



2013



CALIFORNIA BEEF COUNCIL

Dear fellow California beef producers,

Six decades ago, the California Beef Council (CBC) charted new territory by becoming the country's first state beef council. In the spring of 1954, producers like you created the organization to help promote beef in a challenging climate. Over the following years, many other states followed suit, and in 1985, the national Beef Checkoff Program was formed to fund promotion, education and research programs to improve the overall marketing climate for beef.

Today, the CBC is guided by a board of 42 council members and alternates representing every sector of California's beef industry – range, feeders, packers, and dairy. The CBC is also one of only two state beef councils to have members of the general public on its board, offering an outside perspective on our many marketing and education programs.

As the chair of the CBC, I am proud of the depth and effectiveness of the programs carried out each year. As you read through our annual report of 2013 activities, I hope you too are pleased with everything the CBC does to share beef's story with consumers and influencers throughout the Golden State.

Sincerely,

Rich Silacci

Chair, California Beef Council



Prompting New Thinking about Beef

Every year, the CBC executes a number of programs and campaigns designed to get consumers thinking about, and ultimately buying, beef. These campaigns are geared toward the millennial audience, more specifically, the older millennial who is 25 to 34 years old. This demographic includes young parents who are establishing their own homes and have young children, as well as those who are just out of high school and establishing patterns of independence.

Based on consumer data, reaching this audience with messaging that focuses on the ease of cooking beef, meals using fewer dishes, new recipes, and information on beef cuts helps address areas they are eager to explore and learn more about. To go beyond sharing information, the CBC uses an integrated approach to engage consumers directly and prompt new thinking about beef.

This integrated approach combines traditional media, events and other public relations efforts with intense social media outreach. In 2013, some of our integrated campaigns included an on-air and online campaign with NBC-TV in the high-density Los Angeles market; a statewide promotion with the 10 professional baseball teams of the California League; and a cross-promotional partnership with the California Avocado Commission.

The CBC also partnered with Entercom radio and Crock Pot® in fall 2013 for a one-month sweepstakes promotion. The campaign combined on-air and online advertising with an opportunity for consumers to win one of 20 Crock-Pot® slow cookers, putting beef hand-in-hand with a popular small appliance that makes it easy to create a delicious, one-dish meal.

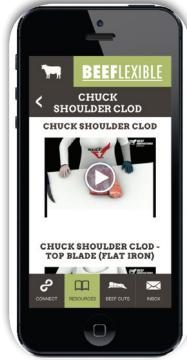
During the campaign, select Entercom Broadcasting radio stations ran a series of ads highlighting seasonal beef recipes. Online advertising on radio station websites, as well as an e-blast newsletter to loyal station listeners, also drove consumers to the CBC's Facebook page to enter the give-away. The contest was well-received and contributed to significant growth in the CBC's digital reach and social engagement.

Combining traditional media such as radio, television and, in some cases, print advertising with social media engagement using Facebook, Twitter, Pinterest, YouTube, as well as the CBC's blog *The Beef Factor*, enhances the CBC's reach and ability to interact versus just communicate with consumers.

Beefy Tools for Foodservice

Despite rising costs, beef remains the number one center-of-the-plate protein at the foodservice level. An effective tool in continuing the positive trends in foodservice beef sales is to make sure industry professionals have the knowledge, information and resources to feel confident about selling, menuing and preparing beef.

There's an App for That



In August 2013, the CBC unveiled an exciting free mobile application—dubbed BEEFflexible—that aims to better educate the foodservice sector about everything beef. Its many features include a variety of PDF resources, such as a marbling guide, quality and yield grading facts, information about beef production, and much more. There is also a section on foodservice beef cuts that provides images, cut descriptions and North American Meat Processors (NAMP) ordering numbers, all designed to help foodservice representatives better navigate beef cut options.

The app has been downloaded thousands of times, and representatives from major foodservice companies have used it as a training resource for their sales staffs.

To download the app yourself search “BEEFflexible” in Apple’s App Store for iOS, or the Google Play store for Android.

More Foodservice Education



Students at the Culinary Institute of America, Greystone in St. Helena look on during a fabrication demonstration highlighting new cuts from the Ribeye, Top Loin and Top Sirloin. This was just one of the CBC’s nine foodservice

trainings conducted at culinary arts programs throughout the state in 2013, reaching more than 200 culinary students and 25 culinary arts instructors.



In May 2013, the CBC held a multi-day tour for foodservice professionals showcasing every phase of the beef production process. Sharing the 21st century beef production story with key chefs, restaurant representatives

and food distribution company leaders helped foster a greater understanding of how beef gets from the pasture to the plate with this important audience.

Touting Beef's Nutrition

When it comes to nutrition, there are few proteins that carry the punch that beef does. With 10 essential nutrients, more lean options than ever before, and the ability to leave one more satiated and satisfied, beef has proven to be not only delicious, but an important fuel for healthy bodies. The CBC’s Registered Dietitian, James Winstead, RDN, works around-the-clock to remind consumers and influential health and dietetic professionals alike of these valuable nutritional benefits. Find out more at www.beefnutrition.org or www.calbeef.org, or e-mail your nutrition questions to james@calbeef.org.

Giving Consumers More Reasons to Buy Beef

Over the years, the CBC’s partnerships with retail chains have provided consumers with incentives to buy beef, which has been increasingly important in a climate of rising food costs. These partnerships often include broad marketing and promotion elements that keep beef top-of-mind for many consumers throughout California. To offer a glimpse of how far-reaching these programs are, consider the results of our retail partnerships in 2013 alone:

- The CBC conducted retail radio promotions to promote beef with 711 retail stores, resulting in 14.68 million media impressions.
- Coupon promotions with 391 stores took place throughout the year, with up to a 49.3% increase in beef sales.
- In-store beef demos were held at 246 stores, with a total of 362 demos of tri-tip and skirt steaks.
- Retail distributor partnerships took place with 152 stores, with a 5.2% increase in beef pounds moved.

The CBC also works with a variety of Los Angeles-area Hispanic retailers every year. From May to August of 2013, the CBC partnered with a total of 184 Hispanic retailers on a promotion that featured radio and television coverage in the high-volume Los Angeles media market. This effort resulted in 23.4 million media impressions during the time span, with up to a 17.2% increase in beef pounds moved during the promotion period.

Keep Up With the CBC

Keep up-to-speed with what the CBC is doing all year long with our producer e-newsletter, the *CBC Roundup*. E-mail jill@calbeef.org to sign up today!

2013 CALIFORNIA BEEF COUNCIL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

PROGRAMS

| | |
|----------------------------------|-------------|
| Promotion..... | \$1,001,773 |
| Consumer Information..... | \$528,503 |
| Producer Communications..... | \$147,200 |
| General Program Development..... | \$70,540 |
| Industry Information..... | \$14,183 |
| Total Programs..... | \$1,762,199 |

SUPPORTING SERVICES

| | |
|----------------------------------|-----------|
| Administration..... | \$168,265 |
| Collections..... | \$45,426 |
| USDA Oversight..... | \$37,074 |
| National Program Investment..... | \$31,650 |
| Total Supporting Services..... | \$282,415 |

TOTAL EXPENSES..... \$2,044,614

Dear Fellow Beef Producers,

Is the Federation of State Beef Councils still relevant after 50 years? In my opinion, it is. Beef producers today want as much input as possible into how their dollars are spent.

Thanks to forward-thinking producer leaders almost three decades ago, the mandatory Beef Checkoff Program had as part of its framework then-existing and to-be-created beef councils at the state level, which would collect the \$1-per-head mandatory checkoff and help populate important direction-establishing and funding committees.

Many of those states had already joined together as a Federation to share expenses for common needs, such as Information Technology, design services, planning guidance and communications. By not duplicating costs from state to state, and joining in a common vision and message, councils extend checkoff programs in the state and assure that producers throughout the country are getting the most for their checkoff dollar. Relevant? Absolutely. The Federation of State Beef Councils is a mechanism for grassroots input and influence.

Yours truly,



A handwritten signature in black ink that reads "Richard Gebhart".

Richard Gebhart, Chair
Federation of State Beef Councils
Beef Producer, Claremore, Okla.

Fresh Strategies for a Changing Beef Landscape

Because of grassroots producer leadership, the beef industry is positioned to capitalize on future changes in the beef marketplace. Committee restructuring, which parallels the industry's Long Range Plan, was completed this past year to provide the Cattlemen's Beef Board and the Federation of State Beef Councils a better focus on industry goals. Following are some national and international beef checkoff efforts that reflect that plan:

Solving the Millennial Dilemma

Through checkoff-funded research, we know consumers born in the 1980s and 1990s – sometimes called millennials – enjoy beef. But they have some concerns about preparation, nutrition and convenience. Now the question becomes, just how do we turn them into long term beef lovers?

Through a new checkoff-funded retail campaign, with additional support from the Federation and individual state beef councils, that question is being addressed.

The checkoff-funded Convenient Fresh Beef project explores a way to develop an easy-to-prepare fresh beef product at retail stores, make it appealing and create the education and training to make it successful.



Convenient Fresh Beef products include the beef, seasonings and instructions in an attractive sleeve-wrapped tray, prepared in the meat department at the grocery store or brought in as a case ready product. A photo of the finished dish is on the front of

the sleeve; from 1-3 recipes are printed on the back.

The items are convenient and provide shoppers options. They

address a millennial's lack of cooking skills and desire for a restaurant experience, and meet the needs of families looking for shortcuts on busy week nights. In addition, they meet mature consumers' desire for easy home-made foods that feed two and provide leftovers.

The test program is being conducted in the Midwest at Price Cutter stores, which have the in-store capabilities to produce the kits and have provided significant support for testing. Additional support for implementation has been provided by individual state beef councils.

Consumer research, post implementation to document interest and sell the programs to other stores, as well as point-of-sale materials, demonstrations and training, and initial spice inventory were made possible through national beef checkoff funds.



Campaign Sizzles with New Voice

New "Beef. It's What's For Dinner." consumer advertising premiered in 2013, bringing the recognizable tagline to both older millennials and Gen-Xers. It features sizzling beef recipes, juicy details about essential nutrients and the voice of one of Hollywood's most promising new

talents. The new "Above All Else" campaign reaches out to those who care about food and nutrition.

While keeping many brand mainstays, such as Aaron Copeland's "Rodeo" music, the new beef campaign uses Garrett Hedlund's voice in radio spots. Garrett personally represents healthful living, and his strong, warm voice is perfect for provoking a new understanding about beef.

Research has shown that 45 percent of the target demographic said they would choose beef more often if they knew about

how its nutrients compared to chicken. The new campaign helps set the record straight about beef's essential nutrients in an engaging and educational way.

In addition to traditional print placements, the campaign appears across a wide range of digital platforms, such as 22 tablet versions, online radio stations (e.g., Pandora), video websites (e.g., Hulu), social networking sites (e.g., Facebook) and popular recipe websites (e.g., AllRecipes.com).

State Beef Councils are extending the campaign through print, radio, digital, in-person promotions, sporting events, outdoor advertising and more.



Boosting Beef Internationally

The Beef Checkoff Program assisted as U.S. beef and beef variety meat exports performed very well in 2013. Through

July, exports were 9 percent ahead of last year's record pace in terms of value, at \$3.45 billion. This translates into great returns for producers, as export value equated to nearly \$235 per head of fed slaughter – an increase of 11 percent over last year.

Through international marketing programs conducted by the U.S. Meat Export Federation, the Beef Checkoff Program is working aggressively to increase export opportunities for U.S. beef. For instance, with recently expanded access in Japan the checkoff helped attract new buyers to U.S. beef and expanded the range of cuts available, allowing Japan to reclaim its position as the No. 1 destination for U.S. beef exports. Other Asian markets performing well included Hong Kong and Taiwan. Exports are also significantly higher to Central and South America, as the checkoff helped the U.S. beef industry capitalize on recently implemented free trade agreements.

Program Builds Nutrition Relationships

With their local and state focus, state beef councils are instrumental in building relationships with state professional organizations dedicated to improving the health of Americans. The national Beef Checkoff Program is assisting those councils in strengthening those ties.

The Nutrition Seminar Program (NSP), coordinated by NCBA, a Beef Checkoff contractor, provides an opportunity for state beef councils to get closer to their state chapters of health professional groups by providing a nationally recognized expert to speak on a nutrition topic at that organization's annual meeting. The Beef Checkoff also provides free client education resource materials to all session attendees.

State councils coordinate and execute the NSP session, while the national Beef Checkoff covers the honoraria and travel expenses for each speaker. This past year, 36 speaking engagements were coordinated by numerous councils.

There are 40 different speakers for states to choose from, covering 148 session topics.

Partners in Time



Throughout its 50-year history, the Federation of State Beef Councils has provided a platform for state beef council representation at the national level, while offering services needed by states to conduct their in-state promotion, education and research programs. The partnership is made possible three ways: through the 1985 Beef Promotion Act; by deliberate

collaboration with national programs funded through the Beef Checkoff Program; and by voluntary contributions to the Federation by state beef council boards.

The voluntary investments by cattle-rich states helps make sure greater emphasis is placed on programs where the majority of consumers live and buy beef. It supports the teamwork necessary for building a successful state and national Beef Checkoff Program.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2013 EXPENDITURES

FINANCIALS

| | | |
|-------------------------|---------------------|--|
| 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