

Texas Beef Council Annual Report

FISCAL YEAR 2014

A SUMMARY OF STATE AND NATIONAL BEEF EDUCATION, PROMOTION AND RESEARCH PROGRAMS FUNDED BY THE \$1 PER HEAD BEEF CHECKOFF PROGRAM.



INTERNATIONAL MARKETING

Chefs and buyers from Central and South America, the Caribbean and Russian Region (CIS) visited Texas in FY14 to learn more about the U.S. beef industry. As guests of TBC and the U.S. Meat Export Federation, attendees 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 training seminars and retail and foodservice promotions in Hong Kong, Central and South America, the Caribbean, Japan and the Middle East.

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.

BEEF Team – The Texas BEEF Team is a community of 800 runners, triathletes and cyclists who recognize the nutritional benefits of lean beef and the vital role high-quality protein plays in their training. More than 2,500 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 beef dinners, events and educational webinars. In efforts to give back to the community and give beef more visibility at races, team members are required to participate in volunteer activities throughout the year. The team consists of elite athletes, retail partners, cattle ranchers, moms, dietitians, physicians, coaches, trainers and many others.



Health Influencers – More than 600 registered dietitians attended the Annual Texas Academy of Nutrition and Dietetic Association (TAND) Food and Nutrition Conference where TBC exhibited a beef booth sharing the latest beef nutrition science. In addition, TBC participated in TAND Leadership Conference, University of Texas Nutrition Institute Conference, Texas Association of Cardiovascular and Pulmonary Rehabilitation Conference, and local dietetic association meetings in Houston, Fort Worth, El Paso, Austin and East Texas. These programs help leading dietitians convey positive messages about beef to media, clients and other key audiences influenced by health professionals.



Texas Live Well – TBC engaged more than 30 fitness and nutrition professionals during the Texas Live Well conference. The workshop offered an opportunity to connect and provide education sessions to key fitness professionals, pro triathletes, trainers and fitness-focused registered dietitians who have an online presence.

Beef Quality Assurance – In partnership with Texas and Southwestern Cattle Raisers Association and Texas A&M Agri-Life Extension, the Texas Beef Quality Producer program directly trained 203 producers on the principles of beef quality assurance (BQA). In addition, nearly 5,000 producers were exposed to BQA practices at Beef Quality Assurance credit meetings. Another educational program, Beef 706, reached 144 producers with total quality management principles. TBC also shared BQA messages at meetings and seminars reaching vet students, youth, college ag students, cowboys and day-hands. In FY14, more than 975 people completed the BQA online course.

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 university agriculture classes and agriculture advocate groups, encouraging students to tell their story and become Masters of Beef advocacy graduates.

Culinary Education

TBC continued as a founding sponsor of the Annual Culinary Educators Training Conference which trains more than 125 high school culinary instructors each year who influence more than 10,000 students. The conference provides high school culinary arts teachers with relevant resources to use in the classroom along with hands-on training to help build their culinary curriculum. In addition, TBC supported a variety of culinary competitions reaching more than 300 students from 45 schools. TBC also worked to provide beef resources and educational programs to five of the largest foodservice distributors and purveyors.



Heart-Healthy Partnership – Continuing a long-standing relationship, TBC partnered with the American Heart Association (AHA) Texas affiliate for the seventh 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 and at nutrition and health influencer meetings across the state.

Digital Advertising – TBC conducted a digital advertising campaign that included paid search ads on search engines Google and Bing, “like” ads on Facebook, and pre-roll video ads on TubeMogul and YouTube. This campaign targeted Texans ages 25 – 44. Some of the major successes of the campaign include 5,395 new Facebook fans, a 171 percent increase in average daily page likes and more than 690,000 video views on YouTube and TubeMogul. In addition, search ads generated more than 28,500 page views on TxBeef.org and 80,000 page views on BeefitsWhatsForDinner.com from users within Texas.

Retail Education – In efforts to educate key retail partners, TBC continued the hands-on Beef Boot Camp series. TBC conducted four Culinary Beef Boot Camps where retail meat market managers were trained on topics such as proper cooking techniques, meat science basics and beef nutrition. Two Production Beef Boot Camps were held giving participants a pasture-to-plate educational session that covered modern beef production practices and showcased a live cattle demonstration. More than 200 leaders participated.

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

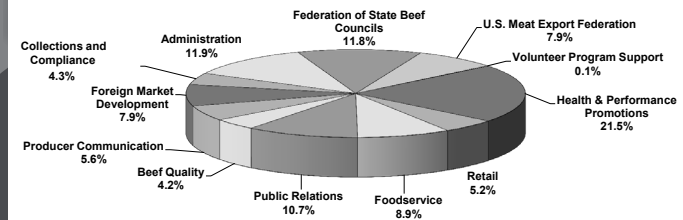
to provide holiday roast recipe brochures, 50,000 on-pack cooking labels and in-store signage to more than 400 grocery stores. In addition, TBC focused on summer grilling through partnerships with vendors and retailers for point-of-sale materials at more than 600 retail stores. TBC also participated in several cross promotional programs with various partners distributing 1.2 million coupons.



Public Relations – TBC spokespeople appeared on television programs in eight of Texas' leading media markets. Promoting positive beef messages, these 29 food segments garnered nearly 900,000 total audience impressions showcasing beef recipes, cooking techniques and nutrition information. The television segments were extended online 23 times throughout the year garnering more than 2.8 million audience impressions. TBC also worked with several key influencers to conduct interviews across the state. Among those included were registered dietitians, a health and fitness blogger, a sports registered dietitian and a nationally recognized author and researcher.

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 4.96 million. The Texas Beef Checkoff was showcased in 16 feature articles and provided numerous interviews for ag radio. In addition, TBC attended 60 industry meetings directly interacting with more than 34,042 farmers and ranchers. The checkoff newsletter, *Cattle Talk*, was distributed every other month in addition to outreach efforts to feedyards and livestock markets.

Social Media – TBC continued to expand its social media presence by focusing on Facebook and Twitter while maintaining Instagram, Pinterest and YouTube platforms. In FY14, Beef Loving Texans (BLT) Facebook page garnered nearly 11,000 additional followers through targeted social campaigns and summer advertising. More than 74,000 people “like” the BLT page. Facebook allowed TBC to further promote content, recipes and tips, share beef information and communicate directly with more consumers.



TEXAS BEEF COUNCIL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2014

REVENUES	
Total checkoff assessments	\$10,939,541
Less: Remittances to the Beef Board	(5,007,090)
Remittances to state of origin	(925,361)
Texas checkoff revenue	5,007,090
Investment income	14,334
Other revenue	
TOTAL TBC REVENUES	\$5,021,424
EXPENSES	
	\$4,854,825

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



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.

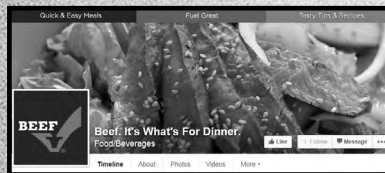
Yours truly,

Cevin Jones

Chairman, Federation of State Beef Councils



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 BeefItsWhatsForDinner.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, retweets 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.

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.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2014 EXPENDITURES

Administration	\$1,609,050
USDA Oversight*	\$289,631
Program Development	\$238,943
Program Evaluation	\$175,274
Producer Communications	\$1,478,324
Foreign Marketing	\$7,355,729
Industry Information	\$1,817,768
Consumer Information	\$8,366,182
Research	\$7,927,598
Promotion	\$9,438,367
Total expenses.....	\$38,696,866

Audited numbers

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