



# 2017 CALIFORNIA BEEF COUNCIL Annual Report

WE'VE MOVED!

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Funded by Beef Farmers and Ranchers

## DEAR FELLOW PRODUCERS,



The California Beef Council (CBC) team works diligently to share beef's benefits with important audiences throughout the state. As a beef producer and 2017 CBC board chair, I am proud of the work being done on our behalf to position California's beef industry in a positive light.

Now more than ever, it's critical that we share our story and our practices with consumers and influencers. Doing this—as well as promoting our product; inspiring new recipe and menu ideas for everyone from parents cooking at home, to chefs creating menus for high-end restaurants; sharing beef's powerful nutrition story; and more—is part of your checkoff dollars at work here in California.

I hope this annual report gives you a sense of how hard the CBC team works on our industry's behalf, and showcases some of what's accomplished with your checkoff investment.

Best regards,  
*Rick Wolery*  
CBC Chair, 2017

## BEEF? THERE'S AN APP FOR THAT

Several years ago, the CBC team created and launched "BEEFlexible," a resourceful mobile app designed for the foodservice industry. This app has grown in popularity each year, with nearly 10,000 downloads and 55,000 separate sessions by the end of 2017.

In 2017, the CBC expanded its menu of mobile apps by launching a consumer-focused app called "BEEFabulous". This app focuses more on recipe and menu development for the shopper who is planning his or her next meal.

Together, these apps provide California consumers and foodservice leaders with all the beef-related information they need, right in the palm of their hands.

## CALIFORNIA'S BEEF STORY

The CBC continued its efforts to share the story of beef production by developing a series of web-based videos featuring several beef operations. This producer video series shares the stories of California ranching families and provides a trusted source of information about how beef is raised in the Golden State.

Another video series focusing on delicious, nutritious beef meals was also produced and launched in 2017. These quick and easy recipe videos share menu ideas with consumers, but also show how easy it is to create a delicious BEEF meal with beef at the center of the plate.

So far, these videos have been viewed nearly 1.3 million times.



## TAKING PASTURE TO PLATE ONE STEP FURTHER

The CBC's annual Pasture-to-Plate Beef Tours are popular educational experiences for top-level influencers in the foodservice and retail industries. In 2017, another group of leaders joined the CBC for an immersive tour covering all aspects of beef production in California. Visits were made to a cow-calf operation, livestock auction yard, dairy, calf ranch, feedlot and packing plant.



The CBC then took this concept one step further, holding its first-ever Beef Leadership Summit. Approximately 20 industry influencers were invited to attend this three-day workshop, offering a more in-depth look at how cattle are raised, the truth about beef and sustainability, beef menuing ideas, and the perspective of beef producers from various sectors of the industry.

## CONTINUED SUCCESS WITH INTEGRATED CAMPAIGNS

The CBC continued its partnerships with the mobile retail application Ibotta in 2017, resulting in a bigger bang for the buck (and your checkoff dollars) in retail promotions.

Ibotta has a unique business model, partnering 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, purchase the item at a store and engage with the brand by answering a survey or reading information about the products involved. Ibotta verifies the purchase for the rebate, which comes in the form of cash or a gift card.

But these promotions are so much more than a rebate available through the app. They involve integrated marketing campaigns that include a variety of advertising elements, designed to boost impressions and engagement with our target audiences both on the path-to-purchase and at the point-of-sale.

In 2017, such partnerships once again proved successful. The CBC executed three integrated campaigns with Ibotta and other brand partners.

### Cumulatively, these campaigns resulted in:

- 23.7 million brand impressions through the Ibotta app or through supplemental campaign elements, such as digital ads, social media content, or other marketing components;
- Over 66,000 rebates redeemed for the beef cuts or products featured in the promotions;
- CBC-sponsored beef promotions featured on Ibotta for nearly half the year;
- Unique campaign elements (such as a grand prize of a two-hour "tailgate" with Hall of Fame Running Back Eric Dickerson) that brought continued innovation to CBC programs.

## BEEF'S ROLE IN A HEALTHY DIET

Showcasing beef's role in a healthy and balanced diet is an important part of the CBC's food and nutrition outreach program. In 2017, one key effort related to this was partnering with the California Academy of Nutrition and Dietetics for their annual meeting. Over 600 nutrition professionals were in attendance and heard from renowned scientist Dr. Frank Mitloehner, who presented the topic: "From Human Health to the Planet's Health: What Does the Science Say About Animal Protein?"

Dr. Mitloehner, whose presentation was made possible thanks to the CBC's sponsorship of the program, sought to debunk some of the misperceptions that exist about beef production's impact on the environment and air pollution.

## PRODUCER OPPORTUNITIES



The CBC also partnered with California universities, producer groups and affiliate industry organizations to hold several producer education workshops throughout the year. In 2017, two

Stockmanship & Stewardship Clinics were held in partnership with the National Cattlemen's Beef Association, California Beef Cattle Improvement Association, University of California, Davis, and Cal Poly, San Luis Obispo.

These two-day workshops provided over 200 producers with the chance to learn more about progressive stockmanship techniques, including low-stress cattle handling, Beef Quality Assurance (BQA) best practices, and more.

## CALIFORNIA BEEF COUNCIL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2017

### PROGRAMS

Consumer Information	\$769,078
Promotion	\$530,455
Producer Communications	\$172,165
General Program Development	\$45,683
National Program Investment	\$31,600
Industry Information	\$3,683
<b>Total Programs</b>	<b>\$1,552,664</b>

### GENERAL AND ADMINISTRATIVE

Administration	\$177,133
Collections	\$45,324
USDA Oversight	\$23,412
<b>Total Supporting Services</b>	<b>\$245,869</b>

<b>TOTAL EXPENSES</b>	<b>\$1,798,533</b>
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## DEAR FELLOW PRODUCERS,



Beef and great, unforgettable meal experiences seem to go together. A succulent steak on your birthday, juicy summer hamburger straight from the grill or wonderful Sunday pot roast with the family not only create immediate and delicious taste sensations, but plant wonderful memories in the brain.

Assuring that the beef in these situations is the best it can be is important. But what beef attributes are most important to consumers when they sit down to enjoy a beef meal? And how do we measure how well we're doing in producing high quality beef for them? How can we make these beef-eating experiences even more memorable?

Those are just a few of the questions we ask ourselves through the Beef Checkoff Program to assure that we're not just meeting consumer expectations for wonderful beef experiences, but exceeding them. This report shows how the checkoff helps provide measurements for beef quality that are quantifiable, guidelines that are reasonable and consumer insights about quality that are helpful and valuable. You will also learn about some of the tools we're using to communicate quality and value to consumers.

The pursuit of quality is never-ending, but at the same time satisfying and rewarding. Beef is a great product that already fills a consumer want. Making it better is the icing on the cake.

Yours truly,

Jerry Effertz, Chairman  
Federation of State Beef Councils

## THE QUALITY EQUATION

When they sit down for a meal, more than anything else consumers want food that tastes great. Beef producers have a product that both tastes good and is good for them. What should the beef industry do with this fact?

Through its checkoff program, a wealth of knowledge about beef and beef eaters becomes the foundation for research, education and promotion programs that establish benchmarks for beef quality, while providing guidelines for delivering even more of those beef qualities that consumers want.

Obviously, it starts at the beginning.

## THE 2016 NATIONAL BEEF QUALITY AUDIT



What cattle producers do to raise beef has an impact on quality. Every five years since 1991 the beef industry, through its Beef Checkoff Program, has provided a set of guideposts and measurements for cattle producers and others to help determine quality conformance of the U.S. beef supply. Results from the National Beef Quality Audit have helped lead to

improvements in cattle and beef production through the years, including reductions in carcass blemishes and fewer lost opportunities related to branding and other practices.

Reported in 2017, results from the 2016 NBQA, conducted for steers and heifers as well as cows and bulls, show that the industry continues to improve the quality of its product, and identifies where improvements can still be made. Among the findings was a significant increase in USDA Choice and Prime carcasses, and a high mobility score for cattle entering packing plants, which shows an improvement in animal handling. The number of blemishes, condemnations and other attributes that impact animal value remain small.

Improvements can still be made, however. The NBQA for steers and heifers identified lost opportunities in hitting optimum carcass yield and grade targets and reducing offal condemnation rates, particularly for livers, while among other issues the cow and bull report identified opportunities to make progress by implementing measures to eliminate carcass bruising on the farm, in transport and at the packing facility.

To help tell the positive beef story, the checkoff-funded Beef Quality Assurance Program, managed by NCBA as a contractor to the Beef Checkoff Program, helps beef producers understand the do's and don'ts of raising high quality beef.

Consumers can learn more about how beef is produced through many checkoff-funded programs that tell that story. The multiple efforts to connect with consumers about issues have been highly successful. For example, research conducted by IPSOS Public Affairs in 2016 showed that over 80 percent of consumers graded fresh beef an A or B for safety.

Safety isn't the only beef attribute on the radar. The checkoff-funded Consumer Beef Index (CBI) shows that more than 70 percent of consumers consider beef to be a good balance of taste and nutrition.

## A TRAIL TO TENDERNESS

The checkoff-funded National Beef Tenderness Survey demonstrates tenderness has improved significantly since 1990. In fact, there has been a 34 percent improvement in beef tenderness over that time.

Improvements in beef tenderness have remained fairly steady over the past five years despite drought and other challenges

that could have derailed its progress. The 2015/2016 survey found that beef is delivering a good eating experience to consumers. It also suggested the industry is keeping its eye on the ball when it comes to protecting the improvements in tenderness it has made.

Most steaks surveyed were considered tender. While cuts from the round have a wonderful flavor profile they remain an industry tenderness challenge. Increased efforts to optimize aging practices and checkoff-funded consumer education on proper cooking for cuts from the round and other primals will help provide greater consumer satisfaction with tenderness.

**AN EVOLVING CONSUMER**

Knowing what the consumer wants, and how they go about purchasing it, is at the heart of beef checkoff consumer research and marketing efforts. The research is conducted by the checkoff’s market research team using a variety of surveys and data-driven consumer behavior and attitude research tools.

For instance, CBI research shows that beef performs well on key quality attributes important to consumers. Almost 90 percent of consumers say beef is great tasting as well as a great source of protein. A checkoff-funded steak satisfaction tracker supports this, showing in a current survey that 90 percent of consumers say they were very satisfied with their recent beef eating experiences.

Consumers who say they are planning to consume more beef give their reasons as:

- They prefer the taste (85 percent);
- They want to add protein to their diet (77 percent);
- They believe there is better availability of cuts (76 percent);
- and They say beef is more of a family favorite (73 percent).

**REACHING BEEF’S FINAL STOPS**

The beef checkoff’s Masters of Beef Advocacy (MBA) program had acquired 10,000 graduates by 2017, providing consumers with a link to producers who put quality beef on their tables. Started in 2009, this group of beef and dairy producers – along with chefs, teachers, doctors, dietitians and others in the beef community – are equipped to engage with consumers and encouraged to participate in advocacy efforts.

MBA graduates have put their skills to use in many ways, from providing a rancher’s perspective for a magazine article to promoting an MBA campaign. The Top of the Class, a next-level advocate training program, regularly taps its members for media interviews, speaking engagements and other national opportunities.

Building on the program’s initial success, a new set of MBA lessons were released in 2015, and an interactive app for iPhone and Android introduced in 2016, giving MBA graduates access to beef information at their fingertips.

Consumer beef marketing efforts use digital media that include social and entertainment platforms such as

Facebook, YouTube, Instagram, Hulu and others. The Beef. It’s What’s For Dinner Facebook ([www.facebook.com/BeefItsWhatsForDinner/](http://www.facebook.com/BeefItsWhatsForDinner/)) page has more than 1 million followers, and the BeefItsWhatsForDinner.com website has circulated more than 1.4 million recipes.

The beef checkoff will have had more than 40 million video views in 2017. This past year Facebook Live, for instance, hosted a “Be Your Own Butcher” from the checkoff’s Culinary Center that provided hands-on cutting demonstration by a meat cutting expert, reaching nearly 140,000 consumers.

**OUTSIDE OUR BORDERS**

Whether working to expand high-end chilled beef exports to Asia, or helping find new destinations for beef livers, the Beef Checkoff Program’s international marketing efforts are boosting global demand for U.S. beef. In the first six months of 2017, U.S. exports totaled 606,876 metric tons (mt) – an increase of 12 percent over the first half of 2016. Export value increased 15 percent to \$3.35 billion, which equates to about \$270 for every fed steer and heifer slaughtered – up 8 percent year-over-year.

Beef exports to leading market Japan exceeded last year’s pace by 23 percent in volume (150,812 mt) and 28 percent in value (\$905.8 million). Exports to South Korea were up 13 percent in volume (83,357 mt) and 21 percent in value (\$527.7 million). Chilled beef exports to Japan and Korea were up 40 percent and 83 percent, respectively, as the U.S. captured more than 50 percent of both countries’ chilled beef market.

The beef checkoff will also play a major role in reintroducing U.S. beef to meat buyers in China, which in June reopened to U.S. beef for the first time since 2003.

**CATTLEMEN’S BEEF BOARD  
FISCAL YEAR 2017 EXPENDITURES**

Promotion . . . . .	\$7,871,078
Research . . . . .	\$9,102,863
Consumer Information . . . . .	\$7,913,258
Industry Information . . . . .	\$4,180,808
Foreign Marketing . . . . .	\$8,140,797
Producer Communications . . . . .	\$1,498,613
Evaluation . . . . .	\$202,832
Program Development . . . . .	\$292,090
USDA Oversight . . . . .	\$465,853
Administration . . . . .	\$1,796,725
<b>TOTAL EXPENSES . . . . .</b>	<b>\$41,464,917</b>

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