

WORKING TOGETHER to improve beef demand

ADVERTISING

In FY 2009, the beef checkoff advertising campaign reached 78.6 percent of the consumer target an average of 9.6 times. The ads aim to help keep beef top of mind with consumers, reinforce their passion for beef and promote beef's healthy qualities. The checkoff-funded Consumer Beef Index Survey continued to show exciting campaign results as consumer perceptions about beef have improved significantly since the launch of the new advertising strategy in January 2008. The survey found that "The Power of Protein" messaging works to persuade consumers about the healthy benefits of beef, making more consumers feel good about eating the beef they love.

FOODSERVICE MARKETING



More than 8 billion pounds of beef moved through foodservice in 2008, representing \$26.3 billion in purchases by U.S. restaurants and institutions. The FY 2009 BEEflexible promotion and trade advertising campaign featured new cuts from the chuck roll with additional emphasis on middle meat – encouraging menu decision-makers to capitalize on greater profit potential with premium cuts, due to consumers' love of steak, coupled with historically low wholesale prices for middle meat cuts. In January, the Denver Steak was listed among the top five "hot trends" among chefs surveyed by the National Restaurant Association. In April, the BEEflexible campaign was recognized for advertising excellence by the National Agri-Marketing Association.

RETAIL

In FY 2009, the checkoff-funded retail marketing program focused its efforts on supporting middle meat (rib and loin) sales in supermarkets across the country. This action was necessary due to a lack of demand for these cuts in the foodservice channel and export markets, which resulted in wholesale costs for these cuts dropping to levels not seen in almost a decade. Innovative programs

SAFETY RESEARCH



Foodborne illness and recalls in FY 2009 supported the continued need for beef safety research, dissemination and outreach programs. Checkoff-funded programs advanced the industry's knowledge about pathogens, with a focus on E. coli O157:H7, while tracking other pathogens and marking advances in intervention technologies in both the pre- and post-harvest environments. Training materials developed through the Beef Industry Food Safety Council (BIFSCO) continue to be utilized by all sectors of the beef industry to address safety threats.

CULINARY CENTER



In FY 2009 the Culinary Center team really cooked. Recipes were developed for programs in retail, new products, foodservice, advertising, veal and nutrition. This was an on-year for the National Beef Cook-off®, so the team was busy supporting that effort. Cook timings were developed for the new cuts from the round and the Beef Alternative Marketing (BAM) cuts. "How to" cooking videos were filmed for the BeefItsWhatsForDinner Web site. Additionally, the "Creating Crave" brochure was honored by the International Association of Culinary Professionals at its annual conference.

such as Beef Alternative Merchandising (BAM) and Slice and Save were developed to offer consumers these premium cuts at affordable prices. A trade media campaign also alerted retailers to the opportunity to advertise these cuts at prices not seen in years. These efforts appear to be paying off as volume sales for middle meats increased 8.5 percent for the 13 weeks ending Aug. 8, 2009, compared to the same period a year ago. (Source: *FreshLook Marketing*).

BEEF INNOVATIONS GROUP

The Beef Innovations Group (BIG) introduced into the market two new beef convenience items: Marinade on Demand and Philly Cheese Steak Eggrolls. BIG also presented the industry with two new round cuts and two new product applications, and conducted more than 25 chuck roll industry demonstrations. The team developed three new active industry partnerships, maintained 17 existing ones and continued to showcase beef by using innovative new recipes. Part of the checkoff's mission through BIG is to inspire product innovation by providing information to industry influencers and stakeholders. In FY 2009, BIG engaged in more than 115 industry meetings – many involving state beef council partners.

VEAL

The veal "Go to Market Strategy," funded by the beef checkoff, integrates consumer marketing and communications programs to help build demand for veal. Thanks in part to integrated efforts, increased sales were reported in retail and foodservice channels in FY 2009. The veal team also worked to share the positive veal production story through veal issues management and quality assurance programs. The checkoff and state beef councils, along with veal partners, helped launch www.VealMadeEasy.com and other retail/foodservice marketing efforts, and developed a veal farm tour program with Kendall College in Chicago.

NUTRITION INFLUENCER EDUCATION

The Nutrition Influencer Education Program communicated "The Power of Protein" to health professionals this year, reaching more than 1,500 registered dietitians through webinars, with the help of 18 state beef councils across the nation. Participants received checkoff-



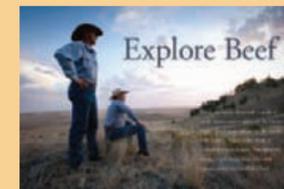
funded resources, including the 29 lean cuts wallet card, protein research fact sheets, educational material on protein's role in optimal health and lean beef recipes. Two checkoff-funded educational e-newsletters went to hundreds of influential health professionals, including members of the American Dietetic Association. National and state spokespeople shared these science-based resources to help build the case for the "The Power of Protein."

PUBLIC RELATIONS

Overall, public relations achieved more than 4 billion media impressions this year. Safety reputation management reached more than 250 reporters with positive messages about the beef industry's safety commitment. Nutrition has always been consumers' No. 1 barrier to choosing beef so national PR efforts laid the foundation for positive media coverage about beef's nutritional benefits. Food communications helped elevate the value of beef, specifically promoting cuts from the rib and loin. The BeefItsWhatsForDinner.com site continues to be a primary source for beef recipes online. The Masters of Beef Advocacy (MBA) program, a grassroots network, drew more than 1,000 students and 300 graduates in 42 states. Through the MBA program, graduates are equipped with consistent, positive beef messages to use when speaking to consumers or in public about modern beef production.

ISSUES & REPUTATION MANAGEMENT

A 2009 issues research project found less than one quarter of consumers know the beef industry somewhat or very well. This disconnect was exploited by the media during the year. Combined national and state issues management efforts in FY 2009 helped correct this type of misinformation and deliver positive messages about beef production directly from America's farmers and ranchers. IM supported submission of more than 50 letters-to-the-editor and opinion columns, which ran in top daily media outlets across the country, including *USA Today*, *The Washington Post*, *The St. Petersburg Times*, *The Tulsa World*, *The Des Moines Register* and *The Miami Herald*.



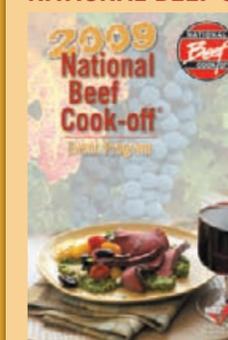
FOREIGN MARKETING

Through the first 11 months of FY 2009, U.S. beef exports worldwide amounted to 820,321 metric tons valued at \$2.88 billion. The global economic crisis and devalued currencies of several major trading partners have made for a difficult economic environment, with exports falling by 5 percent in volume and 6 percent in value compared to the same period in FY 2008. A major bright spot, however, has been the growth of U.S. beef exports to Japan and the Greater China region. Exports to Japan increased 27 percent in volume (from 62,429 metric tons to 79,298 metric tons) and 25 percent in value (from \$326.17 million to \$406.23 million) during this time frame, despite Japan's continued restriction on U.S. beef exports to beef from cattle 20 months of age and younger. Exports to Hong Kong were 16,209 metric tons valued at \$57.23 million – an increase of 83 percent in volume and 58 percent in value over the same period in FY 2008.

CHECKOFF COMMUNICATIONS

In its first year, the checkoff-funded www.MyBeefCheckoff.com site welcomed 43,750 unique visitors who viewed more than 176,000 pages. The communications team also participated in 15 industry trade shows; achieved a year-round paid-media plan; produced monthly beef and dairy newsletters and weekly updates for checkoff leaders; and placed more than 400 news stories about checkoff programs.

NATIONAL BEEF COOK-OFF®

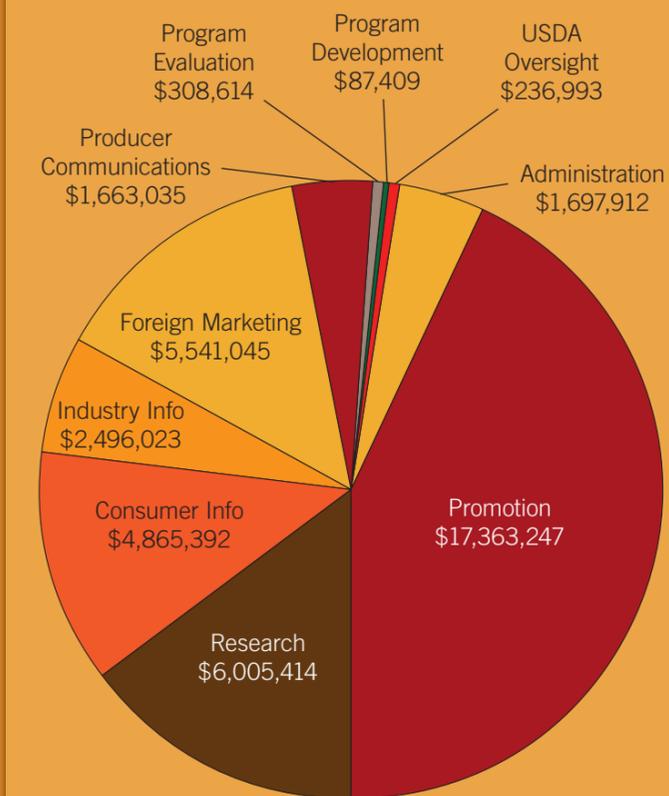


In FY 2009, the cook-off increased the number of entries 6 percent, from 2,256 in 2007 to 2,392 in 2009. The cook-off also created a retail partnership with Raley's, a northern California retailer who ran a two-week "Beef It Up" promotion prior to the cook-off and shipped 26 percent more beef to its stores than during the same period last year. Media coverage during the cook-off's finalist phase earned more than 14 million impressions. As this report went to press, total post-event impressions had reached 52

million.

CATTLEMEN'S BEEF BOARD Fiscal Year 2009 Expenditures*

Does not include State Beef Council Investments



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professionals, as well as learned about beef and the beef industry. The CBC continued to feature resources and technical information to foodservice operators through the quarterly newsletter *Beef Briefs for Foodservice*. This newsletter is distributed to over 2,700 subscribers.

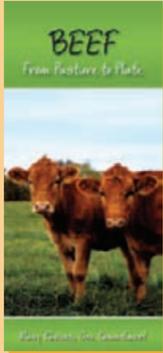
PUBLIC RELATIONS Issues Management

The CBC continues to monitor and address media coverage of issues that might negatively affect beef demand. During 2009, the CBC addressed several media stories that inaccurately alleged beef production as one of the primary contributors to greenhouse gasses. The CBC also worked with reporters on issues such as antibiotics in food production and a ground beef recall.

Other issues management efforts included working with the PBS television station in San Diego on a story about how food, including beef, gets to a consumer's table. Along with providing facts to the reporter, the CBC was on-site during the taping. The CBC set-up interviews with local ranchers, as well as conducted media training with them prior to the interviews.

Consumer Outreach

The CBC maintains an inventory of brochures and materials, targeted towards many audiences, that promotes beef's attributes and combats myths. In 2009, the CBC distributed over 400,000 brochures, recipes and resource materials, including two new consumer brochures, *The Power of Protein and Beef...From Pasture to Plate*, both developed and printed by the CBC.



The CBC, along with the national beef checkoff, participated in a five-day campaign called Food Fight - a fight for the future of the beef industry. The checkoff led the effort which centered around beef producers using their voices to put a face on the beef industry. The message to consumers was "Give thanks for the abundance of food that starts on farms and ranches across the country." The campaign included activities such as media outreach, an e-mail signature graphic, social media posts, and a viral e-mail campaign.

Beef Education

Reaching out to the next generation of beef consumers continued to be a priority for the CBC in 2009. *Teach Beef*, an annual newsletter,

California Beef Council 2009 Fiscal Year Expenditures*

*Audited numbers

Promotion	\$1,043,519
Research	35,870
Foreign Marketing	8,600
Consumer Information	87,688
Industry Information	152,515
Producer Communications	100,036
Program Development	110,302
USDA Oversight	29,188
Administrative	218,285

was e-mailed to more than 5,700 educators as part of the California Foundation for Agriculture in the Classroom's (CFAITC) online newsletter. The CBC also mailed a print version of *Teach Beef* to nearly 400 California educators. The CBC sent out nearly 900 teacher packets in 2009. The packets included the *Teach Beef* newsletter, an order form for educational resources available through the CBC, several youth recipe and activity brochures, and beef nutrition information.

Beef Backer Award

The national Beef Checkoff Program recognized Cattlemens Restaurants, a regional chain in Northern California, as winner in the "Independent Restaurant" category for the National Foodservice Beef Backer Award Contest. Entries for the National Foodservice Beef Backer Award program originate at the state level.

Jocko's Restaurant in Nipomo, Calif. was recognized as the recipient of the 2009 California Beef Backer Award by the CBC. A media event was held in October where the restaurant was honored with a plaque and a monetary award to be used toward future beef purchases.

Producer Communications

Producer outreach efforts included placements of "My Beef Checkoff Can" advertisements in producer publications such as: *California Cattleman Magazine*, *RANGE Magazine*, *Cotton Rosser's Rodeo Magazine*, *Western DairyBusiness* and *Ag Alert*. The advertisements speak to producer audiences to inform them about their checkoff investments.

The CBC also encouraged producers to participate in the Masters of Beef Advocacy (MBA) program, a grassroots network. Through the MBA program, producers are equipped with consistent, positive beef messages to use when speaking to consumers or in public about modern beef production.

California Beef Council Annual Report



FY2009 in Review



124,000 beef pounds sold versus the previous year's figures.

Retailers represent the primary interface with consumers buying beef. The CBC communicated with all segments of the retail industry through the quarterly newsletter, *The Beef Case*. This newsletter provided retailers with current information about the beef industry, demand, trends, as well as available resources to its 900 subscribers.

In an effort to solely reach out and assist small chains and independent markets, the CBC distributed a biannual newsletter, *Building Your Beef Business* to 750 subscribers. This newsletter informed these retailers about retail topics such as merchandising tips, industry information, as well as to inform them about the free retail resources that the CBC has to offer. The newsletter also included an order form to order resources.

RETAIL MARKETING AND OUTREACH Hispanic Marketing

Increasing beef demand among California's Hispanic consumers continued to be one of the highest ranked priorities for the California Beef Council (CBC) in 2009.

The CBC conducted Hispanic promotions that ran through the summer and fall months with eight Hispanic retail chains (Big Saver Foods, El Tapatio Markets, Gonzalez Northgate Markets, Payless Foods, R Ranch Markets, Superior Grocers, Super A Foods and Vallarta Supermarkets), representing 135 locations. The CBC Hispanic promotions included radio and television advertising in the Los Angeles area, in-store signage and promotional events in select stores where beef-themed prize packs were awarded to winning customers. Seven of the eight retail chains had increases in their beef sales during the promotions.

General Retail Marketing Partnerships and Outreach

The CBC continued to work with both small and large general market retailers during 2009. Promotions were conducted with seven retail chains representing approximately 1,500 store locations. In most retail promotions, the CBC sponsored radio advertising and consumer prizes, while the stores increased their beef features and provided measurable sales results for program evaluation. The CBC partnered with Albertsons, Food4Less/FoodsCo, FoodMaxx Maximum Discount Supermarkets, Ralphs Grocery Company, Safeway/Vons, and Save Mart Supermarkets in 2009.

The Save Mart promotion coincided with a national checkoff-funded promotion that included a \$2-off beef coupon with the purchase of two bottles of Herdez Salsa. Displays for the salsa and the coupon were placed in all 203 central and northern California Save Mart Supermarkets and their banner stores S Mart and Lucky Supermarkets. The CBC funded radio in select areas throughout the state, where beef-themed prize packs were awarded to winning customers. Consumers heard in-store radio advertising, funded by Save Mart, highlighting the CBC. Save Mart also increased their beef featuring, while Herdez Salsa covered all coupon redemption costs. The two-week promotion had an increase of over



FOODSERVICE MARKETING AND OUTREACH Foodservice Marketing Partnerships and Outreach

The CBC works with foodservice distributor and restaurant staff throughout California to place more beef items on menus and increase beef sales in restaurants and institutions.

The CBC conducted a roast beef sandwich promotion with Togo's, a quick service restaurant chain that primarily serves sandwiches. The promotion ran for three months in all of the 238 California locations and featured CBC-tagged radio advertising in the San Francisco and Sacramento areas, funded by the CBC.



Togo's funded placement of the CBC logo on window banners and menu boards throughout all locations, as well as paid for additional radio advertising throughout the state. Togo's staff members and management competed for incentive prizes sponsored by the CBC. Togo's was experiencing decreases in beef sales prior to the CBC promotion, however, during the months of the promotion, beef sales exceeded the year-to-date average.

In a foodservice distributor partnership, the CBC worked with Del Monte Meat Company for a six-week promotion. In order to participate, 28 Del Monte Meat Company restaurant customers had to include two new beef or veal menu items without taking any permanent beef or veal items off of their menus. Wait staff competed for weekly incentive prizes, earned by selling beef dishes, and the top three restaurants that showed the greatest increase in beef and veal pounds sold throughout the six-week period received VISA gift cards, compliments of the CBC. The promotion generated an increase of over 26,000 pounds of beef and veal items sold versus the previous year's beef figures.

Foodservice training programs are a high level priority for the CBC. CBC staff held foodservice trainings with sales staff from various small and large beef distributors throughout the state to increase beef knowledge among their staff. Training participants received checkoff-funded resources created specifically for foodservice

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For more information about the CBC or information contained in the CBC Annual Report, please contact the CBC office at 916.925.BEEF (2333), e-mail AskUs@calbeef.org or visit www.CalBeef.org.

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NEWS!

*Would you like to receive more news and updates from
the California Beef Council?*

If so, please complete this form and mail or fax it to the CBC.

Please provide your contact information and we will add you to our quarterly newsletter and e-mail update lists. This information will only be used to forward you checkoff updates from the California Beef Council and will not be shared.

Questions?

Call 916.925.BEEF (2333)

Fax 916.925.8155

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**RANCH/COMPANY
NAME:** _____

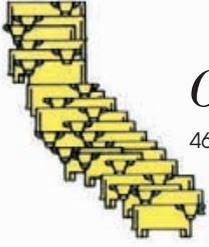
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California Beef Council

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Dear California Beef Producer,

Enclosed in this mailing, you will find the 2009 Annual Report for the California Beef Council (CBC) and the national Beef Checkoff Program. As your 2010 California Beef Council Chair, I look forward to this opportunity to share the efforts and results of checkoff-funded activities conducted on your behalf.

State beef councils are faced with the major challenge of funding projects that will increase beef demand using limited resources. The Nevada Beef Council (NBC) found themselves in a challenging situation in 2008 with decreases in cattle numbers and escalating costs of doing business, making it difficult for them to run efficient beef promotion projects. In the fall of 2008 the NBC approached the CBC about working together to build beef demand.

On January 1, 2009, the CBC created an alliance and contract with the NBC. The CBC started running Nevada Beef Council programs with Nevada beef checkoff dollars, in Nevada, that are similarly structured after California programs. Funds that would have been committed to overhead expenses for the NBC are now used for these new programs.

Beef producers can create significant influence when they join together and work to meet the challenges of our industry. Partnerships like this allow us to work together to build a stronger beef industry and increase consumer demand for our beef products.

I encourage you to look through this report to gain a better understanding of our efforts to increase beef demand. While we cannot include every project that was conducted in 2009, I believe the report gives you a good overview of some of the CBC's work, as well as those programs conducted on your behalf by the national Beef Checkoff Program.

On the reverse side of this letter, you will also find a form to sign-up for additional updates from the CBC. I encourage you to sign-up for our free quarterly newsletter, *Prime Time News*, so that you can stay better informed regarding your checkoff investment. If you have any questions, please feel free to contact the CBC or visit www.calbeef.org for more information.

Sincerely,

Ross Jenkins II
2010 California Beef Council Chair

