



2016 CALIFORNIA BEEF COUNCIL ANNUAL REPORT



A YEAR OF INNOVATION

The year 2016 was one of excitement for the California Beef Council (CBC), with progress and innovation at the center of its many campaigns and programs. Here are a few highlights.

- ✓ Designed and launched our all-new, consumer-friendly web site www.calbeef.org, as well as a new logo and brand identity
- ✓ Developed a new consumer-focused mobile application, “BEEFabulous”, which was publicly launched in early 2017*
- ✓ Continued updating and improving the popular “BEEFlexible” foodservice app, which has over 8,280 downloads and 43,400 separate sessions to date
- ✓ Completed three statewide promotions with the popular retail app Ibotta, resulting in a collective 31,978 units of qualifying beef cuts sold and over 1.5 million earned impressions
- ✓ Conducted two Pasture-to-Plate Beef Tours, providing dozens of foodservice, retail and nutrition influencers an in-depth look at California beef production
- ✓ Engaged national foodservice industry leaders – representing over 19,135 foodservice units throughout the country – in discussions about beef menuing ideas and beef production at the Flavor, Quality and American Menus Leadership Retreat at CIA, Greystone in St. Helena, Calif.
- ✓ Shared beef nutrition information with school nutrition and fitness industry influencers at the Calif. School Nutrition Association, National Strength & Conditioning Association and American College of Sports Medicine annual meetings
- ✓ Held six beef nutrition training events for California dietetic and nutrition professionals
- ✓ Partnered with producer organizations to train and certify over 450 producers in Beef Quality Assurance

*Funding for development of the BEEFabulous app was provided by the Federation of State Beef Councils.

CHARTING THE COURSE WITH IBOTTA

In 2016, the CBC was one of the first state beef councils to partner with the popular consumer mobile app Ibotta (pronounced “I bought a”), helping to increase both the reach and impact of its retail and consumer promotions.

Ibotta partners with leading brands and retailers to offer consumer rebates on groceries, electronics, clothing, restaurant dining and other popular items. Consumers access the app to unlock a qualifying rebate, engage with the brand by answering a survey, watching a video or reading information about the products involved, and then purchase the item at a store. Ibotta verifies the purchase for the rebate, which comes in the form of cash or a gift card.

The CBC completed three separate promotions with Ibotta in 2016, each one proving successful. As an example, the first CBC Ibotta promotion involved Johnny’s Fine Foods Seasoning Salt and a \$2 savings on ribeye. During the campaign 3,963 qualifying ribeye units were sold. The second promotion included Reser’s Fine Foods deli salad or side dish and a \$3 savings on Tri-tip. Redemptions for this promotion totaled 14,532 units over a 5-week campaign.

What’s more, the redemption rate of the Reser’s promotion was 46 percent – which is more than double the Ibotta average of 22 percent. The CBC program garnered more than 353,000 impressions and 29,395 completed brand engagements in the form of consumer poll questions.

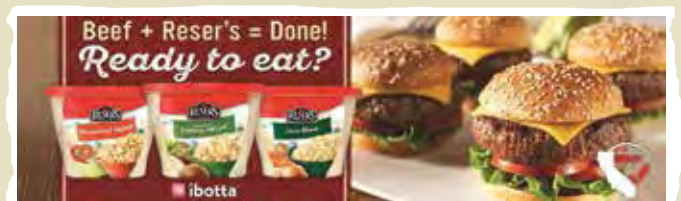
PARTNERSHIPS WITH COMPLEMENTARY BRANDS



The CBC continues to incorporate compatible brands, or consumer packaged goods (CPG) partners, to broaden its campaigns. These partnerships allow the CBC to present one or more of our three key message points—beef’s nutrition, beef’s value and convenience, and beef’s image—in

new ways through beef’s pairing with other popular items in the grocery cart.

Working with CPG partners also provides an additional means of reaching an audience that might not be directly impacted or reached through a CBC campaign: the customer base of the CPG. In addition, promotional partners share media and redemption costs, allowing the CBC to reach more key markets in California.



SHARING THE BEEF COMMUNITY'S STORY



The CBC's annual Pasture-to-Plate Beef Tours continue to be popular educational experiences for top-level influencers. Traditionally, these immersive tours have

focused on foodservice and retail professionals, but in 2016 a second tour was added for nutrition and dietetic professionals. Highlights from the tours included:



- ✔ A look at all sectors of the industry – including visits to a cow-calf operation, livestock auction yard, dairy, calf ranch, feedlot and packing plant – for foodservice and retail industry professionals.
- ✔ A round-table discussion with foodservice and retail influencers, and beef industry leadership, in which feedback and ideas were shared for continued collaboration between the sectors.
- ✔ A tour of other commodities – including an almond farm and Sunmaid Raisins – to showcase to nutrition professionals the interdependent relationship between the beef industry and the rest of California's rich agricultural community.
- ✔ A presentation by Dr. Frank Mitloehner, debunking false claims about impacts of the livestock industry on greenhouse gas emissions.

In addition to its tours, the CBC also began creating a series of videos on different beef-related topics for consumer audiences. These brief videos, which are available on the CBC's YouTube channel, the CBC's web site calbeef.org and promoted through various digital platforms, cover a variety of topics and issues, making it easy for the CBC and producers alike to share quick, informative videos about different aspects of beef production and nutrition through their social media properties.

ENGAGING KEY INFLUENCERS



Working with influencers who have the ability to reach a large number of people or who have authority or influence over beef purchasing decisions remains an important activity for the CBC.

One example of this from 2016 was the CBC's partnership with the Flavor, Quality & American Menus (FQAM) Conference, an annual invitational leadership retreat presented in partnership by The Culinary Institute of America at Greystone and the University of California, Davis. At this invitation-only conference industry leaders representing 19,135 foodservice units gather to connect with others in the volume foodservice and American agriculture industries.

The CBC's role in FQAM allowed for a deeper dialog with attendees about beef, both in terms of menu inspiration and production methods. CBC staff hosted a booth, gave a presentation, sponsored several beef dishes during the conference, and sponsored two pre-conference tours that included a beef and wine reception at Cakebread Cellars and a tour of Oak Ridge Angus.

WORKING FOR PRODUCERS

The CBC's producer-focused programs from 2016 included:

- ✔ Developing "Sharing California's Beef Story" booklets, which provide beef production facts and talking points for producers
- ✔ Partnering with the California Cattlemen's Association, National Cattlemen's Beef Association, University of California Cooperative Extension, and various local producer groups to conduct several Beef Quality Assurance certification events
- ✔ Providing materials and resources to affiliate organizations, and helping them engage with consumers about beef
- ✔ Recognizing 19 California CattleWomen units for their beef promotion and outreach efforts through the annual Walt Rodman Award contest
- ✔ Presenting information about the Beef Checkoff at key events throughout the state, including the Western United Dairywomen, California Agricultural Teachers Association and California Cattlemen's Association conferences
- ✔ Communicating the efforts of the CBC back to checkoff-paying producers through articles in trade publications, a radio campaign focused on California's Central Valley, direct e-mail communications, and presentations

2016 CALIFORNIA BEEF COUNCIL FINANCIAL REPORT For the fiscal year ended December 31, 2016

Programs	
Consumer Information	\$873,463
Promotion	\$542,671
Producer Communications	\$178,908
General Program Development	\$82,523
National Program Investment	\$31,600
Industry Information	\$1,190
Total Programs	\$1,710,355
General and Administrative	
Administration	\$184,716
Collections	\$51,590
USDA Oversight	\$28,078
Total Supporting Services	\$264,384
TOTAL EXPENSES	\$1,974,739

For more information about the CBC, visit www.calbeef.org.

MY FELLOW BEEF PRODUCERS,



When you load the truck bed with feed and turn on the ignition in your pickup, there's a good chance you know your destination ahead of time. When you invest in your Beef Checkoff Program, that knowledge of destination is just as important.

The Beef Industry Long Range Plan 2016-2020 provides beef producers an important sense of direction and purpose. Its 2020 Strategic Objective – to increase the Beef Demand Index measure by 2 percent annually over the next five years – delivers a goal that allows industry leaders and the staffs of contracting organizations to measure their progress for the work they are doing. It also gives producers a key tool to help them determine how well their checkoff dollars are working to build demand for beef.

State beef council and national leaders are already working toward the goals it presents. The four areas you will read about below give us focus to deal effectively with the myriad of issues with which we struggle as an industry. They are a thoughtful, serious effort to make sure our work as an industry has tangible results.

As we struggle with limited budgets and increasing needs, this kind of focus is crucial. There's no question that within our states we have varying priorities and different sets of needs. With an eye toward better management of checkoff dollars, though, our Beef Industry Long Range Plan is a way to get everyone headed toward the final destination.

Yours Truly,



Steve Hanson, Chairman
Federation of State Beef Councils



Funded by the Beef Checkoff.

DRIVE GROWTH IN BEEF EXPORTS

Promote unique attributes of U.S. Beef in foreign markets.

Example: With the support of the Beef Checkoff Program, the U.S. beef industry is finding exciting new opportunities in Japan, one of the most important export markets for its products. In fact, the popularity of U.S. beef in Japan is well-illustrated in the 2016 beef export results. June exports to Japan were the largest in nearly two years, up nearly 30 percent year-over-year. January-June exports climbed 12 percent in volume and 5 percent in value. Japan's import data also show a strong rebound in market share for U.S. beef at 38.5 percent – up from 33 percent in the first half of 2015.



One key focus of this effort is to educate retail and foodservice buyers about the wide range of U.S. beef cuts that appeal to their customers. While Japan has traditionally been known as a destination for forequarter cuts and “thin meats,” consumers

are responding very positively to high-quality U.S. middle meats as well as barbecue cuts such as brisket, chuck roll and short ribs. The U.S. Meat Export Federation's (USMEF) checkoff-supported Urban BBQ campaign is designed to show Japanese consumers that American-style barbecue meals can easily be prepared without large smokers or other professional equipment. Through the campaign, the organization explains that preparing American-style barbecue is fun and easy, widening the range of U.S. beef cuts that appeal to Japanese consumers.

Beef tongue also continues to be a mainstay item for Japan. About two-thirds of the tongues harvested from U.S. fed cattle go to that country.

PROTECT AND ENHANCE THE BUSINESS AND POLITICAL CLIMATE FOR BEEF

Develop crisis management plans and attract, develop and enable the next generation.

Example: The beef industry faces many issues not of its own making that could have a negative impact on beef producers and their livelihoods. Playing good defense in cases where bad publicity might impact our industry has been recognized as a crucial element of the Beef Checkoff Program.

In the fall of 2015 the World Health Organization's International Agency for Research on Cancer issued a report that identified red meat as “probably carcinogenic to humans,” and processed meats as “carcinogenic to humans.” Sensational headlines naturally followed, and significant media exposure assured it would be one of the biggest news days in red meat history. What could have turned out negative ended up balanced, however, thanks partly to experienced preparation and management of the issue by the beef checkoff.

Through spokesperson appearances, releases, fact sheets and many other forms of outreach, the industry responded, and these checkoff-funded efforts were combined with consumer reactions and skepticism that resulted in a stunning occurrence – the WHO clarified its position by saying “the latest IARC review does not ask people to stop eating processed meats” and that it was a “shortcoming” of IARC's classification process that led to its original report.

The efforts did not go unnoticed in the agricultural community. In recognition of the beef industry's checkoff-funded work, the Agricultural Relations Council presented the beef checkoff top honors in the Golden ARC Awards, including first place in the Issues Management category and the Golden ARC de Excellence, the organization's highest honor recognizing excellence in agricultural public relations.

PROMOTE AND STRENGTHEN BEEF'S VALUE PROPOSITION

Revolutionize beef marketing and merchandising, research and communicate beef's nutritional benefits, and connect and communicate directly with consumers.

Example: Beef isn't just for lunch and dinner anymore. And the beef industry has research to back up that statement.



Research conducted by Heather Leidy, Ph.D., of the University of Missouri found that daily consumption of a higher-protein breakfast that included two eggs and 1.5 ounces of beef was superior to both a normal protein breakfast featuring milk and cereal or skipping breakfast altogether, in terms of improving appetite control, curbing food cravings and reducing unhealthy snacking in overweight or obese teenage girls who routinely skip their breakfast meal.

The research was featured in both the *American Journal of Clinical Nutrition* and the *Nutrition Journal*.

"Protein at breakfast appears to be a good target to increase protein intake," Leidy says. "A high-protein breakfast seems to reduce food craving-based neural signals, and improve overall diet quality."

Other research funded through the Beef Checkoff Program verifies the benefit of balancing protein intake throughout the day.

This kind of independent research helps the industry promote healthy diets and optimal protein intake and is used in promotions such as the checkoff-funded 30-Day-Protein Challenge provides sound scientific support to encourage consumers to include beef in their meals throughout the day. Thousands of consumers have become active in the Challenge, thanks to both state beef council and national efforts to promote it.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2016 EXPENDITURES

Promotion	\$7,483,378
Research	\$9,755,701
Consumer Information	\$7,279,544
Industry Information	\$3,054,637
Foreign Marketing	\$8,123,678
Producer Communications	\$1,460,199
Program Evaluation	\$203,164
Program Development	\$265,182
USDA Oversight	\$349,024
Administration	\$1,746,258
TOTAL EXPENSES	\$39,720,765

Audited Numbers

*This total also includes CBB's costs associated with Freedom of Information Act requests and legal fees associated with lawsuits.

GROW CONSUMER TRUST IN BEEF AND BEEF PRODUCTION

Ensure beef safety, protect beef's image and engage beef advocates.

Example: The checkoff-backed Beef Quality Assurance program delivers to producers a set of best practices for generating quality beef. It does this by supporting practices that focus on good record keeping and protecting herd health, all the way from raising and feeding through transportation, for both traditional beef and dairy operations.

BQA manuals provide straightforward information to U.S. beef producers and a framework for national consistency. At the same time, BQA is state-administered, allowing individual states to determine the best programs that will meet the needs of that state's producers.

The BQA program also gives consumers positive assurances about the beef they eat. It delivers a positive message about the common sense husbandry techniques, founded on accepted scientific knowledge, used in cattle raising today, and reinforces a message about the already strong safety and wholesomeness of the U.S. beef supply. The premise of the program is that when better quality cows leave the farm and reach the marketplace, the producer, packer and consumer all benefit.

BQA is a widely accepted and broadly adopted routine throughout the beef industry. It's estimated that 90 percent of the fed cattle being raised for beef are produced under BQA management practices.



Throughout the past, year BQA has worked to grow its resources and tools for beef producers, including revisions and updates of the Feedyard Assessment and a partnership with the dairy industry on the widely accepted Farmers Assuring Responsible Management (FARM) program. The updated Feedyard Assessment, originally developed in 2009, brings the industry accepted-document up-to-date and draws producers' attention to industry topics of

importance, including antibiotic stewardship practices. By partnering with FARM the BQA program will now be able to deliver to dairies throughout the United States important husbandry techniques that can improve the quality of beef coming from the dairy sector.

