



BEEF

ARIZONA BEEF COUNCIL 2014 ANNUAL REPORT



Dear Fellow Beef Producers:

As always, FY2014 was another full year for your Arizona Beef Council (ABC). We know Arizona's beef ranchers are working hard and we let consumers know that beef works hard for them. These are exciting times for beef! Cattle prices are reaching all-time highs and so are beef prices, yet Americans still love beef and are keeping it center-of-plate.

The Beef Checkoff Program works hard for you. The latest research shows that between 2006 and 2013, the beef checkoff returned about \$11.20 to the beef industry for every \$1 invested through the checkoff. That's a large impact on U.S. and international demand through research, public relations, new product development, marketing, advertising and education.

Our Arizona marketing plan focuses heavily on the millennial audience – those born between 1980 and 2000, a generation that is 80 million strong, outnumbering even the baby boomers. The generation will reportedly outspend boomers by 2017. Their generational characteristics and their tastes are beginning to affect culture in a broader way, and their spending is touching more industries than ever before. To reach this audience, your beef council is sharing beef's positive messages where the millennials go for information – social media, food experts, culinary education, and tours for firsthand experience– so that young adults have correct and healthful information about beef. Our excellent staff -- Lauren Scheller, Director of Consumer Marketing and Public Relations, and Tiffany Selchow, Director of Consumer Education and Producer Communications -- continues to reach beef consumers across the state.

The ABC continued its strong partnership with the Arizona State Cowbelles by providing financial support for important activities including *Phoenix Cooks!* and the Arizona Beef Ambassador program. We continue to join forces at events to deliver a positive message about beef. The Cowbelles are outstanding message multipliers.

Thank you to my fellow board members for your commitment to the council by sharing your time, wisdom and knowledge. As the chair of the ABC, I am proud of the depth and effectiveness of the programs carried out each year. As you read through our annual report of 2014 activities, I hope you too are pleased with everything the ABC does to promote beef with consumers and influencers throughout the state.

Norman Hinz
Arizona Beef Council Chairman

ARIZONA PROMOTION & RETAIL PROGRAMS

- ABC hosted one of the national screenings of *Farmland*, the documentary by James Moll, Oscar® and Emmy® winning filmmaker. *Farmland* showcases the next generation of farmers and ranchers. A pre-movie social connected Arizona farmers and ranchers with food bloggers, chefs and media. ABC also hosted an exclusive screening for Arizona's ranchers at the Arizona Cattle Growers' Association's annual convention.
- To engage with Arizona's millennial consumers, beef messages were posted on social media outlets including Facebook, Twitter and Instagram #AZbeef and conversations were started.
- ABC promoted beef over the airwaves on Culinary Confessions, Phoenix's longest continually running food and restaurant radio show. Our 13-week schedule consisted of daily beef commercials, in-studio interviews and live remotes at local restaurants.
- ABC partnered with Shamrock Foods, a foodservice distributor, to promote beef to their customers by providing beef cut charts and sales materials to center-of-plate specialists in conjunction with their "Get Grilling" beef recipe contest.
- Beef point-of-sale materials, including cut charts and recipe brochures, are available from ABC and distributed to foodservice distributors, retailers, butcher shops and to Arizona's four WinCo Foods grocery stores, driving shoppers toward beef purchases and providing cooking and recipe tips.
- ABC and the Arizona State Cowbelles dished up a thousand samples of Cowboy Beef and Beer Chili at *Phoenix Cooks!*, Arizona's premier culinary event. Checkoff-funded Chef Dave Zino taught two beef classes to the audience filled with millennial-aged foodies.



ARIZONA BEEF EDUCATION

- ABC introduced a new lesson to culinary and agriculture high school students throughout Arizona. The lesson not only includes a beef selection, nutrition and food safety message, but also allows for hands-on interaction where students prepare, cook, and taste-test ground beef. Two different styles of ground beef are used (80/20 and 96/4 fat to lean ratios) to show the different applications and uses. Common beef myths, such as beef contains too much fat to be part of a healthful diet, are corrected through this lesson plan.
- The Beef 101 workshop at the Arizona Cattlemen's Association summer convention focused on the importance of communicating with consumers about our beef story. Daren Williams, National Cattlemen's Beef Association, shared the importance of telling our story and strategies to use.
- Through continued support from the Kemper and Ethel Marley Foundation, ABC has maintained a relationship with Harmony Farm at the Phoenix Zoo, allowing ABC to participate in highly attended events such as Boo! At the Zoo and Earth Day.
- ABC reached 300 students at the Family, Career and Community Leaders of America (FCCLA) conference with beef culinary information and a "Name that Lean Cut" game. Also, beef was donated to the "Mystery Basket Cooking Contest."
- Sponsoring the keynote speaker, Mary Lee Chin, R.D., and having an informational booth at the Arizona Academy of Nutrition and Dietetics annual meeting allowed ABC to reach nutrition professionals about beef.
- Ag students from the University of Arizona participated in the country-wide "Where's The Food Without The Farmer Day," talking to their peers about agriculture and reaching 500 people in four hours with handouts, beef snack sticks, pecans and cheese sticks.
- ABC assisted with Summer Ag Institute, a week-long continuing education seminar to help teachers gain first-hand experience with Arizona agriculture. Beef-focused stops included Pinal Feeding Co., Cienega Ranch, University of Arizona Meat Sciences Lab, and Willcox Livestock Auction Inc.

- Made possible by the Federation Initiative Fund, ABC hosted a Gate to Plate tour of the beef community allowing nutrition influencers to get a firsthand experience with how cattle are raised. Stops included Pinal Feeding Co. and the Quarter Circle U Ranch. A second tour for beef retailers, meat distributors and chefs took place in the spring with stops at Heiden Land & Cattle Company and JBS Tolleson, Inc. harvesting facility.



- Staff attended industry events to distribute checkoff information at Cattlemen's Weekend, Gila County Sale, Arizona Cattlemen's Convention, Yavapai Calf Sale and auction barns.

ABC BOARD OF DIRECTORS

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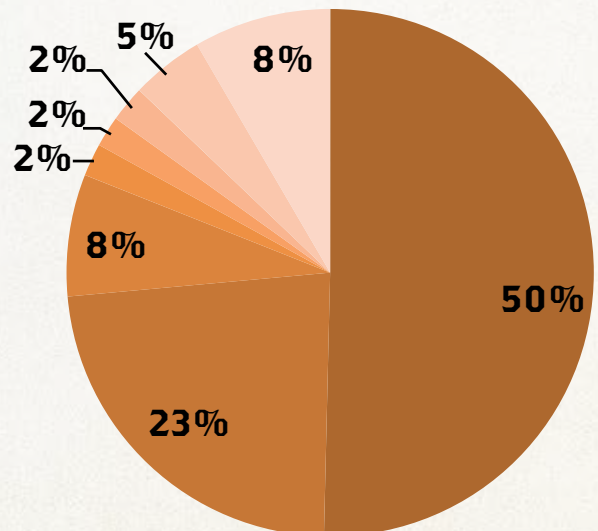
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ARIZONA BEEF COUNCIL FISCAL YEAR 2013-2014

■ National Programs	\$338,624
■ Consumer Information.....	\$155,644
■ AZ Industry Information	\$50,336
■ AZ Cowbelle Programs.....	\$13,425
■ Administrative Costs	\$12,715
■ Producer Communication	\$14,926
■ AZ Department of Ag Fees	\$29,838
■ Retail and Foodservice.....	\$56,607





DEAR FELLOW BEEF PRODUCERS,

There's only one measurement that really matters when it comes to your Beef Checkoff Program: Do you get more out of it than the \$1-per-head you put in?

Recent independent research shows you do, with a return of \$11.20 for every \$1 invested in the national program. Although not part of the national study, the programs conducted at the state level can only add to the overall effectiveness of our efforts. Obviously, the efforts we're making as cattle producers are worth it.

Even more exciting, though, is how it was accomplished. Direction of state and national checkoff programs are in the hands of producers themselves, not just purchased "off the shelf." While the return on investment is significant, the success comes about because of producers and importers participation in checkoff-directing boards and committees.

When you combine the return on investment with the process, it's a very impressive result. With increasing sophistication of the process and even more producer input, I hope to see even better returns in the future. Let's keep up the good work.

Yours truly,

Cevin Jones

Chairman, Federation of State Beef Councils



Funded by
the Beef Checkoff.

NUMBERS DO THE TALKING



Nowhere do the numbers speak more clearly than in the new Beef. It's What's For Dinner digital campaign. Beginning in the spring of 2014, the campaign

differed significantly from mass media, reaching people who aren't immediately seeking beef information using an "under-the-radar" approach. It's a one-on-one communication through a consumer's computer, and aims to direct consumers to the BeefIt'sWhatsForDinner.com website, which contains recipes, tips, nutrition, safety and other information consumers want and need. Digital elements that drive consumers to the site include:

- **Banner Ads** on sites like AllRecipes.com and MensFitness.com, which inspire consumers to think about tonight's dinner with beef photos, recipes and information;
- **Search Advertising** on engines such as Bing and Google for people proactively searching for information on food;
- **A Beef. It's What's For Dinner Facebook page**, with almost 900,000 fans who receive recipe posts with photos on a regular basis;
- **Collaboration with other established recipe and nutrition-related websites**, such as Martha Stewart.com;
- **Videos** that run before online television shows; and
- **Other "cutting edge" elements in digital marketing** that allow the industry to target millennial consumers.

In just the first four months of the marketing campaign significant results were generated. More than 1.7 million consumers were reached through the campaign's website, and the "no-recipe recipe" videos were viewed more than 5 million times on YouTube and other video online channels.

Furthermore, associated social media sites hosted more than 1 million engagements, such as likes, comments, shares, re-tweets and click-thrus to checkoff resources, such as recipes. Because it's

available 24/7, the digital/social media tool is providing continual contact with consumers who are looking for meal solutions.

Unlike other kinds of outreach, almost all of that contact is positive in nature. Research shows that 97 percent of consumers have positive opinions about beef after visiting the Beef. It's What's For Dinner website.

RETAILERS GET IN THE ACT



A new "Go Tasty, Go Lean" toolkit for supermarket retailers was developed to help on-staff dietitians make their stores a health and wellness destination for consumers – and to help sell more beef in the process. Part of a multi-phase research project conducted through the Beef

Checkoff Program, the toolkit helped show that beef can provide a significant sales lift for retailers.

In fact, 84 to 94 percent of shoppers expressed purchase intent in the lean beef items they sampled during the test portion of the research, and significant increases in specific beef cut sales during the test were also generated.



The toolkit communicates beef's nutrient benefits at the same time as it generates these bottom-line benefits. The toolkit, developed in partnership with registered dietitians, demonstrates that promoting beef's positive attributes – nutrition, taste and ease of preparation – not only results in higher sales, but enables supermarket dietitians to be able to talk knowledgeably and confidently about beef.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2013 EXPENDITURES

Administration	\$1,536,829	
USDA Oversight*	\$279,075	
Program Development	\$179,088	
Program Evaluation	\$179,590	
Producer Communications	\$1,529,824	
Foreign Marketing	\$6,036,724	
Industry Information	\$3,492,377	
Consumer Information	\$3,390,267	
Research	\$6,036,100	
Promotion	\$15,528,767	
Total expenses	\$38,188,641	

Audited numbers

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

NUTRITION RESEARCH HAS VALUE

More research now shows that a heart-healthy diet that includes lean beef can reduce risk factors for heart disease. A study funded by the beef checkoff and the national Institutes of Health-supported Penn State General Clinical Research Center and published in the June 19, 2014 issue of Journal of Human Hypertension found that a dietary pattern rich in fruits, vegetables and low-fat dairy that includes lean beef – even daily – can reduce risk factors for heart disease, including elevated cholesterol and blood pressure.

According to lead researcher Penny M. Kris-Etherton, “this research adds to the significant evidence, including work previously done in our lab, supporting lean beef’s role in a heart-healthy diet.” Researchers suggested the evidence supports the idea that it’s the total protein intake – not the type of protein – that is instrumental in reducing blood pressure.

A NEW PRODUCT WITH OLD ROOTS



It looks, acts and smells like bacon – but it’s beef. Schmacon™ is one of the latest checkoff-funded development projects that provides beef producers with extra alternatives for beef cuts. The smoked and cured glazed beef slices received the prestigious 2014

Food and Beverage Innovations (FABI) Award by the National Restaurant Association at their restaurant, hotel and motel show.

Schmacon has less fat and sodium than bacon, and as a pre-cooked product ready for crisping in an oven cooks in a fraction of the time. In winning the FABI award, it was heralded as a product with “bold imagination” and “great potential to help operators capitalize on consumer trends and drive operator success.” The product not only fits into healthy lifestyle trends, it also meets dietary needs of those religious or ethnic groups prohibited from eating pork products.

BEEF EXPORT VALUE ON RECORD PACE



Checkoff-funded efforts in the international arena are focused on some of the world’s most promising markets for U.S. beef, and exports to those markets are growing rapidly. For instance, strong

performances in key Asian markets are putting U.S. beef export value on a record pace in calendar year 2014. Through July, exports totaled \$3.89 billion, up 13 percent from a year ago. Export volume was up 4 percent to 687,752 metric tons.

In 2013, Japan reclaimed its position as the No. 1 international destination for U.S. beef when an increase in the age limit for eligible cattle fueled a large increase in exports. U.S. exports to Japan have been mostly steady this year, while Japan’s imports from other major suppliers such as Australia, New Zealand and Canada have declined.

Hong Kong, South Korea and Taiwan have also been strong growth markets for U.S. beef in 2014. In June, Hong Kong granted full access for U.S. beef for the first time since the December 2003 BSE case.

These results translate into remarkable returns for U.S. cattle producers. Export value per head of fed slaughter was nearly \$300 in June and July, and averaged \$273 for the first seven months of this calendar year. Per-head export value is up 13 percent from a year ago and has more than doubled in the past five years.

Whether promoting beef internationally or providing marketing support for the product in the United States, the Beef Checkoff Program has been committed to programs that build beef demand since 1986. The recent research showing a return of \$11.20 for every dollar invested is a strong validation of that work.