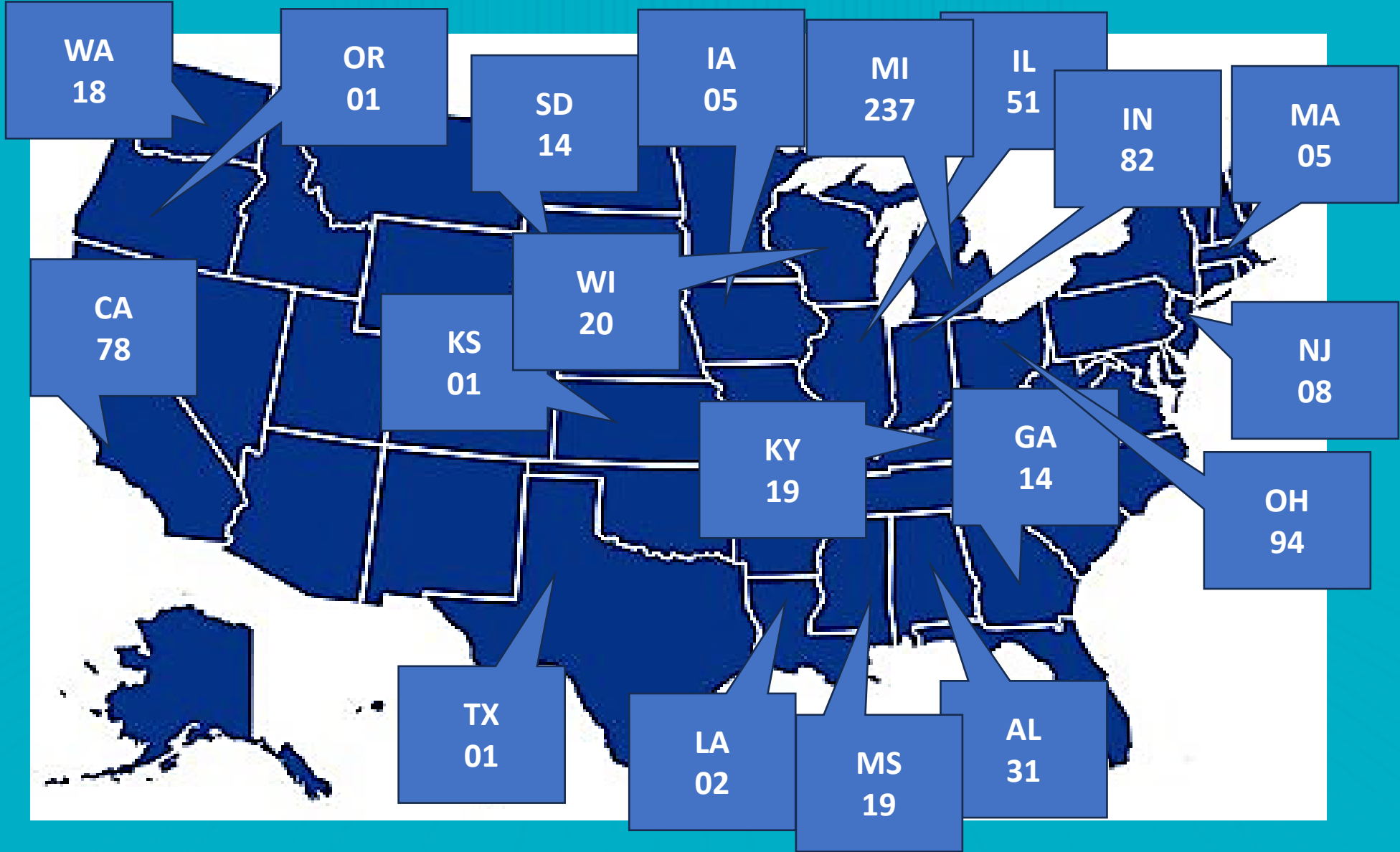


- Created in 2018 Farm Bill
- Now SNAP Healthy Fluid Milk Program in 700+ stores
- 19 states & tribal lands
- Auburn & Baylor manage the program with retailers
- Redemption rates strong in stores w/ POS & promotions
- \$9M appropriated & growing

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# SNAP Dairy Incentives in 700+ Stores





# Let's Expand SNAP Dairy Incentives!

- Goal is 2025 Farm Bill
- IDFA supports bipartisan DNIP bills in House & Senate; co-sponsors growing
- DNIP would expand SNAP participant access to more dairy products: whole, reduced-fat milk; cheese; yogurt; etc.
- \$10M in mandatory, annual appropriations
- We need your engagement!



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# Let's Expand SNAP Dairy Incentives Right NOW!

Use this QR Code  
to Advocate to your  
Elected Officials



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# We United to Save Flavored Milk!

The following dairy companies have signed on to the Healthy School Milk Commitment.



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# Let's Unite to Put Whole & 2% Milk Back In Schools!



- **Congress banned it in 2010, Congress can restore it in 2024**
- **Passed House 330-99 with huge Bipartisan support**
- **Up to 80% of voting adults & parents want whole & 2% back**
- **Growing Bipartisan support in Senate**
- **We need YOUR engagement!**

# Advocate TODAY for Whole & 2% Milk!

**1000+  
Letters  
& Emails  
Already!**

**Use this QR Code  
to Advocate to Your  
Elected Officials**



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# The DGAs: Protect & Expand Dairy



- **Protect 3 servings of dairy as a separate category & expand dairy at all fat levels**
- **We need partners across medicine, academics & nutrition to ELEVATE the science**

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# We Need These Groups to Support Dairy!

American Academy  
of Pediatrics



DEDICATED TO THE HEALTH OF ALL CHILDREN™



American  
Heart  
Association®



National  
Medical  
Association



Academy of Nutrition  
and Dietetics



National Hispanic Medical Association



# #3: Lean Into Sustainability

- **Thrive in new era of sustainability**
- **Leverage U.S. dairy carbon footprint**
- **Invest in reliable data**
- **Advocate for credible standards**



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**This glass of milk has the LOWEST carbon intensity footprint in the WORLD. Where is it from?**



# U.S. Dairy's BIG Advantage

**This U.S. glass  
of milk has the  
LOWEST carbon  
intensity  
footprint in the  
WORLD!**

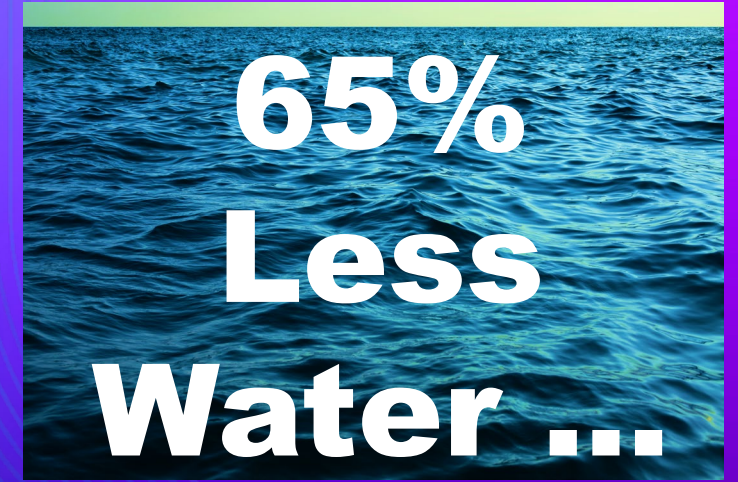
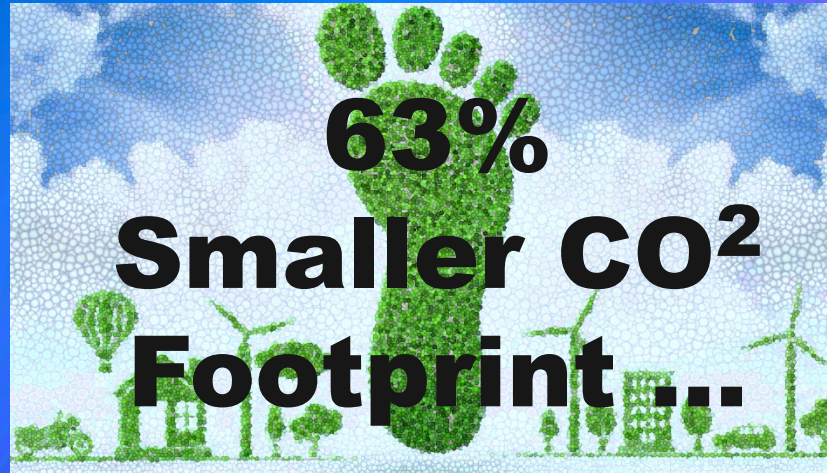


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# The Facts Are On Our Side



**... than 70 years ago.**

# Dairy CEOs Motivated by Sustainability

- ✓ **>65% of Executives are motivated to pursue sustainability**
- ✓ **Sustainability increased from 6<sup>th</sup> to 3<sup>rd</sup> as a leading priority among Executives**
- ✓ **A greater share of Executives report having a sustainability strategy & a sustainability lead on staff**

IDFA - McKinsey interviews

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- ✓ **Companies measuring Scopes I, II, III increased from 33% to 48%**
- ✓ **74% of companies report customer requirements as a top 3 motivation for sustainability strategy**

# **More Dairy Companies Measuring Emissions & Setting SBTi Targets**

**IDFA - McKinsey interviews**

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# Advocating for One Uniform Global GHG Standard

## IDFA's GHG Management Strategy

**(1) Build Sectoral Capacity for Ongoing Decarbonization**

**IDFA Advocating for Continued USDA Funding**

**(2) Advocate for Appropriate Standards & Compliance**

**IDFA & GDP Now Have a Seat at the GHG Standards Table**

**(3) Investigate Alternate Paths: Within-value-chain Interventions**

**New Programming!**

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**Began January 2024  
& Will Continue  
Throughout the Year**

**IDFA's Dairy**

**Insetting Program**

**Capturing Value Within the Chain**

**Visit**

**[www.idfa.org/events](http://www.idfa.org/events)  
to Register**



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International  
Dairy Foods Association



# Elevate Advantage of U.S. Model

## U.S. Model

- **Voluntary, incentive-based, market-driven**
- **Scale & efficiency yield outcomes**
- **Historic federal funding**
- **Food more affordable**
- **More milk, fewer cows**
- **Exports: Future bright with trade agenda**



## EU Model

- **Regulatory-driven**
- **Productivity diminishing**
- **Taxes & penalties fund efforts**
- **Food less affordable**
- **Fewer cows, less milk**
- **Exports: Future cloudy**



# #4: Reignite Our Competitive Fire

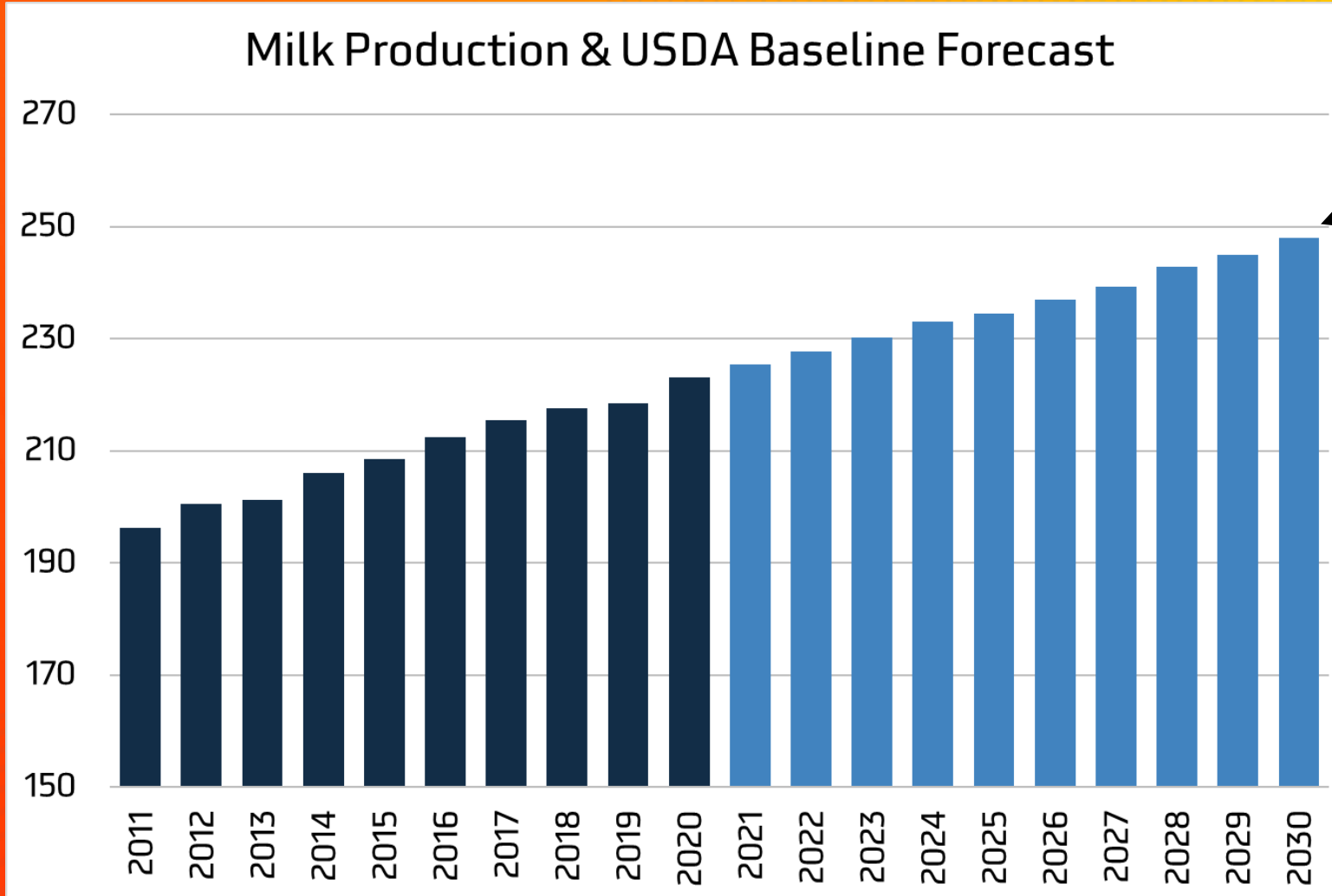
- **The world demands more U.S. dairy**
- **Match surging demand with major investments**
- **Expand export markets**
- **Unite on pricing policies that benefit the full supply chain**



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# U.S. Productivity Demands Export Markets



**20B LBS  
More Milk  
Projected  
by 2030**

**The goal is equal parts  
high-value &  
commodity goods,  
supplied reliably &  
sustainably, at  
competitive prices.**

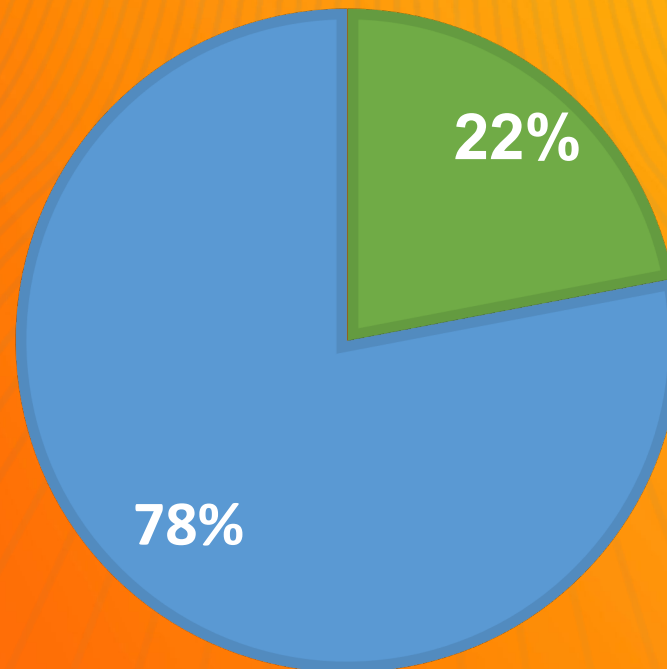


# U.S. Productivity Demands Export Markets

**U.S. exports 18% of milk production**  
**Must export 22% to keep pace with production**  
**Milk production will grow by 20 billion pounds**

## 2030 MILK UTILIZATION

■ exports ■ domestic



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# What Is the Game Plan?

- 1. Build globally competitive market access**
- 2. Defend against unfair barriers**
- 3. Expand existing agreements**
- 4. Embrace new tools & policies**
- 5. Form new alliances**

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**M. I. A.**

# **Where Are Administration & Congress?**

**Lack of engagement  
putting:**

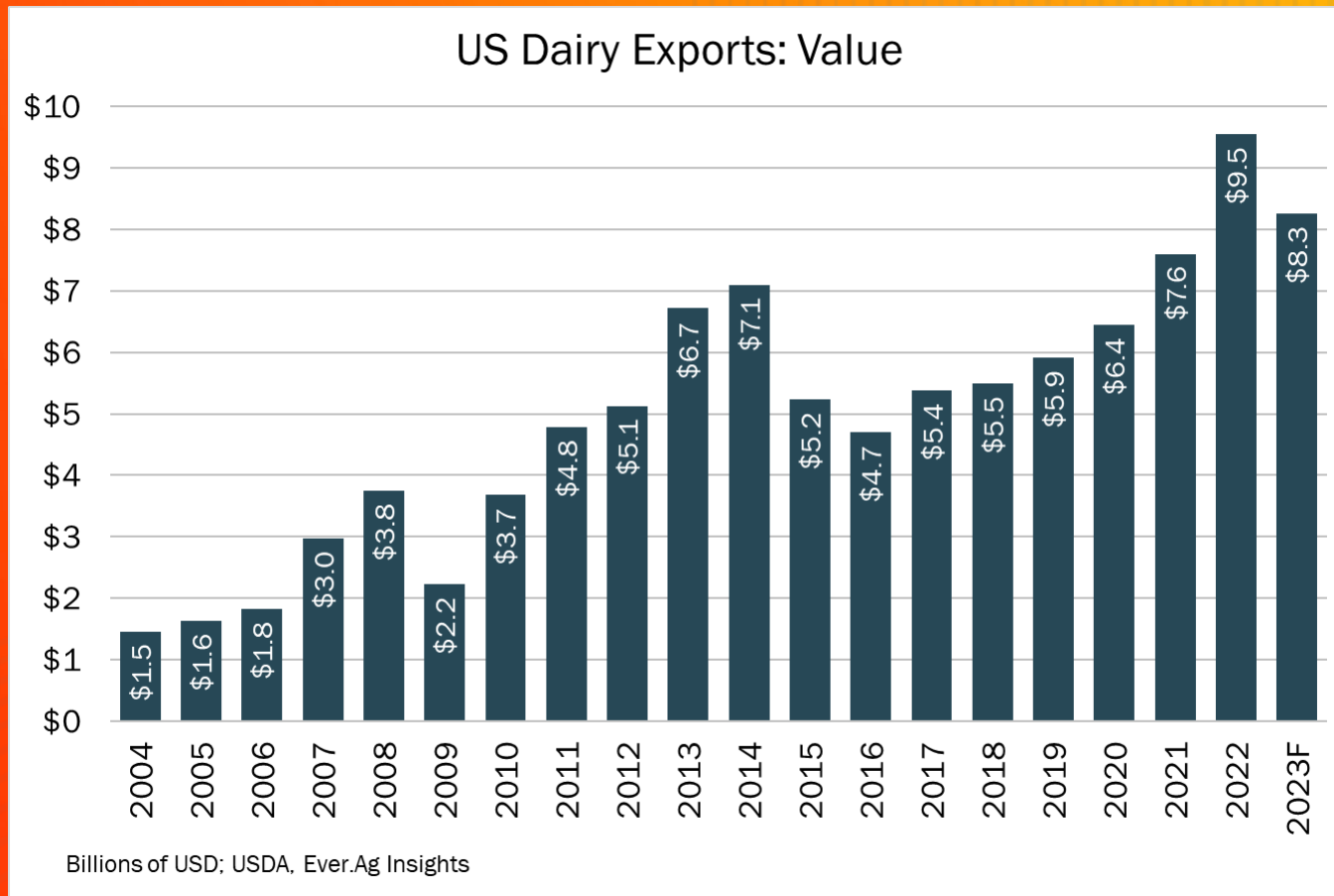
- **Capital at risk**
- **Jobs at risk**
- **Growth at risk**
- **Influence at risk**

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# 2022-2023 U.S. Dairy Export Picture

## U.S. Dairy Export Value



## New Trade Deals

# O

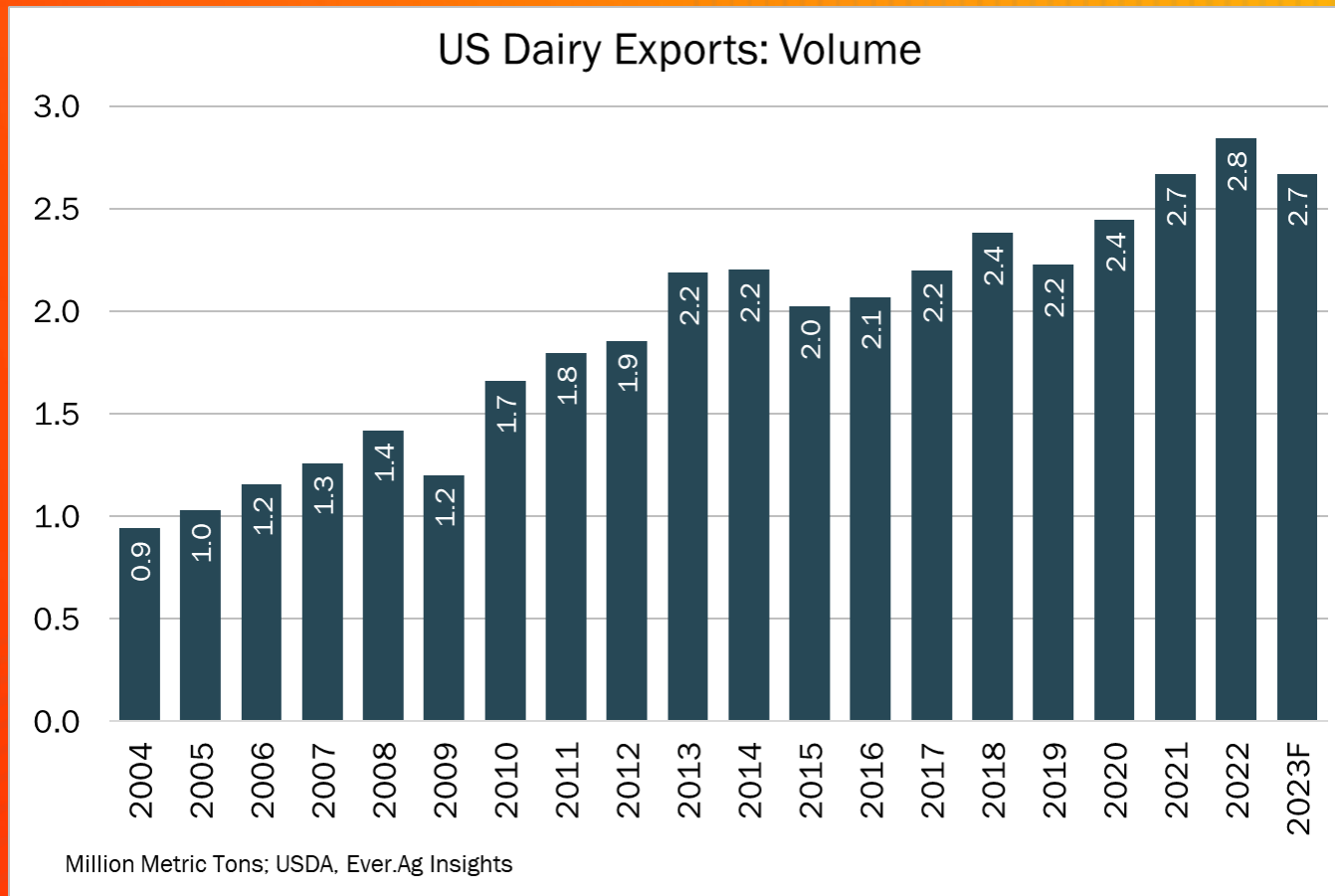
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# 2022-2023 U.S. Dairy Export Picture

## U.S. Dairy Export Volume



## New Market Access

0

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# Unresolved Trade Issues

- 1. U.S.-Canada Tariff Rate Quota (TRQ) Dispute under USMCA**
- 2. Indo Pacific Economic Framework**
- 3. Trade Promotion Authority (TPA)**
- 4. China policy**

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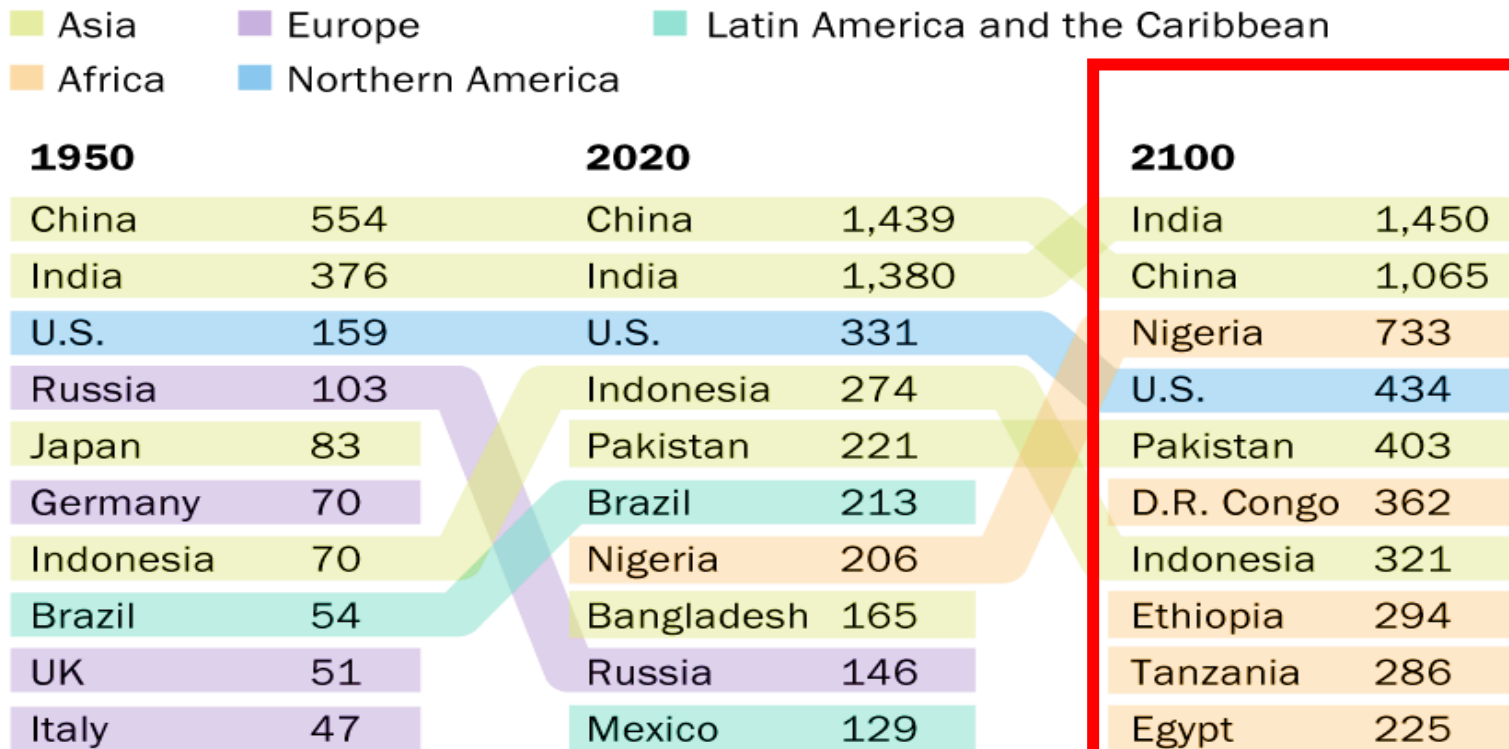
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# To Win the Future, We Need To Be In the Future

**By 2100, five of the world's 10 largest countries are projected to be in Africa**

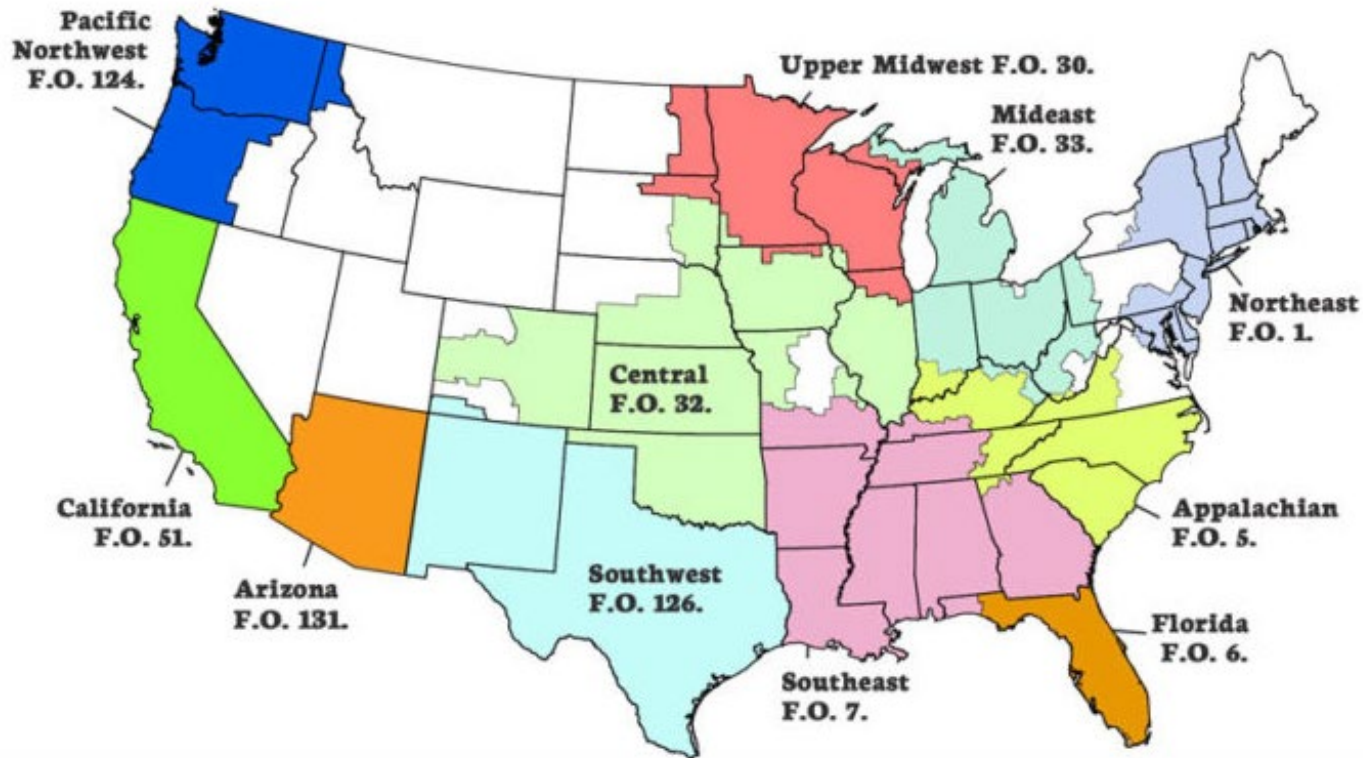
*Countries with largest population, in millions*



- ✓ **India**
- ✓ **China**
- ✓ **Sub-Saharan Africa**
- ✓ **Southeast Asia**

# Back Here at Home ...

## 11 Federal Milk Marketing Order Areas



For dairy to succeed in the future at all levels, our pricing must evolve to support greater profitability & innovation throughout the supply chain.



**The industry must  
emerge stronger  
& more united  
than ever before  
to win the future.**



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# #5: Focus on People

- **Your #1 concern**
- **Build cultures that excite, attract & reward the 'best & brightest'**
- **Invest in the next generation**
- **Create opportunities for growth & leadership**



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# As talent increases in strategic importance, executives note three common approaches to managing labor issues



## Compensation



We have **significantly increased wages**. We are going to pay well and keep them because turnover is so expensive

We are **far past minimum wage** at this point

We have done **a lot through pay and benefits** to be more attractive



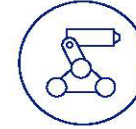
## Culture



Everyone needs to go home and say **'I love my job'**. We want to keep quality of talent once we get them in

We are focusing on making this a great place to work, **connecting to purpose and values**

Once people know **our culture**, they **stay** for a long time



## Process



We have **invested in automation** to help take pressure from head count and keep people in roles with lower attrition

Looking ahead, one focus area for us is **operational technology in our facilities**

# The Evolving People Strategy

## Challenges Affecting Us

1. **Post-COVID: Greater need for staff flexibility**
2. **A growing skills gap**
3. **Immigration crisis with no immigration reform in sight**
4. **Declining or flat birth rate**
5. **Consistently low unemployment**
6. **Rural population decline**
7. **Balancing technology & automation with people**

## The Opportunity In Front of Us

**The future of the dairy industry depends on how we develop the workforce of the future, cultivate the next generation of leaders, and empower and support diversity in leadership roles.**



# Elevating IDFA's People Strategy





# Elevating the Next Generation

**A  
Leader  
Like  
YOU**

**5  
Cohorts  
& 130+  
Alumni**



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# First IDFA Workplace of the Year Award

## You Can't Win the Future Without PEOPLE

- ✓ Recruiting a skilled, dedicated workforce
- ✓ Providing policies & incentives to fully support people
- ✓ Ensuring the health & safety of all people
- ✓ Creating workplaces that are equitable & inclusive



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**An outcome of IDFA's People Strategy & Women in Dairy initiative, the online survey of 548 professionals will inform our industry's continuous effort to improve gender equality in U.S. dairy through data-backed actions & policies.**

# **State of Women in Dairy Report**

**January 2024**





# Dairy Forum 2024: Win the Future



**Embrace A New  
Vision for Dairy**



**Reclaim Our  
Health Halo**



**Lean Into  
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**Reignite Our  
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**Focus on People**

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# Let's Elevate to Win the Future Together

- **Invest in people**
- **Double-down on nutrition**
- **Embrace growth**
- **Compete at home & abroad**
- **Innovate products & process**
- **Leverage sustainability**

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**Let's Elevate  
Dairy in 2024!**

**Thank you!**



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