

TEXAS BEEF COUNCIL ANNUAL REPORT



FISCAL YEAR 2012

A summary of state and national beef education, promotion and research programs funded by the \$1 per head Beef Checkoff Program



BEEF Team – The Texas BEEF Team is a community of 800 runners, triathletes and health enthusiasts who recognize the nutritional benefits of lean beef and the vital role high-quality protein plays in their training. More than 1,500 appearances were made by team members who participate in runs across the state in their “Beef. Fuel for the Finish” jerseys. TBC engages the team utilizing a variety of communications tools including a monthly newsletter, Facebook group, pre-race dinners, events and educational webinars. The team consists of elite athletes, retail partners, cattle ranchers, moms, dietitians, physicians, coaches, trainers and many others.

Export Teams and Promotions – Chefs from Central and South America, the Caribbean, and Russia visited Texas in FY12 to learn more about the beef industry. As guests of TBC and the U.S. Meat Export Federation, the chefs were educated on the advantages of U.S. beef and trained to cook and promote underutilized cuts at Texas Beef Festivals held in their own countries. TBC also conducted retail and foodservice promotions in Hong Kong, Central & South America, Russia, the Caribbean and the Middle East.

Beef Quality Training – The Texas Beef Quality Producer program, developed to train producers and workers on the principles of beef quality assurance (BQA), directly trained 192 producers, while also training 360 producers online. In addition, 4,700 producers were exposed to BQA practices at Beef Quality Assurance credit meetings. Another educational program, Beef 706, reached more than 100 producers with total quality management principles. BQA trainings are checkoff-funded and presented in partnership with the Texas and Southwestern Cattle Raisers Association and Texas AgriLife Extension.

Health Influencers – More than 650 registered dietitians attended the Annual Texas Dietetic Association (TDA) Food and Nutrition Conference where TBC exhibited a beef booth sharing the latest beef nutrition science. TBC and the national checkoff program partnered to sponsor two concurrent sessions with speakers focusing on the latest beef nutrition research. In addition, more than 125 TDA members participated in a continuing education credit webinar hosted by TBC which focused on modern beef production, sustainability and beef nutrition. These programs help leading dietitians convey positive messages about beef to media, clients and other key audiences influenced by health professionals.

Heart-Healthy Partnership – Continuing a long standing relationship, TBC partnered with the American Heart Association (AHA) Texas affiliate for the fifth consecutive year to share the many ways beef fits into a heart-healthy diet. Beginning in February with National Heart Month, lean beef was showcased on television cooking segments, at AHA luncheons, at nutrition and health influencer meetings and at consumer events across the state. Leveraging partnership dollars, TBC showcased the AHA logo alongside heart-healthy lean beef information throughout the year.

Retail Promotion – Working to promote beef products during key consumer holidays while also

leveraging dollars, TBC partnered with several retail chains between Thanksgiving and the New Year to provide more than 50,000 holiday roast recipe brochures and 50,000 on-pack cooking labels and in-store signage to more than 200 grocery stores. In addition, TBC focused on summer grilling through partnerships with vendors and retailers for point-of-sale materials at more than 600 retail stores. TBC also participated in several cross promotional programs with various partners distributing over 1 million cooking labels and coupons with partners investing on average \$3 for every \$1 invested by TBC.

Culinary Education – TBC reaches influencers in the foodservice channel through promotions and education. Key events included Dallas Restaurant Week, reaching over 85,000 diners in the Dallas-area at more than 135 restaurants, and the Annual Culinary Educators Conference which trained more than 125 high school culinary instructors who influence more than 10,000 students. TBC also worked to provide beef resources and educational programs to four of the largest foodservice distributors and purveyors.



Producer Communications – In efforts to educate producers about the Beef Checkoff, TBC distributed press releases featuring checkoff-funded initiatives to media outlets resulting in a total circulation of more than 1.7 million. The Texas Beef Checkoff was showcased in seven feature articles as well as providing numerous interviews for ag radio. In addition, TBC attended 46 industry meetings directly interacting with more than 19,000 farmers and ranchers. The checkoff newsletter, *Cattle Talk*, was distributed every other month in addition to outreach efforts to feedyards and live-stock markets.

Issues Management – The crisis communications team continued working to protect the beef marketing climate from potentially damaging issues. TBC took a proactive approach with outreach to Texas FFA chapters, university agriculture classes and agriculture advocate groups, encouraging students to tell their story and become Masters of Beef advocacy graduates.

Public Relations – TBC spokespeople appeared on television programs in nine of Texas' leading media markets. Promoting positive beef messages, these 33 food segments

reached more than 1.1 million viewers showcasing beef recipes and beef cooking techniques. TBC also secured three media stories showcasing celebrated BEEF Team members. Stories appeared on television, online and in print.

Social Media – TBC continued to expand its online presence by focusing on the social media outlets Facebook, Twitter, Pinterest, YouTube, Google+ and a blog that serve as a platform to engage consumers and facilitate a two-way dialogue. The BEEF Loving Texans Facebook page has more than 52,000 fans which is more than a 2,400 percent increase from the previous year. Blogger outreach continued with two campaigns centered on holiday roasting and healthy family meals. The campaigns garnered more than 7,000 tweets and 80 blog posts resulting in 8.32 million audience impressions.



BEEF LOVING TEXANS

Retail Education – TBC's efforts to educate key retail partners continued with the hands-on Culinary Beef Boot Camp where more than 150 retail meat market managers were trained on topics such as proper cooking techniques, meat science basics and beef nutrition. Building on the positive response of the longstanding program, TBC added a second component called Production Beef Boot Camp. More than 90 participants completed the farm-to-fork educational session that covers modern beef production practices and showcases a live cattle demonstration.

Consumer Events – The TBC mobile marketing unit, the Ultimate Backyard, made its sixth appearance at the Texas State Fair in Dallas. TBC served more than 84,000 beef samples, disseminated nearly 240,000 brochures and promotional prizes and generated more than 325,000 impressions throughout the 24 day event. The American Heart Association was also on hand at the TBC exhibit sharing healthy living tips and heart-health information.

Texas Beef Council Financial Report

Fiscal Year Ended September 30, 2012

For an audited financial statement, contact the Texas Beef Council at beef@TxBeef.org or call 1-800-846-4113.

Visit us online at www.TexasBeef.org for more checkoff information or at www.TxBeef.org for beef recipe information.

FY 2012 REVENUE

Total checkoff assessments	\$11,241,615
Less remittance to Beef Board	(5,191,494)
Less remittance to state of origin	(858,627)
Texas checkoff revenue	5,191,494
Investment and other revenues	35,639

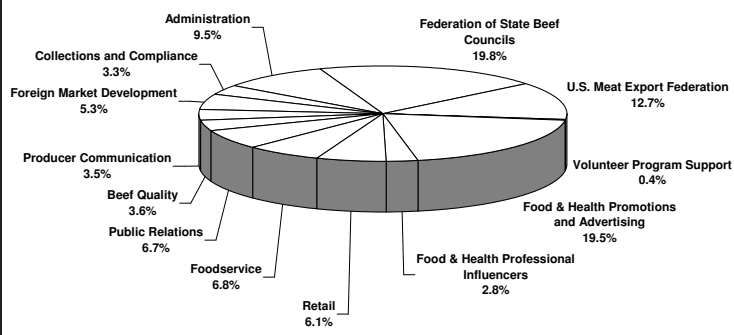
TOTAL TBC REVENUES

\$5,227,133

FY 2012 EXPENSES

\$5,442,837

Of every dollar collected in the state, by law, 50 cents is remitted to the Cattlemen's Beef Board for funding national and international checkoff programs. The pie chart below shows TBC's investment of the remaining 50 cents.



HISTORY CREATES BASE for Proven Checkoff Program

When we learn from the past, we build a foundation for the future. Take the national Beef Checkoff Program, for example.

The current mandatory checkoff has its roots in demand-building efforts by the beef industry that began back in 1922, when agriculture's first checkoff effort was created in the National Live Stock and Meat Board. Adding to that foundation are state beef councils around the country, which were started as far back as the mid-1950s.

The first checkoffs were voluntary and collected at processing facilities. The assessments on producers were 10 cents per train carload on cattle, hogs and sheep –

an amount that was matched by progressive processing companies that participated in the program.

In 1963, the Meat Board created species divisions that would help provide focus to individual meats. That's when the Beef Industry Council (BIC) was formed, with guidance and support from state beef councils from around the country.

When the mandatory \$1-per-head Beef Checkoff Program was instituted in 1986, the BIC was identified in the Beef Promotion Order as the Federation of State Beef Councils, which would help identify programs to fund and represent Qualified State Beef Councils at the national level. When the National Cattlemen's Association merged with the Meat Board in 1996, a Federation Division was created, making the new Federation of State Beef Councils the successor to the BIC.

While improvements have been made along the way, many of the concepts established back in 1922, with additional focus in 1963, are intact in 2012. Today, the Federation remains dedicated to supporting the work of both state beef councils and the national Beef Checkoff Program through its work in beef research, information and promotion.



What's In a Name?

Why do some state promotion governing bodies have boards, while others have councils or commissions?

The answer is that the bodies are controlled by grassroots producers in each state, who establish all aspects of how beef promoting efforts will be run.

Regardless of their name, beef promotion entities in 45 states are considered Qualified State Beef Councils, and authorized by the USDA to collect the full \$1-per-head national checkoff assessment. They remit half to the Cattlemen's Beef Board for national and international promotions, research and information programs. The other 50 cents remains under the control of the state's board of directors for investment in qualified demand-building programs.

Individual producers who get involved in all aspects of the decision-making process at both the state and national level assure grassroots control – something all beef producers can support.

Did You Know...

- In the 1970s it was found that consumers were confused by different names for the same cut of meat, therefore a Uniform Retail Meat Identity Standards program was created by the Meat Board that helped make cut names more uniform nationally;
- In the 1960s and 70s, the BIC worked every year with the American National CowBelles (now the American National CattleWomen) on a "Beef For Father's Day" promotion across the country. Millions of consumers were reached through the campaigns;
- A consumer boycott of red meat in the Spring of 1973 highlighted the value of a checkoff-based industry response to societal issues (and underscored the need for more resources). The industry joined forces in a "Beef Steak Strategy" through the BIC to reach out to consumers, helping educate them through media outlets such as *The New York Times*, *The Wall Street Journal*, *Time*, *Newsweek*, and NBC-TV's *The Today Show*.



GETTING A GRIP ON THE FUTURE

It doesn't take a crystal ball to know the beef industry has plenty of marketing changes in store over the next 50 years. If the decreasing cattle herd and changing weather patterns aren't good enough indicators, technology and the mercurial consumer should suggest that we're in for quite a ride.

Consumer demographic and behavioral trends suggest the beef industry can expect many changes. Based on current developments we would not be surprised to see:

New merchandising options.

Households comprised of one or two persons now represent 62 percent of the total U.S. households. Retailers are going to need plenty of merchandising options as they reach out to these consumers.

Technology driving decision-making.

Millennials – those 80 million consumers who were born between about 1980 and 2000 – use social media to make many of their decisions, as well as increase their knowledge base. What kind of instant messaging will drive millennial decisions and knowledge tomorrow?

Ethnic shifts change the marketing landscape.

Hispanics will grow from 16 to 30 percent of U.S. households from 2010 to 2050. Not only will culinary tastes shift, but the beef industry must be able to meet the needs of increasingly diverse consumer palates.

More new beef cuts for the budget-conscious.

The beef industry has developed several new beef cuts (Denver Cut, Flat Iron Steak) that have helped make steak-eating more affordable, and increased the value of the carcass. Today, about half of U.S. households are at low to moderate income levels. Innovation is needed to find affordable beef options for all income levels.

More convenient beef products.

Nearly one-third of consumers think that 40 minutes from start to table is too long to wait for their meals, 70 percent say that an hour is too long. In addition, 70 percent of women are now working, so convenience is paramount. While ground beef has been the "fall-back" product for the time-conscious, more convenient whole muscle cuts could boost demand.

Summary

As we look down the road, these and other trends stand out as particularly relevant to beef producers. Obviously, no one can predict the future; however, it makes sense for the beef industry to be prepared for one.

THE CHECKOFF IN 2012



Today, aggressive checkoff-funded programs are reaching their target audiences with positive messages about beef. These programs include:

NUTRITION RESEARCH, such as the Beef in an Optimal Lean Diet (BOLD) study that demonstrates eating lean beef every day can be good for heart health;

SAFETY RESEARCH, which searches for solutions to safety challenges to further enhance the industry's safety record;

HEALTH PROFESSIONAL EDUCATION, which extends scientific research about beef nutrition to the country's leading health professionals through organizations like the Academy of Nutrition and Dietetics;

ADVERTISING, which takes advantage of consumer recognition of the checkoff's "Beef. It's What's For Dinner" campaign through print, radio and online video advertising;

FOODSERVICE AND RETAIL PROMOTIONS, such as a new BEEFflexible for Foodservice campaign to promote the value and versatility of steak, and a refreshed version of the BeefRetail.org website;

ISSUES MANAGEMENT, which helps protect the industry against unfounded attacks and provides accurate information about beef issues. To help debunk beef myths, a FactsAboutBeef.com website was created to address animal care, the environment, nutrition and safety;

BEEF QUALITY ASSURANCE, where producers are encouraged to follow guidelines that encourage better beef production. Released in 2012, the 2011 National Beef Quality Audit provided industry guideposts for improving the U.S. beef supply;

INFORMATION, with booklets like Basics About Beef, a full color, 24-page booklet designed to help consumers get optimal value when buying beef;

VEAL PROMOTION, with a Facebook summer grilling photo contest generating awareness of veal and a Twitter handle posting local veal specials at retail and in restaurants; and

INTERNATIONAL PROMOTIONS, which are helping raise awareness of beef's value in dozens of countries around the world.

CATTELMEN'S BEEF BOARD

Fiscal Year 2012 Expenditures

Expenditures

Program Expenses:

Promotion	\$18,497,850
Research	\$5,719,714
Consumer Information	\$4,513,478
Industry Information	\$3,866,592
Foreign Marketing	\$6,129,529
Producer Communications	\$1,745,326
Producer Evaluation	\$131,674
Program Development	\$198,498
Total Program Expenses:	\$40,802,661
USDA Oversight	\$211,064
Administration	\$1,632,467
Total Expenses:	\$42,646,192

*Chart shows 2012 audited numbers