

TEXAS BEEF COUNCIL ANNUAL REPORT

Fiscal Year 2019



TEXAS BEEF COUNCIL AND RELATED ENTITY COMBINED FINANCIAL REPORT

Fiscal Year Ended September 30, 2019

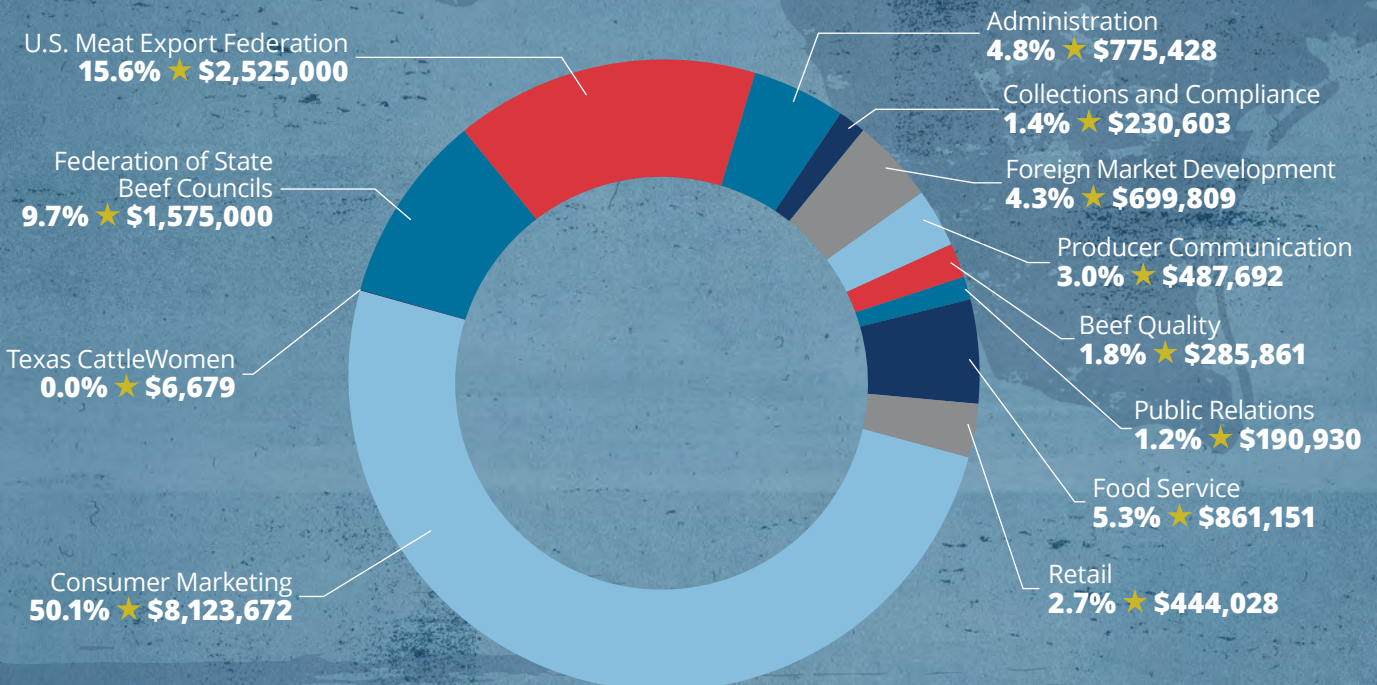
Of every national dollar collected in the state, by law, 50 cents is remitted to the Cattlemen's Beef Board to fund national and international checkoff programs. The chart below shows Texas Beef Council's investment of the remaining 50 cents (national program) and the entire \$1 Texas state checkoff.

The Texas state checkoff is administered by the Beef Promotion Research Council of Texas which is considered a related entity to Texas Beef Council.

REVENUES

Total State and U.S. Checkoff Assessments	\$21,626,856
Less:	
Remittances of U.S. Checkoff to the Beef Board	(\$5,245,934)
Remittances of U.S. Checkoff to the State of Origin	(\$890,095)
Refunds of State Checkoff	(\$704,370)
	\$14,786,457
Investment Income and Other	\$106,502
Total Revenues	\$14,892,959
Expenses	\$16,205,853

EXPENSES



CATTLEMEN'S BEEF BOARD UPDATES

Cattlemen's Beef Board (CBB) Fiscal Year 2019 Expenditures

Promotion	\$10,580,409
Research	\$9,891,043
Consumer Information	\$7,571,245
Industry Information	\$3,357,876
Foreign Marketing	\$8,347,484
Producer Communications	\$1,637,234
Program Evaluation	\$158,875
Program Development	\$435,772
USDA Oversight*	\$596,367
Administration	\$1,729,852

Total expenses \$ 44,234,157

Unaudited numbers

*Included in the USDA Oversight amount is approximately \$404 thousand paid by the CBB to USDA for oversight fees during the year. The remaining \$192 thousand is related to cost incurred by CBB for litigation, meetings with USDA, freedom of information act requests, settlement requests and authorization requests.

Developing New Beef Products to Meet International Trends

A market development initiative which began in Japan took hold in several international markets for U.S. beef in 2019. With funding support from the Beef Checkoff, U.S. Meat Export Federation (USMEF) is working closely with U.S. beef suppliers to develop new products for packaged meals and protein snack items for burgeoning convenience store sectors in several leading export markets. Worldwide, per capita, spending on foodservice products at convenience stores is exploding, and in particular, pre-cooked meat dishes are growing in popularity as more and more people turn to convenience stores for fast and easy meals. With Beef Checkoff support, USMEF partnered with South Korea's second-largest convenience store chain and a U.S. supplier to launch a promotion aimed at consumers who pick up their lunches at convenience stores. The "Cube Steak Lunch Box" was offered at GS25 convenience stores, a chain with 12,500 locations in Korea. Based on the success of this promotion, the USMEF is working to expand this concept to additional convenience store chains in 2020.

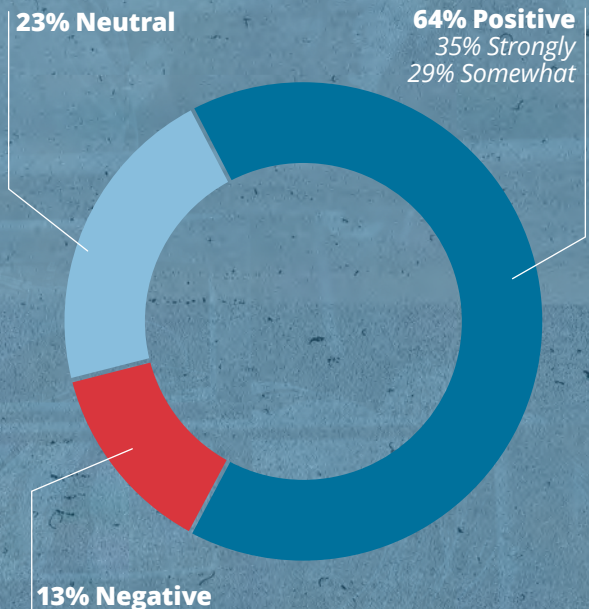
Beef Research Shows Nutritional Benefits

Prepared beef products like hot dogs, roast beef and pastrami, among others, are nutritious and help to fulfill a person's daily macronutrient needs. Research to demonstrate the role these products play in healthy dietary patterns is critical to giving Americans permission to consume the products they enjoy. The Foundation for Meat and Poultry Research and Education's (FMPRE) Research Advisory Committee identified key processed beef nutrition research priorities as well as a supplemental request focused on nutrition sciences. Proposals were evaluated and three projects were funded collaboratively, two with the Foundation and one with National Cattlemen's Beef Association.

The Checkoff's Consumer Beef Tracker

The Beef Checkoff's Consumer Beef Tracker provides the industry with key insights about how consumers perceive beef products. Most recently, data gathered through June 2019 continues to show that beef is a highly desirable protein, driven mostly by its great taste and nutritional benefits. It also continues to indicate that consumers have a high degree of trust in the safety of the beef they eat.

OVERALL BEEF PERCEPTIONS



Source: Consumer Beef Tracker April-June 2019 data

TEXAS BEEF COUNCIL UPDATES

A summary of state and national beef education, promotion and research programs funded by the \$1-per-head state Beef Checkoff program and the \$1-per-head national Beef Checkoff program. Five core strategies were identified to build the Texas Beef Council (TBC) marketing plan for fiscal year 2019 (FY19).

STRENGTHEN BEEF'S VALUE PROPOSITION

Drive consumer demand through new and inspiring ways to allow Texans of all ages to embrace and share their love of beef.

“BBQuest” Video Series

Beef Loving Texans launched “BBQuest,” a documentary-style video series that featured renowned chefs and prominent pitmasters who take viewers on a barbecue journey across the state stopping in Austin, Houston, San Antonio and Dallas. The first season garnered 9.1 million views. It also received top honors at the 2019 Hermes Awards and was a finalist in the “Branded Journalism” category at the 2019 Sabre Awards. Because of its success, a second season of “BBQuest” was produced and launched in October 2019.

“For All Plates of Life” Campaign

On March 1, TBC launched the “For All Plates of Life” advertising campaign. The campaign, which ran through September 30, celebrated the versatility of beef and the diversity in Texan families. Advertisements were seen across digital mediums through programmatic buys, internet radio, streaming TV and paid search. In total, the paid media campaign resulted in 291.1 million impressions statewide.

291.1
MILLION IMPRESSIONS
STATEWIDE



Beef Loving Texans Online Store

Consumers, influencers and beef producers loved publicly expressing their pride for beef with Beef Loving Texans and Beef Team branded apparel and accessories from the new online store. In FY19, the store had 7,363 visits and 764 customers resulting in 3,665 items sold.

Digital Marketing

TBC continued to strengthen the Beef Loving Texans brand through social media outreach via Facebook, Instagram, Pinterest, Twitter and YouTube. Social media totals include more than 31.6 million impressions, 981,000 engagements, 2.6 million video views and 4.4 million minutes of video watched.

2.6 VIDEO
MILLION VIEWS

4.4 MINUTES
MILLION OF VIDEO
WATCHED

MORE THAN 31.6 | **981,000**
MILLION VIEWS | INTERACTIONS

Culinary/Foodservice Education

TBC was a sponsor of the 16th Annual Culinary Educators Training Conference which provided 85 high school culinary arts teachers with relevant classroom resources and hands-on training for their culinary curriculum. TBC also reached more than 800 students by supporting 10 culinary student competitions and hosting three “Pasture-to-Plate” tours and a culinary immersion tour for executive-level culinary professionals.

In FY19, TBC launched the Beef Loving Chefs foodservice page and grew their private foodservice Facebook group to 800 members.

Retail Promotions

TBC partnered with numerous vendors and retailers to promote beef in stores during key consumer holiday periods. In FY19, TBC executed eight campaigns that targeted an average of 500 stores each. In addition to distributing over 1,160,000 coupons, strategies also included point-of-sale elements, in-store demos and radio advertising.

DRIVE GROWTH IN US BEEF EXPORTS

Partner with the U.S. Meat Export Federation (USMEF) to develop innovative programs that educate and demonstrate how high-quality U.S. beef can help strengthen the foreign foodservice industry.

International Marketing (USMEF)

Chefs, importers and meat buyers from Central and South America and the Caribbean visited Texas in FY19 to learn about the U.S. beef industry. Attendees were educated on the advantages of U.S. beef and trained to cook and promote underutilized cuts at their restaurants and retail businesses.

On behalf of TBC, the USMEF also conducted training seminars and retail and foodservice promotions in Japan, Korea, Taiwan, Hong Kong/China, the Middle East, Central and South America and the Caribbean.

BUILD TRUST IN THE CHECKOFF PROGRAM

Showcase clear, relevant data that reveals how Texas producers' checkoff investment is making a positive impact on their operations.

Producer Communications

TBC continues to engage ranchers across Texas with information about the use of checkoff dollars through the "Cattle Talk" newsletter, media outlets, trade show booths and industry partners.

GROW CONSUMER TRUST IN BEEF AND BEEF PRODUCTION

Showcase clear, relevant data that reveals how Texas producers' checkoff investments are making a positive impact on their operations.

"Raw Truth About Beef" Video Series

In FY19, TBC took a production crew to visit various beef industry segments across Texas to create "The Raw Truth About Beef." This educational web series focuses on six segments of the beef industry seen through the eyes of culinary and health professionals.

Beef Quality Assurance

TBC partnered with Texas and Southwestern Cattle Raisers Association and Texas A&M AgriLife Extension Service to conduct the Texas Beef Quality Producer program. Using hands-on, chute-side demos, Texas Beef Quality Assurance trainings, county meetings, online trainings and more, over 509 producers were trained on the principles of Beef Quality Assurance (BQA) in an effort to improve the safety, quality and consistency of beef.

In addition, more than 2,250 producers were exposed to BQA practices at BQA credit meetings. And through the Beef 706 program, another 110 producers were educated on total quality management principles.

Research

Research continues to be a foundation of checkoff-funded activities ensuring checkoff dollars are used productively.

Research (continued)

In FY19, a yield/consumer acceptability research project began. Two additional beef safety research projects are expected to be completed in FY20.

INCREASE POSITIVE PERCEPTION OF BEEF'S ROLE IN A HEALTHY DIET

Leverage the strength of Texas' medical and fitness communities to combat misinformation.

Physician Outreach Program

The Physician Outreach Program educated medical doctors – many of whom recommend limiting beef consumption to their patients diagnosed with high cholesterol. The program reached over 6,500 physicians in Houston, Dallas, San Antonio and Austin. Physicians were given patient education materials highlighting the nutritional value of beef in a heart-healthy diet.

Nutrition and Health Influencers

TBC shared information related to beef production practices, the evolution of lean beef and human nutrition research with an estimated 4,000 influencers. TBC also reached 70 dietetic interns and faculty through beef immersion tours.

In FY19, TBC also launched "Fuel Your Fun", a new, beef-centric MyPlate program to visually illustrate balance, moderation and variety. Outreach included mailings to 1,228 physical education teachers, health teachers and AgriLife extension agents across Texas. The MyPlate printed materials and "Fuel Your Fun" website were promoted at more than 10 conferences and events.

Texas Beef Team

The Beef Team is a community of 1,275 beef-loving fitness enthusiasts that work with TBC toward building a healthier Texas. The team made 10,166 appearances in their "Fueled by Beef" jerseys at cycling, triathlon and running events by either participating or volunteering, and they reached over 89,000 Texans at more than 524 community events.

Information Sharing

TBC distributed more than 658,000 beef-centric resources in FY19. This is 43% higher than FY18 which indicates that partners are using these resources and extending them beyond TBC's direct reach.

658,000

**BEEF-CENTRIC
RESOURCES**



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

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

*For more Beef Checkoff information, please visit us at TexasBeefCheckoff.com.
To see how we're connecting with consumers, visit us at BeefLovingTexans.com.*

