

Texas Beef Council Annual Report

Fiscal Year 2015

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.



TEXAS STORIES

In efforts to enhance content for digital properties, TBC created three documentary-style videos that each highlight a multigenerational ranching family; three journalistic-style chef pictorials focusing on Texas chefs who are doing great things with beef; and three Texas BEEF Team members that are great consumer representations of how beef fuels a healthy, active lifestyle.

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

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



Funded by the Beef Checkoff.



INTERNATIONAL MARKETING- Chefs and buyers from Central and South America, Caribbean, Greater Russian Region (CIS), and ASEAN Region visited Texas in FY15 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, Caribbean, Japan, Taiwan and the Middle East.

BEEF TEAM- The Texas BEEF Team is a community of 1,000 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 4,457 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 850 nutrition and health related professionals attended the Annual Texas Academy of Nutrition and Dietetic Association (TAND) Food and Nutrition Conference where TBC sponsored the keynote presentation and shared beef resources and information with attendees during the expo. In addition, TBC participated in TAND Leadership Conference, Advanced Practice Registered Nurses Meeting, Fitness Mania, Texas High School Coaches Association Conference, Texas Parent Teacher Association Conference, Active Life's "It's Time Texas" Conference, Keeping Communities Healthy Conference, and Texas Association of Physical Education, Recreation and Dance Summer Conference. These programs help leading dietitians convey positive messages about beef to media, clients and other key audiences influenced by health professionals.

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

BEEF QUALITY ASSURANCE- In partnership with Texas and Southwestern Cattle Raisers Association and Texas A&M AgriLife 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 FY15, more than 975 people completed the BQA online course.

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 360 students from 75 schools. TBC also worked to provide beef resources and educational programs to six of the largest foodservice distributors and purveyors.

RETAIL PROMOTION- TBC partnered with a variety of vendors and retailers focusing on in-store activities to promote beef during key consumer holiday periods. The summer grilling campaign partnership was executed in more than 400 retail stores with more than 25,000 coupons redeemed. TBC also participated in several cross promotional programs with various partners distributing 1.2 million coupons.

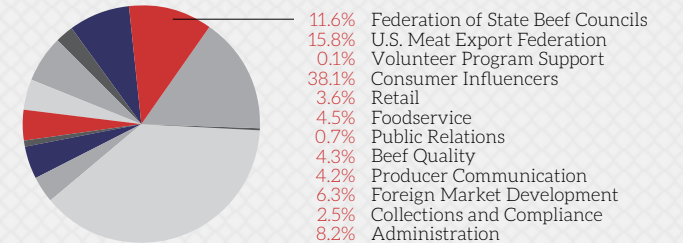
PUBLIC RELATIONS- Through proactive efforts in securing positive beef stories in the media; TBC garnered 50 television placements and four online video segments with 9,987,880 total audience impressions. TBC spokespeople appeared on television programs in seven of Texas' leading media markets. Segments promoted positive beef messages teaching consumers about beef and extending beef shopping, cooking and nutrition information. TBC also worked with several third part influential registered dietitians to conduct interviews across the state.

RETAIL EDUCATION- In efforts to educate key retail partners, TBC continued the hands-on Beef Boot Camp series. TBC conducted three 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 covers modern beef production practices and showcases a live cattle demonstration. More than 170 leaders participated in the seminars.

TEXAS BEEF COUNCIL AND RELATED ENTITY COMBINED FINANCIAL REPORT

Fiscal Year Ended September 30, 2015

REVENUES	
Total state and U.S. checkoff assessments	\$18,939,434
Less: Remittances of U.S. checkoff to the Beef Board	(4,547,500)
Remittances of U.S. checkoff to the state of origin	(988,504)
Refunds of state checkoff	(319,535)
	13,083,895
Investment income and other	27,364
TOTAL REVENUES	\$13,111,259
EXPENSES	
	\$9,506,358



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

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 3.3 million. The Texas Beef Checkoff was showcased in 20 feature articles as well as providing numerous interviews for ag radio. In addition, TBC conducted a radio advertising campaign highlighting checkoff-funded programs that reached more than 700,000 listeners. The checkoff newsletter, Cattle Talk was distributed quarterly to subscribers. In FY15, TBC launched a fully-responsive website, TexasBeefCheckoff.com, to keep beef producers and stakeholders up-to-date on the latest checkoff news.

SOCIAL MEDIA- TBC continued to expand its social media presence by focusing on consumer engagement while facilitating a two-way dialogue about preparing and incorporating beef into a healthy lifestyle. The Beef Loving Texans Facebook page (67,361 followers) allows TBC to further promote content, recipes and tips, share beef information and communicate directly with more consumers. It also allowed TBC to increasingly be credible as experts in the beef industry to the targeted audience. Other social media properties include: Twitter (4,904 followers), Pinterest (4,192 followers) and Instagram (1,230 followers).

LIVE WELL- TBC engaged more than 30 fitness and nutrition professionals during the second annual Live Well conference. The workshop offered an opportunity to connect with online communicators who are fitness professionals, fitness-focused registered dietitians and trainers.

DEAR FELLOW BEEF PRODUCERS,

Many Americans have become afraid of the food they eat. It's no wonder. Headlines admonish them to avoid fat. Newscasters gravely announce the latest study about one food ingredient or another. Bloggers rant about pesticides, hormones, antibiotics and/or their pet dietary restrictions. Every neighbor, it seems, touts his or her favorite diet regimen.

Meanwhile, beef and other good, basic foods have often fallen from the discussions, at least the ones that present our products – and our industries – accurately.

Without a bottomless funding source, it would be impossible to counter all of the swirling, often internet-based negative information. However, through your Beef Checkoff Program a tremendous amount of work is being done to increase understanding of beef, and present positive impressions of beef producers.

The information in this report isn't the whole story of those efforts, but it will give you an overview of the progress being made on your behalf with consumers. Through the partnership between your state beef council and the national Beef Checkoff Program, we are having success in building more demand for what we produce and trust in how we produce it.

For more information on beef checkoff efforts, please contact your state beef council. I want you to know that I and other beef producers on voluntary boards helping direct these efforts always have your interests – our interests – at heart.



Yours truly,

Jennifer Houston
Chairman, Federation of
State Beef Councils



Funded by the Beef Checkoff.

PROTEIN STAGES A COMEBACK-



After decades of taking a back seat to publicity about carbohydrates and fat, protein is making a comeback. Today, the macronutrient is the focus of both research and positive information, and reasserting itself as a key component of a healthful diet.

It makes sense. Protein is essential to the diet, while protein from animal foods is more rapidly and readily absorbed

than plant protein in our diets. A 3-ounce serving of lean beef provides 25 grams of protein – as well as 10 essential nutrients – in just 154 calories.

The beef industry has been promoting the message of protein and its value for years, but the Beef Checkoff Program took it to a new level in 2015 by helping coordinate the Protein Challenge, a 30-day step-by-step way for consumers to understand how protein intake could be balanced to optimize good health through the diet. The idea was for consumers to work their way up to eating 30 grams of protein at every meal, giving them the chance to feel the difference in their everyday lives.

Studies show doing this would not only improve health, but control food cravings at critical times during the day. It will help consumers take control of their appetites and kick-start benefits of balancing protein consumption.

During a national program introduction in April 2015 more than 10,500 consumers were actively participating in the program by subscribing to a daily inspirational email, which helped them succeed in keeping to their protein intake goals. The program's website landing page had become the most visited page on the www.beefitswhatsfordinner.com website, with more than 70,000 visits over the first month, thanks to state and national efforts to promote it.

A SHARPENED TOOL FOR DEFENDING THE INDUSTRY-

Having producers trained and able to defend their product and their practices is an important element of a successful “on the ground” strategy. The Beef Checkoff Program's Masters of Beef Advocacy (MBA) program, with about 6,000 graduates to date nationwide, is an effort to properly arm producers with the facts they need when in contact with consumers.



A new version of the MBA program called MBA 2.0 was launched this past year, allowing beef and dairy producers to step up and be true “advocates” for their industry. Building on the success of the original MBA program, MBA has new content based on consumer research that tackles current questions about the beef industry and its end product. The new elements of MBA 2.0 take about an hour to complete.

Those who complete the MBA program say it allowed them

to gain a clear and useful understanding of beef industry issues that are important to consumers, and as a result are important for producers to share. To sign up for the MBA program go to www.beef.org/mba.

FIVE KEY FINDINGS OF THE CONSUMER BEEF INDEX-

An overwhelming majority of millennials (79 percent) believe the positives of beef outweigh the negatives.

Among the beef industry's core audience (millennial parents) more than four of five (82 percent) think the positives either strongly or somewhat outweigh the negatives.

For the first time, when asked “which do you prefer to eat for dinner,” an equal proportion of consumers (34 percent) prefer beef as prefer chicken. (As recently as 2012, 38 percent preferred chicken, while 29 percent preferred beef).

After nearly a decade of recession, lower supply and higher beef prices, the decline in beef consumption appears to have stabilized at an average of two servings per week.

More Americans intend to increase beef consumption in the future as intend to decrease it (18 percent versus 15 percent).

The Consumer Beef Index is a semi-annual national survey completed with more than a thousand U.S. consumers ages 13-65. Initially developed in 2006, it is used by the Beef Checkoff Program to track changes in consumer perception of beef, assess the impact of the industry's communications efforts, monitor areas of relative strength and potential vulnerability for beef and provide input for national checkoff strategies.

DIGITAL ADVERTISING CONTINUES TO BUILD-

This past summer the Beef Checkoff Program made the biggest push yet for its “Beef. It's What's For Dinner” digital campaign, reaching consumers in a variety of ways, across different platforms:



The BeefitsWhatsForDinner.com website, which serves as the go-to resource for recipes and meal inspirations, cooking tips and techniques, and nutrition information. A new landing page supporting the grilling season was launched;

New videos, with three new “No-Recipe Recipe” advertising spots created to inspire new meal ideas and cooking techniques, while showing how beef can help bring a delicious and nutritious meal to life;

Social, Banners, Search Advertising, used throughout the summer to drive traffic to the website and various content assets throughout the year, such as recipe collections, videos and the grilling season landing page; and

The Protein Challenge, launched in April 2015, which was the most popular page on the website. Search and Facebook advertising efforts motivated more than 10,500 consumers to subscribe to daily Protein Challenge e-mails.

SUPPORT GROWS AS KNOWLEDGE IMPROVES-

Research shows three of four producers support the Beef Checkoff Program, and that the more they know about the program the more supportive they are. That same research shows the number of producers who say they do not support the program is the lowest ever found – 10 percent.

The survey of beef and dairy producers nationwide was conducted by an independent research firm in June and July. It found a vast majority of beef and dairy producers continue to say their beef checkoff has value for them by contributing to a positive trend in beef demand, contributing to the profitability of their operations, representing their interests and being well-managed.

BEEF EXPORTS DELIVER STRONG VALUE FOR PRODUCERS-

Beef exports continue to deliver excellent returns for producers, as the value per head of fed slaughter was nearly \$292 in 2015. While the tightening of U.S. beef supplies has constrained overall export volume growth for the past three years, international demand has remained strong as customers have paid higher prices, supporting record export values.

With USDA forecasting a 4.5 percent increase in U.S. beef production next year, there will be greater availability of U.S. beef cuts that command a premium overseas, including short ribs, short plate, skirts, chuck rolls and tongues. Checkoff-funded efforts conducted by the U.S. Meat Export Federation around the world are focused on those markets that maximize potential for U.S. beef exports.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2015 EXPENDITURES

Administration	\$1,541,927
USDA Oversight*	\$246,889
Program Development	\$315,491
Program Evaluation	\$202,093
Producer Communications	\$1,555,711
Foreign Marketing	\$7,661,822
Industry Information	\$1,781,595
Consumer Information	\$10,660,349
Research	\$9,776,601
Promotion	\$8,092,825
Total expenses	\$41,835,303

Unaudited numbers

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