CALIFORNIA BEEF COUNCIL

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Consumer Insights: Setting the Table with Beef at Home and Dining Out

May 12, 2021

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Consumer Insights

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COVID

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Beef Demand and Consumption

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Consumer Landscape

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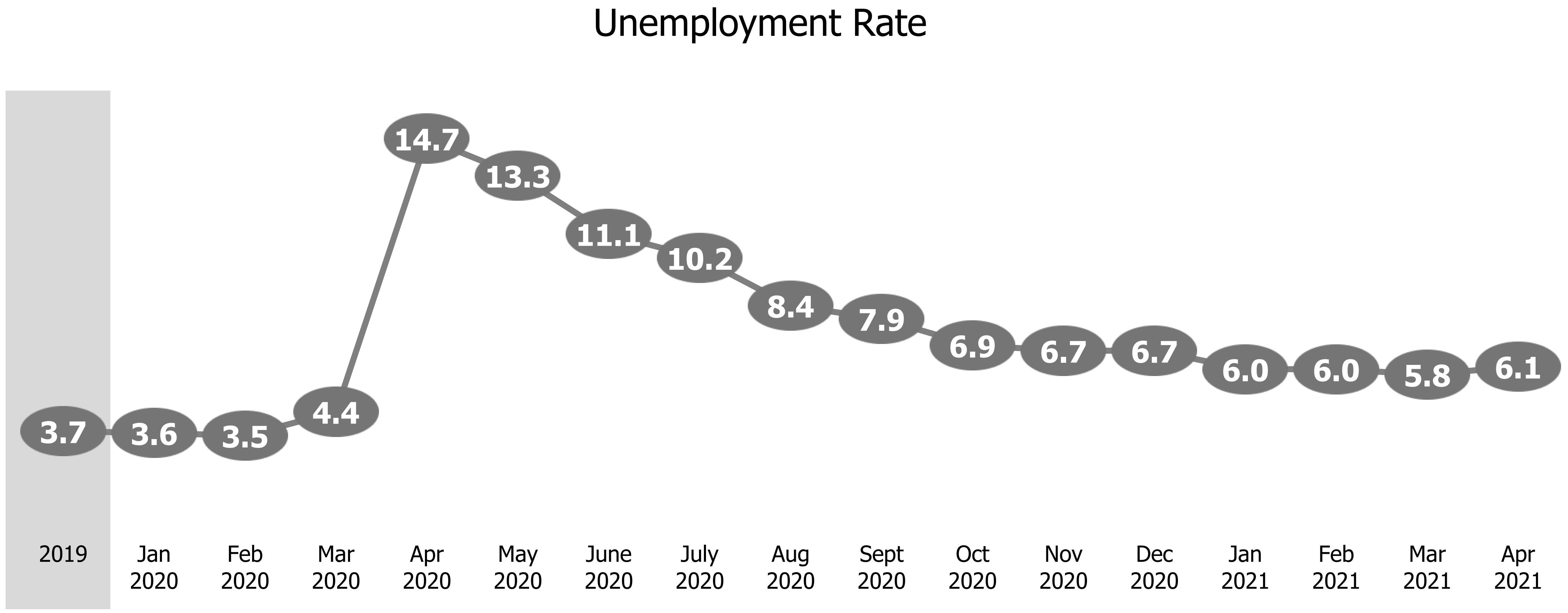
Meat Alternatives

1
COVID

Unemployment

The pandemic led to a spike in American unemployment



Source: U.S. Bureau of Labor Statistics, December 2020

Reasons for Concern

The actual reasons for concern may differ for many

Economy

70%

Job Security

46%

Kids' Learning

58%

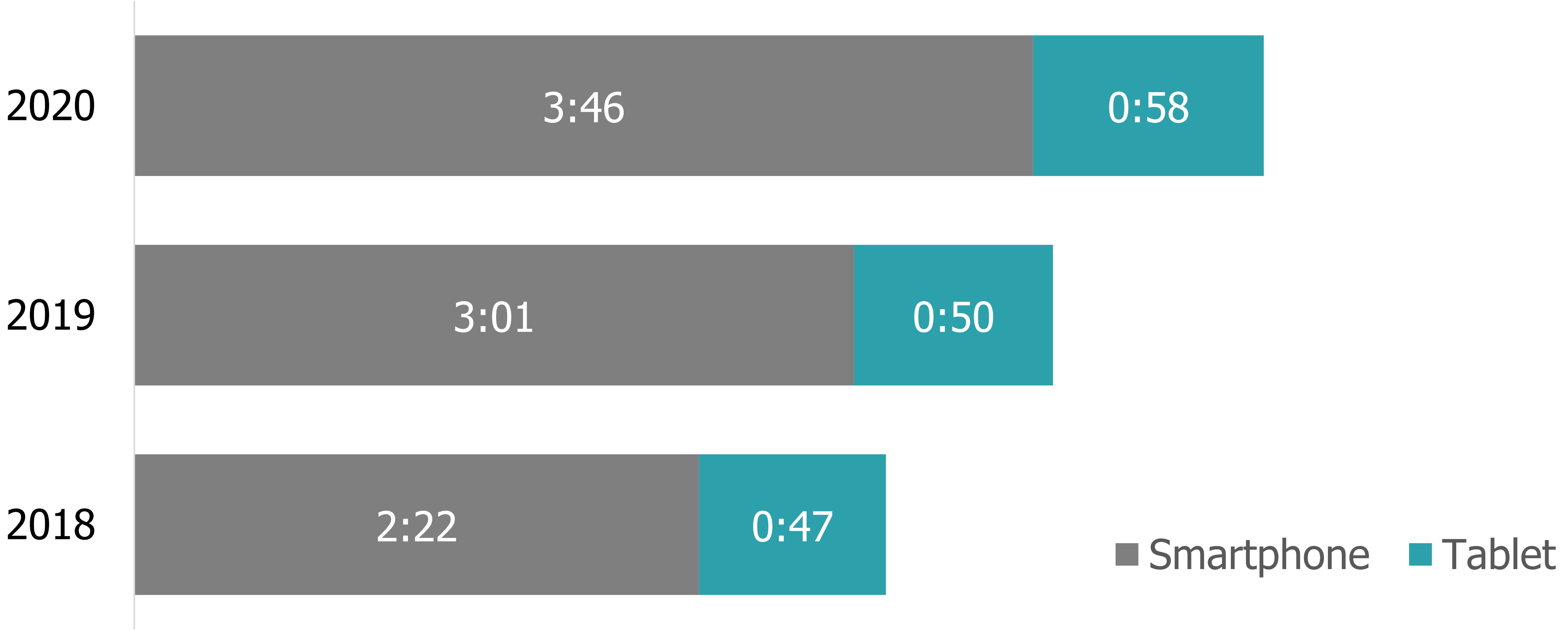
Will contract COVID-19

25%

Source: Directions COVID-19 Tracker, December 2020

Time Spent on Apps/Web

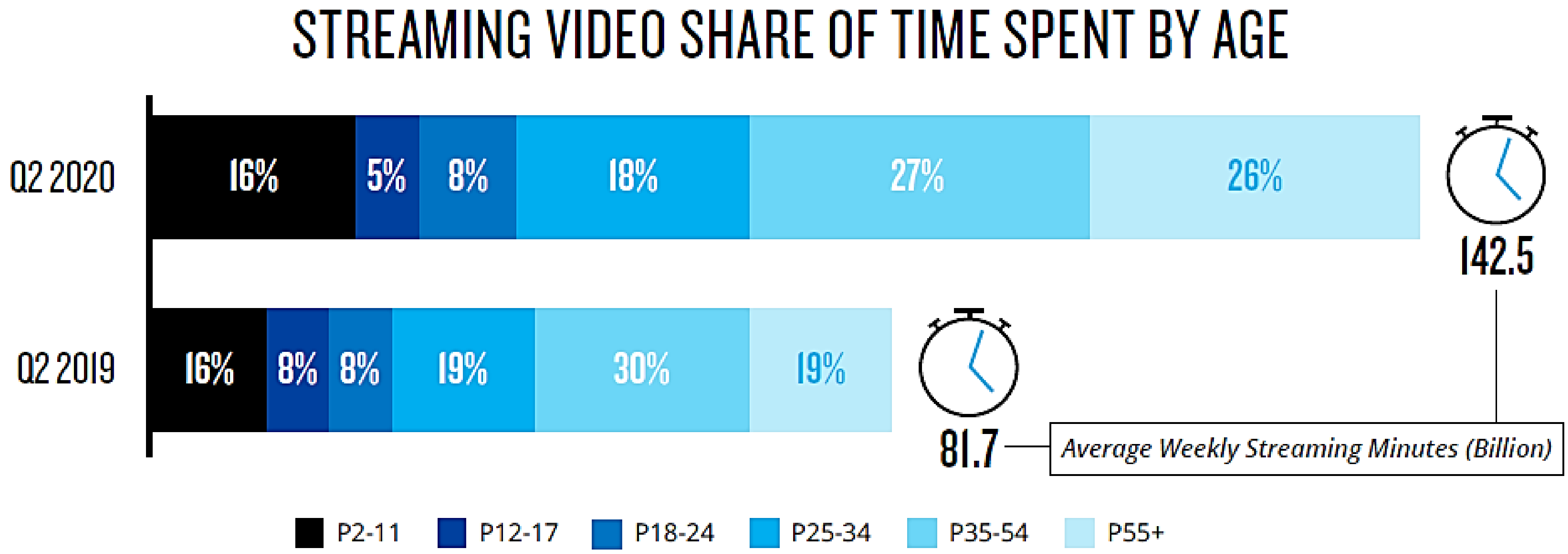
Consumers are spending even more time on apps or the web through their smart phone and tablets



Source: The Nielsen Total Audience Report; August 2020

Video Streaming

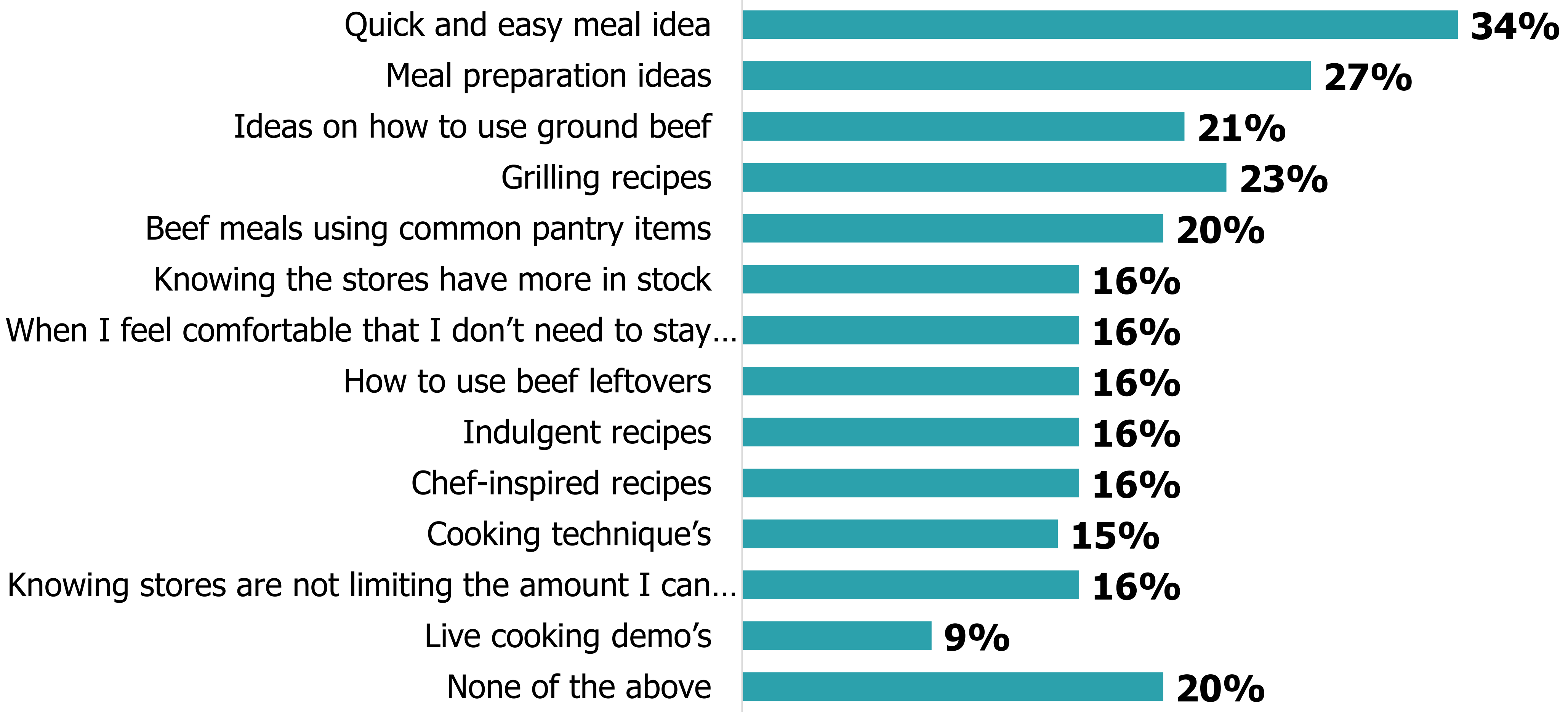
- Video streaming has significantly gone up compared to last year



Source: The Nielsen Total Audience Report; August 2020

Incentives to EAT the Beef They Have

Many consumers appear to be looking for convenient meal ideas around ground beef and pantry items



⬆⬇ Significantly Higher/Lower than Prior Period

SOURCE: Beef Behavior and COVID Report, April 2020

Even if you mentioned it in the previous question, please select what would entice you to eat the beef in your freezer from the list below. Please select all that apply.

BIWFD Landing Pages Behavior Through Organic Search

BIWFD has seen in uptick in search related visits driven by the staples, recipes, and roasts

Landing Page March - Sept 2020	Avg Month	Landing Page Sept 2019 - Feb 2020	Avg Month
Classic Beef Meatloaf	139,389	Classic Beef Meatloaf	128,416.33
Classic Beef Stuffed Peppers	20,469	Best Beef Cuts For Oven Roasting	16,655.83
Classic London Broil	14,914	Classic Beef Stuffed Peppers	15,646.17
Oven Roasting Time Guidelines	**14,165**	Ground Beef	8,572.33
Recipes	**13,113**	Recipes	8,515.83
Best Beef Cuts For Oven Roasting	**11,193**	Classic London Broil	7,730.83
Classic Beef Gravy	**8,731**	Broiling Basics	7,088.83
Cut Charts	8,206	Eye Of Round Steak	5,036.33
Eye Of Round Steak	7,063	Cut Charts	4,941.50
Ridiculously Tasty Roast Beef	6,002	Bottom Round Roast	4,164.83
Top Round Steak	5,938	Eye Of Round Roast	4,068.33
Five Way Mini Meatloaves	5,070	Top Round Steak	4,055.00

Source: Google Analytics for BeefItsWhatsForDinner.com

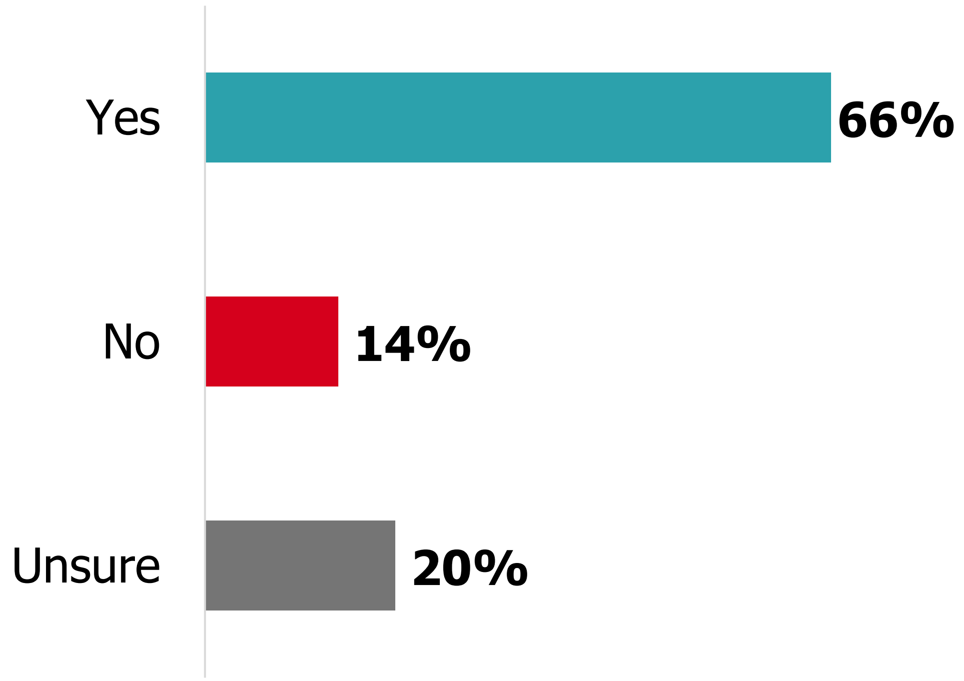
At Home Eating Influenced By COVID-19

Prices going up, food shortages, and concerns at packing plants are the top fears, worries, or concerns for consumers going forward

83% Of consumer's meals are currently being cooked at home

Change in At Home Cooking Behavior

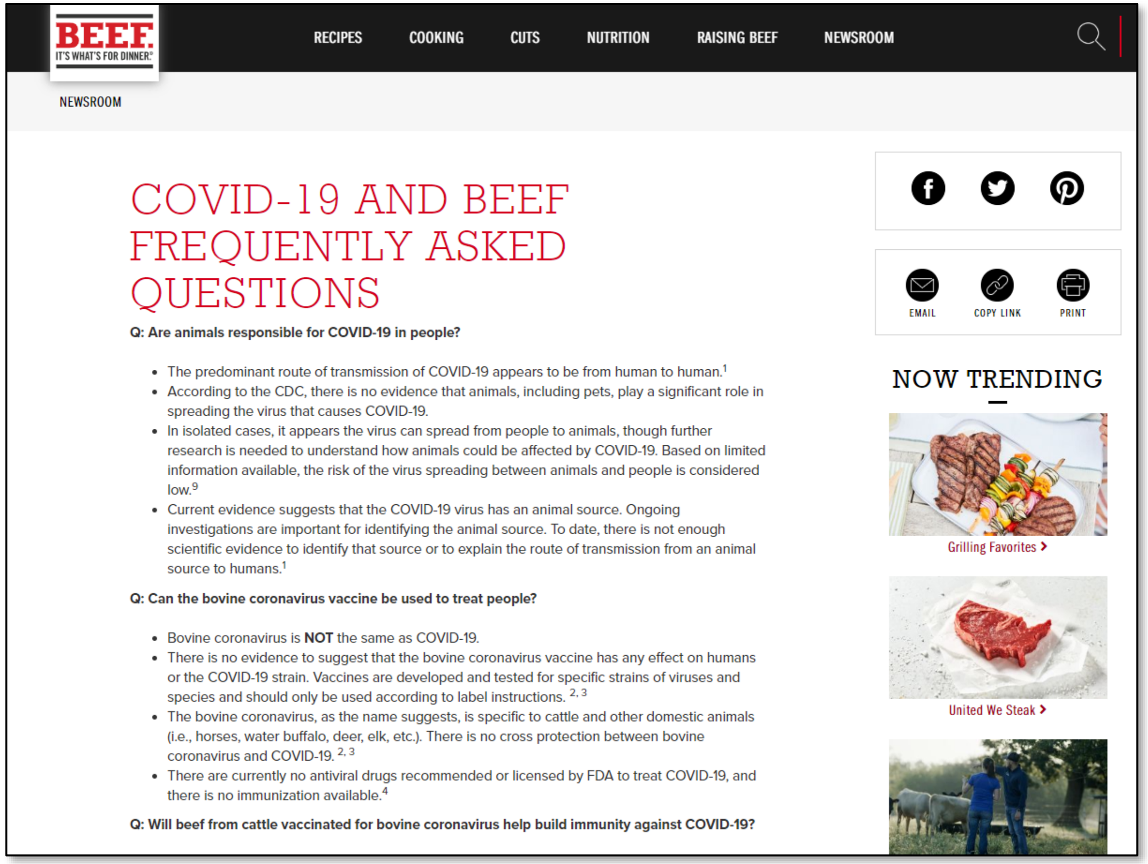
Will You Continue to Cook More Meals at Home?



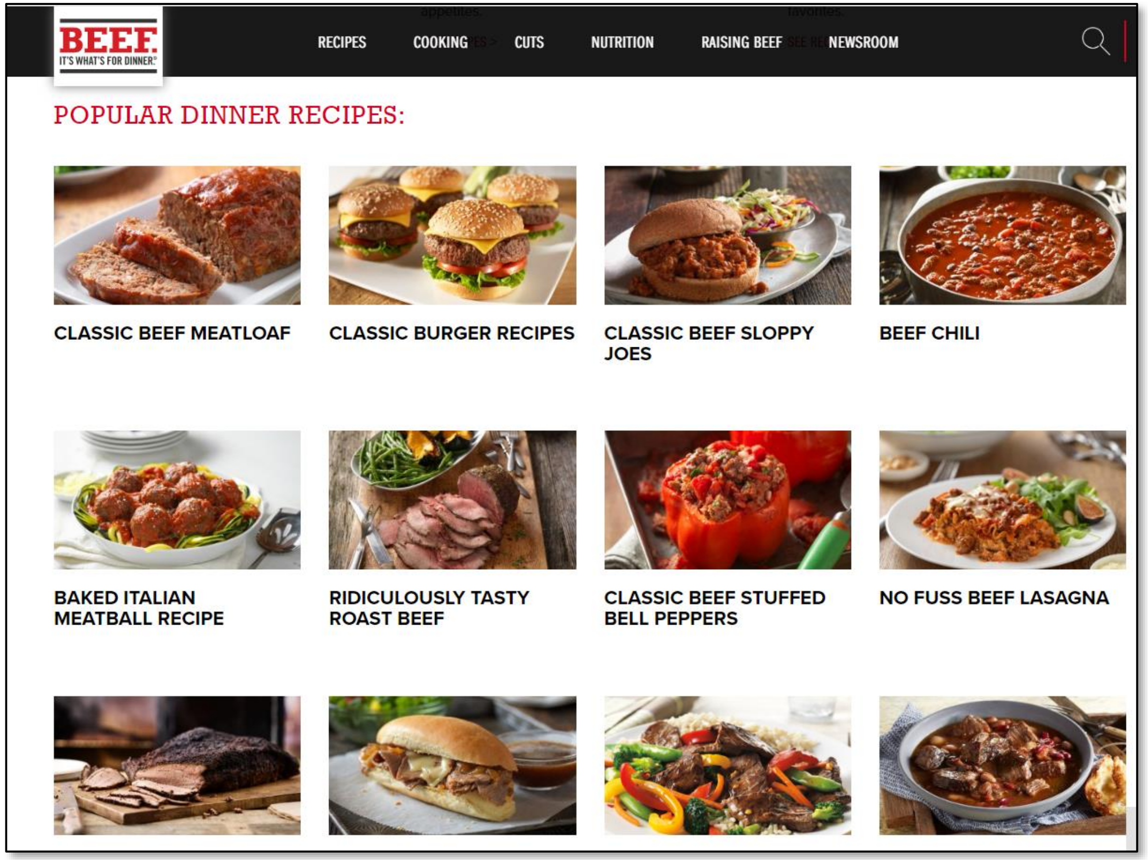
Source: Beef Behavior and COVID Report, April - Sept 2020

Our Strategy

Protect Beef's Reputation

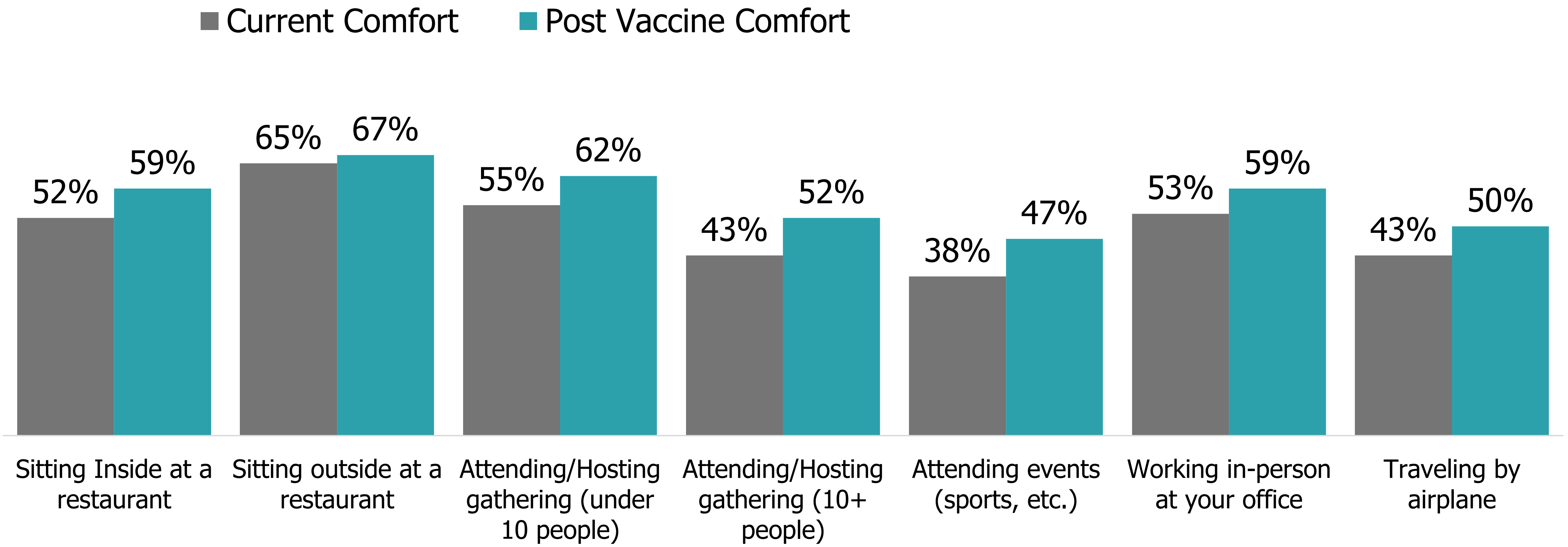


Provide At-Home Cooking Knowledge



Comfort Current and Post Vaccine

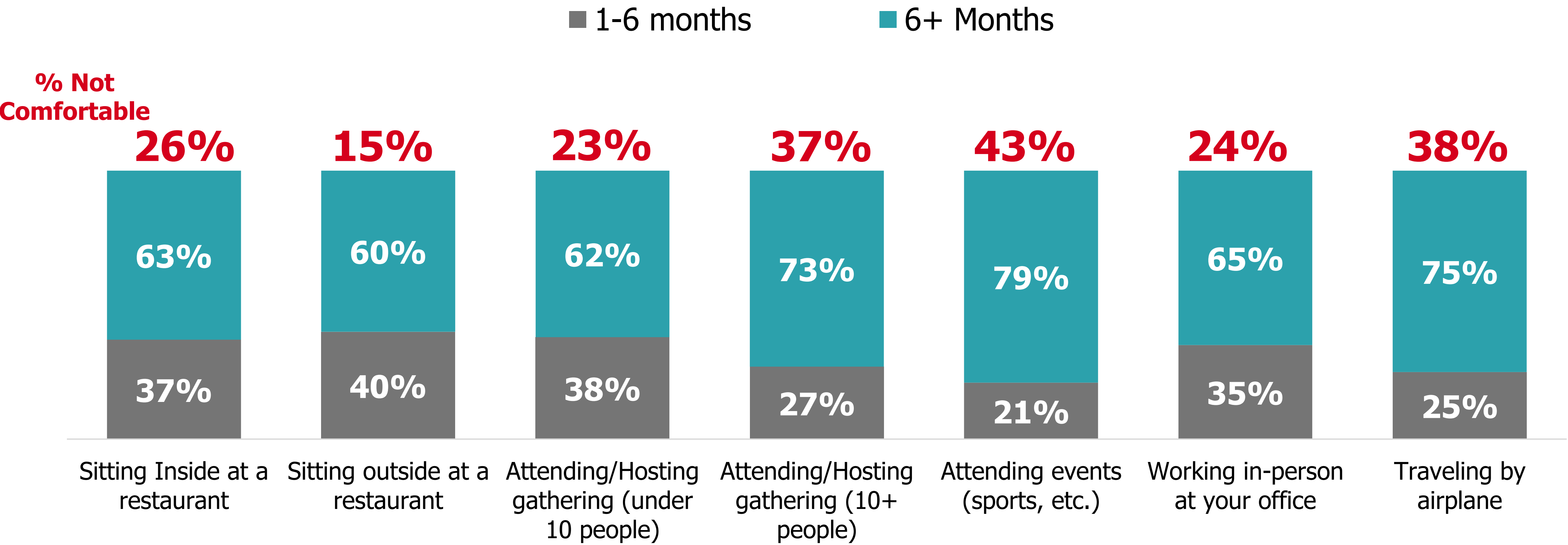
Most consumers are still hesitant to participate in many activities even after the vaccine is available



Source: Summer Grilling and Comfort, Dynata Platform, April 2021

When will consumers be comfortable

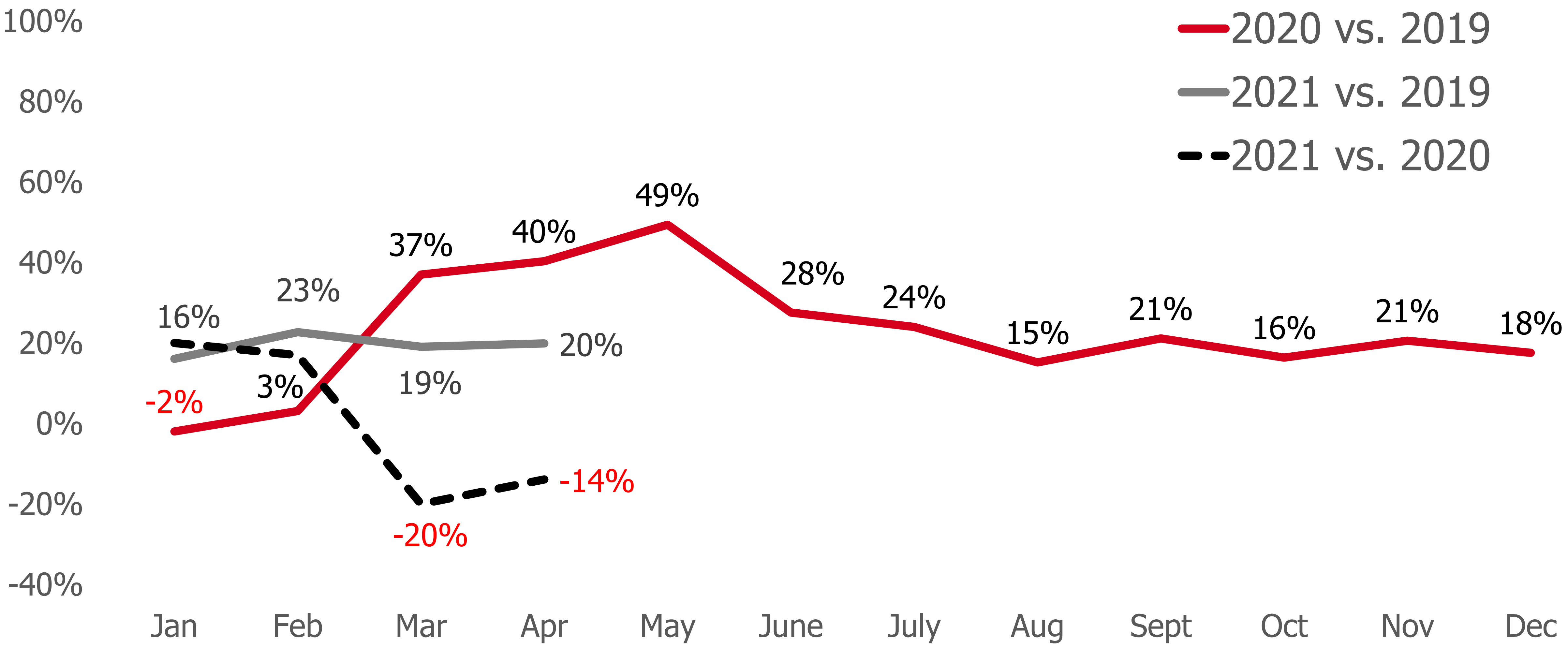
Most activities are still going to take 6+ months for consumers to be comfortable



Source: Summer Grilling and Comfort, Dynata Platform, April 2021

2
Beef Demand and Consumption

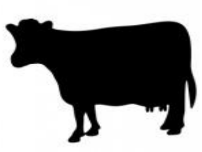
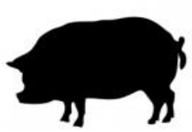
Year/Year Beef Retail Growth (Dollars)



Source: Nielsen, Answers on Demand; Trending Protein Sales % change versus YA

Average Retail Price Per Volume

Supply constraints and high demand led to increased prices in all proteins, with Beef seeing the highest growth rate

	Average Price	Change vs Prior Year
	$5.34	+10.1%
	$2.46	+4.7%
	$2.97	+7.0%

Source: NielsenIQ, Answers on Demand, 2020 Meat Sales Ending Dec 2020

Meat Sales at Retail

Typically, year over year growth/decline rates are 0-2%

Meat in Multi-Outlet Retailers

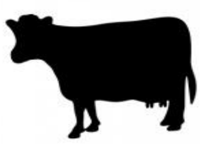
+19.5%

$ sales growth

+10.1%

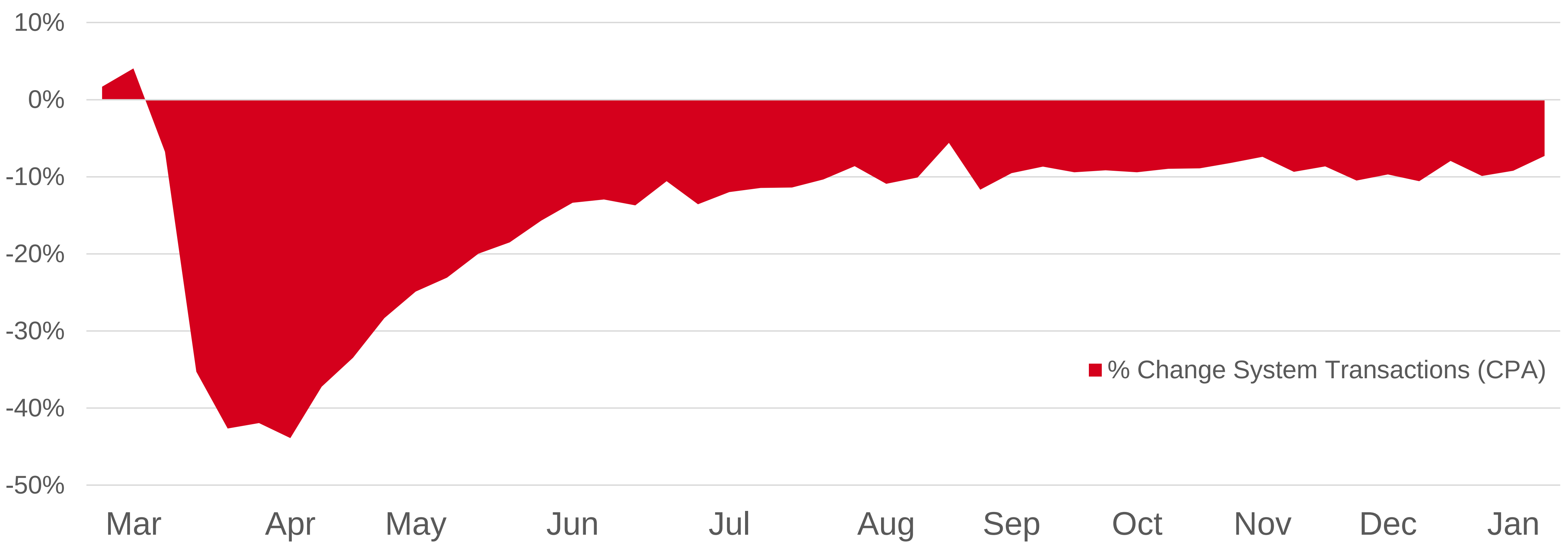
Lbs. sales growth

Fresh Meat $59 Billion in 2020

	$	Lbs.
	+23%	+11%
	+15%	+10%
	+18%	+10%

Source: NielsenIQ, Answers on Demand, 2020 Meat Sales Ending Dec 2020

COVID-19 Foodservice Impact

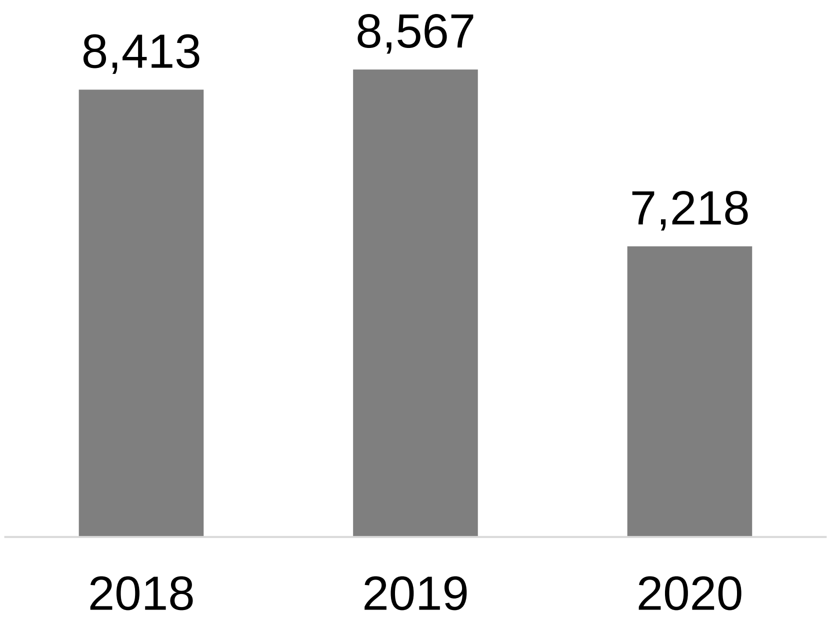


Source: The NPD Group / CREST® Performance Alerts.

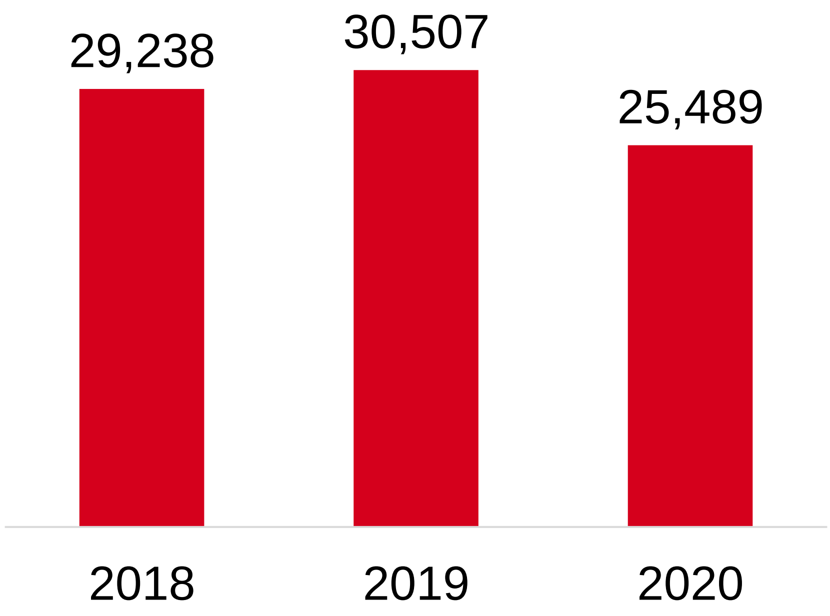
Beef Sales at Foodservice

Foodservice beef volume saw increasing sales in 2018 and 2019, however the COVID-19 pandemic reduced sales and revenue

Beef Pounds In Millions Lbs.



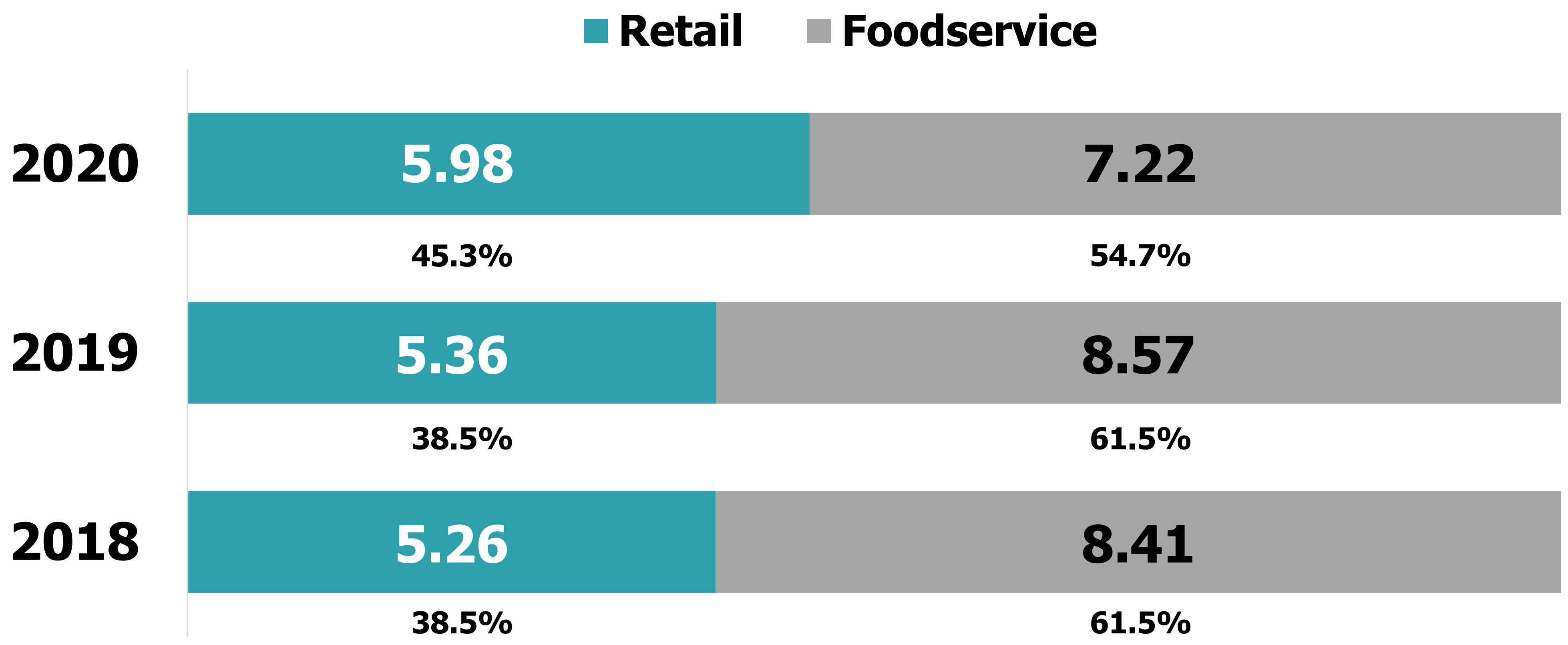
Beef Sales In Millions $



Note: At the operator purchase, or distributor sales level
Source: NPD, Category Sizing

Foodservice/Retail Split (Billions of Pounds)

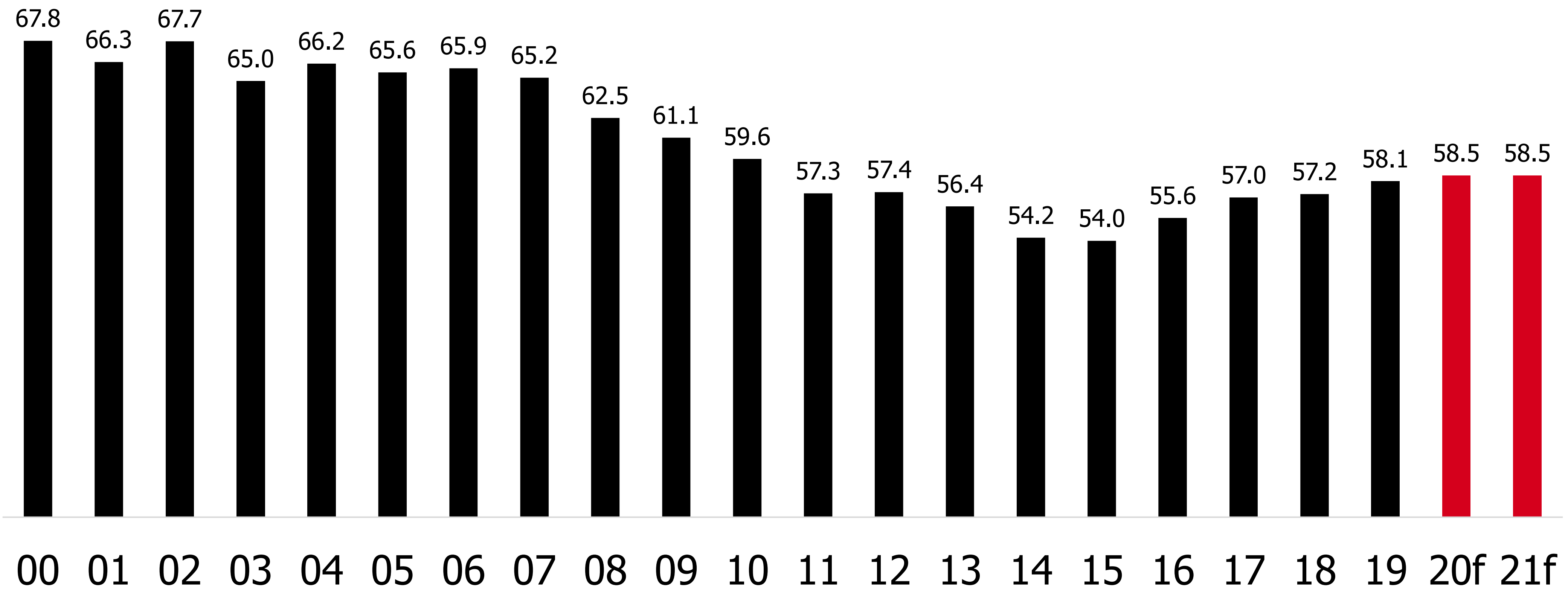
The Foodservice industry comprises ~60% of annual beef demand in "normal" years



Source: Nielsen, Answers on Demand, Annual Beef Sales; NPD Category Sizing

U.S. Per Capita Net Beef Consumption (Lbs/Person)

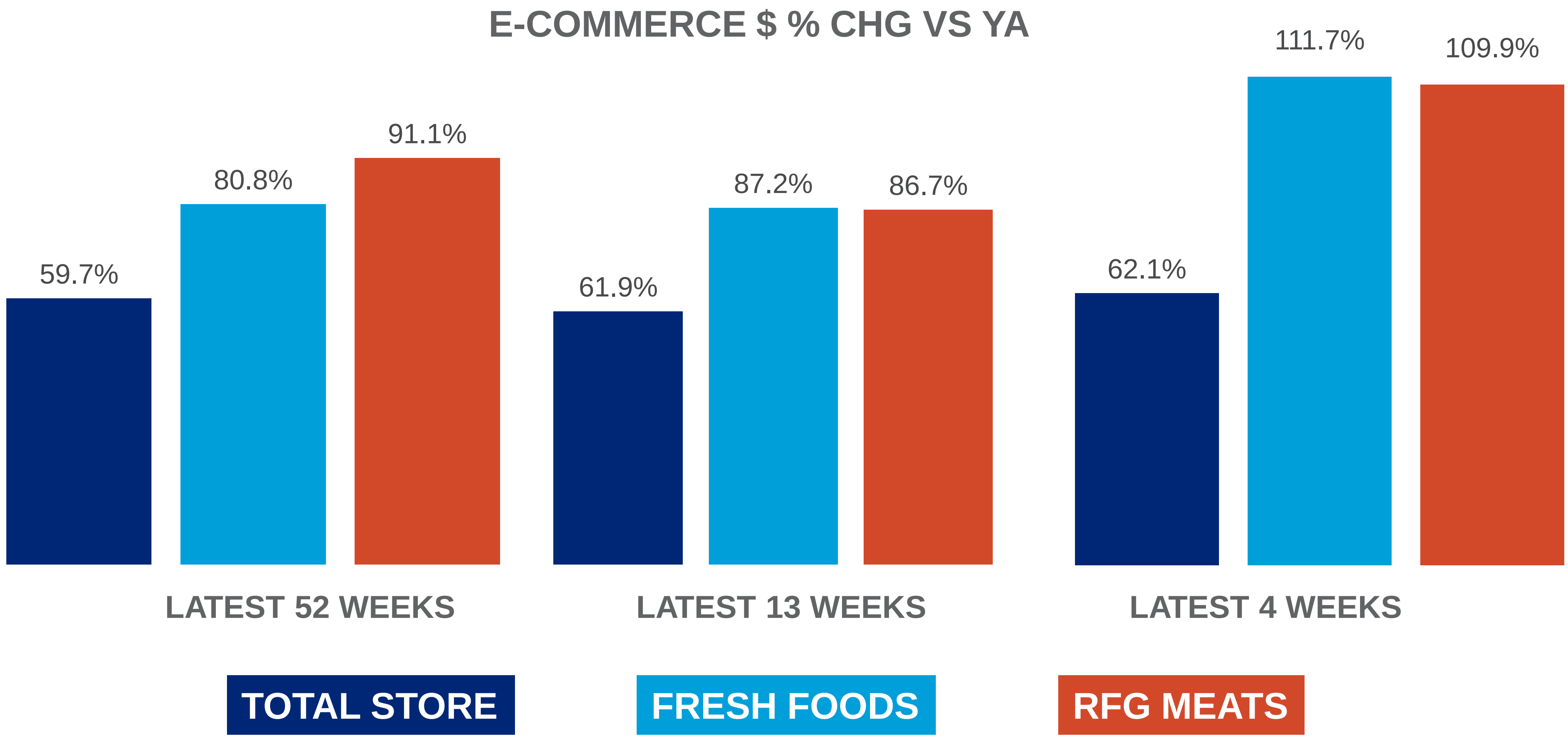
Per capita consumption is expected to have risen in 2020, with steady net consumption expected in 2021



Cattlefax Projection –

Source: USDA, BLS, K-State

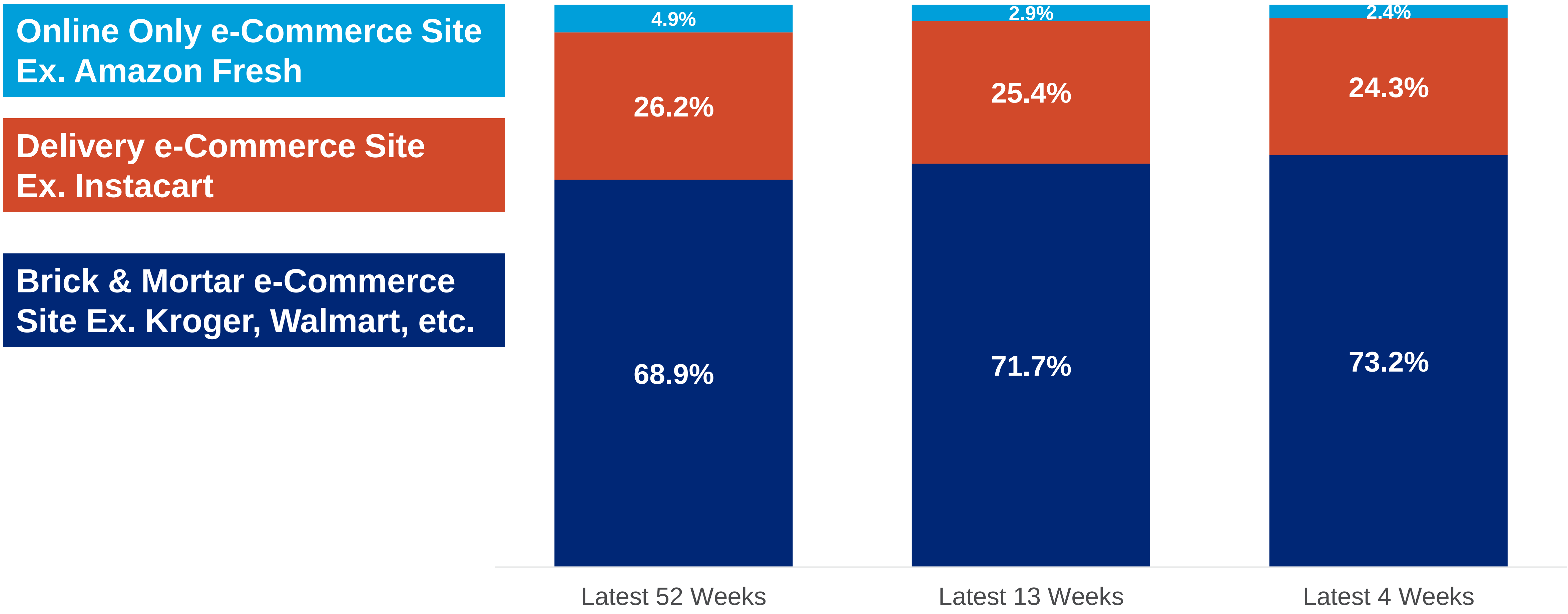
Consumers embracing e-commerce



Source: IRi eMI, Total Ecommerce, Latest Data Ending 11/29/2020

Consumers embracing e-commerce

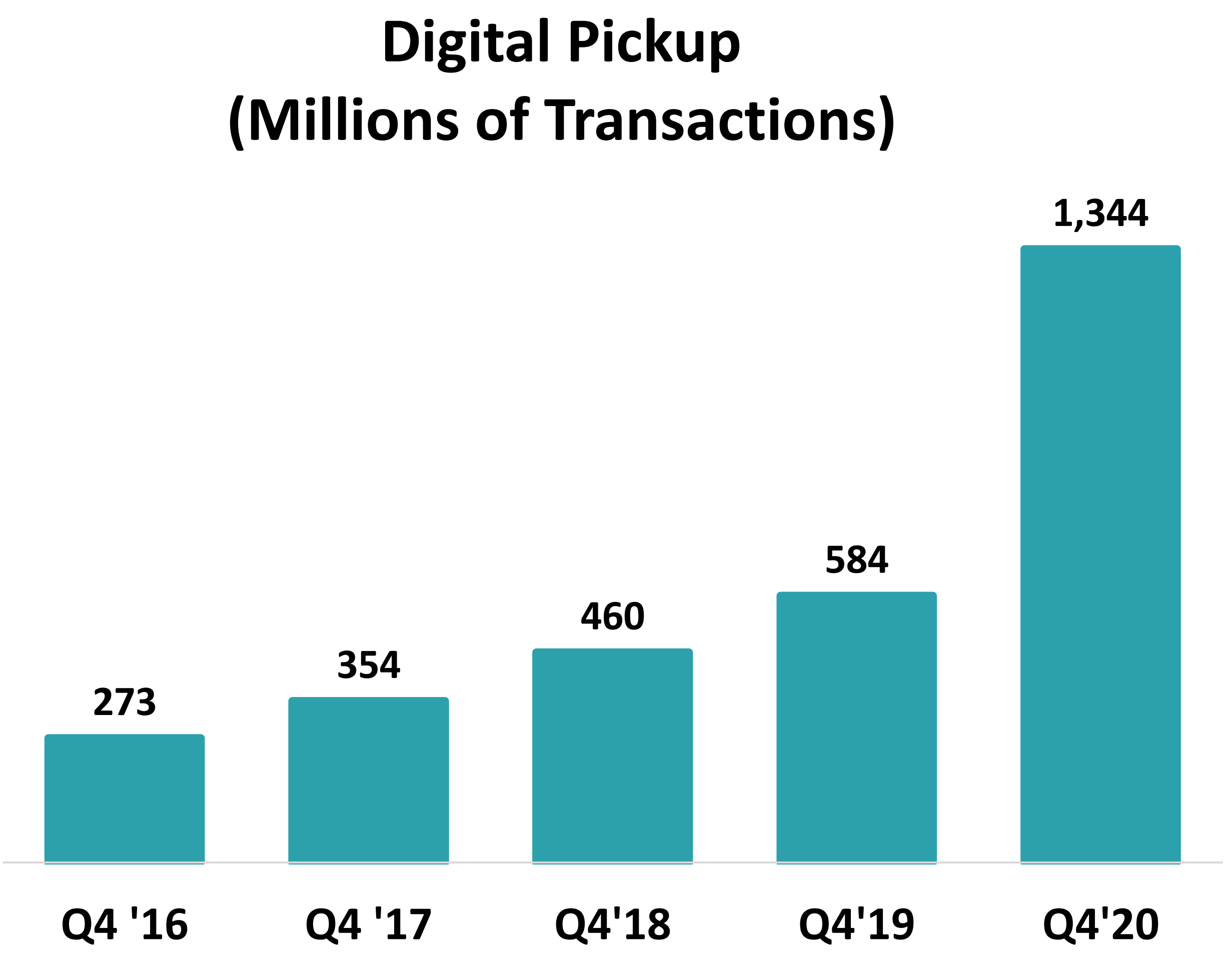
SHARE OF CPG E-COMMERCE DOLLAR SALES BY FULFILLMENT TYPE

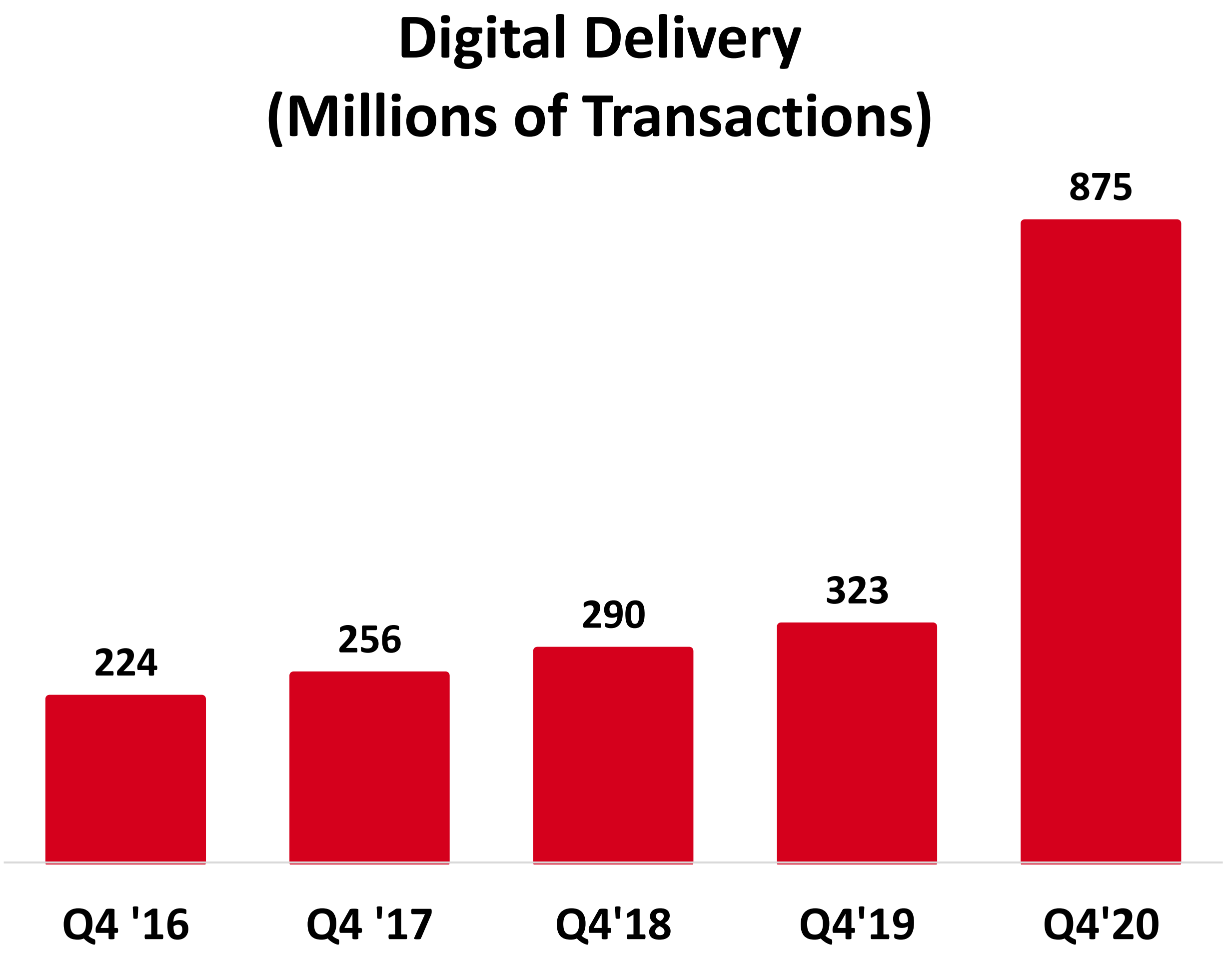


Source: IRi eMI, Total Ecommerce, Latest Data Ending 11/29/2020

Note: Brick & Mortar is a physical stores' order platform (Walmart, Target, Kroger, Albertsons, etc); Delivery is a fulfillment service (Shipt, Instacart); Online only does not have a physical store (Amazon Fresh, Peapod) .

Foodservice Digital Ordering



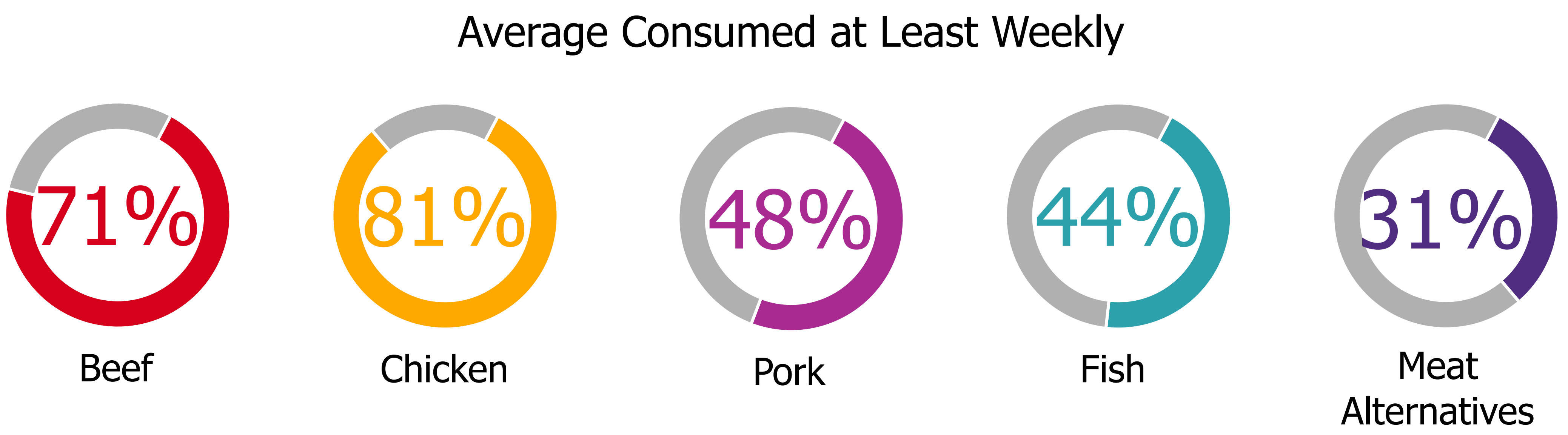


Source: The NPD Group / CREST® Performance Alerts.

3
Consumer Landscape

Average - At Least Weekly Consumption

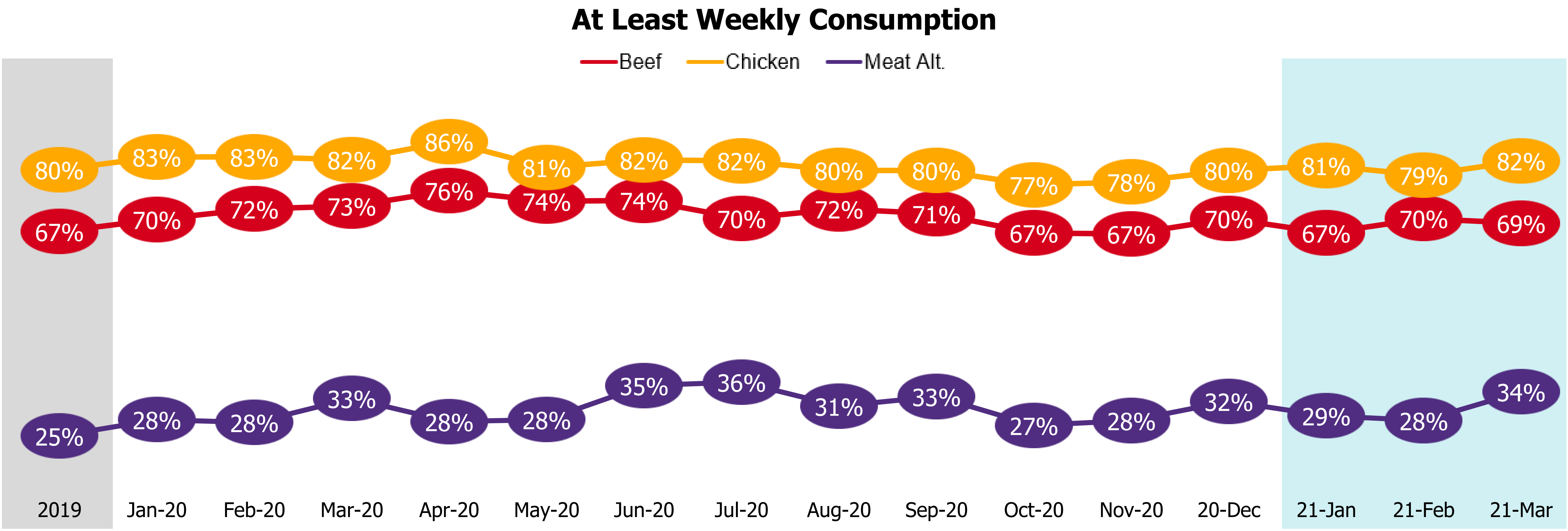
Beef and chicken are consumed by most consumers on a weekly or more basis



Source: Consumer Beef Tracker Jan – Dec 2020

Trending Weekly Consumption

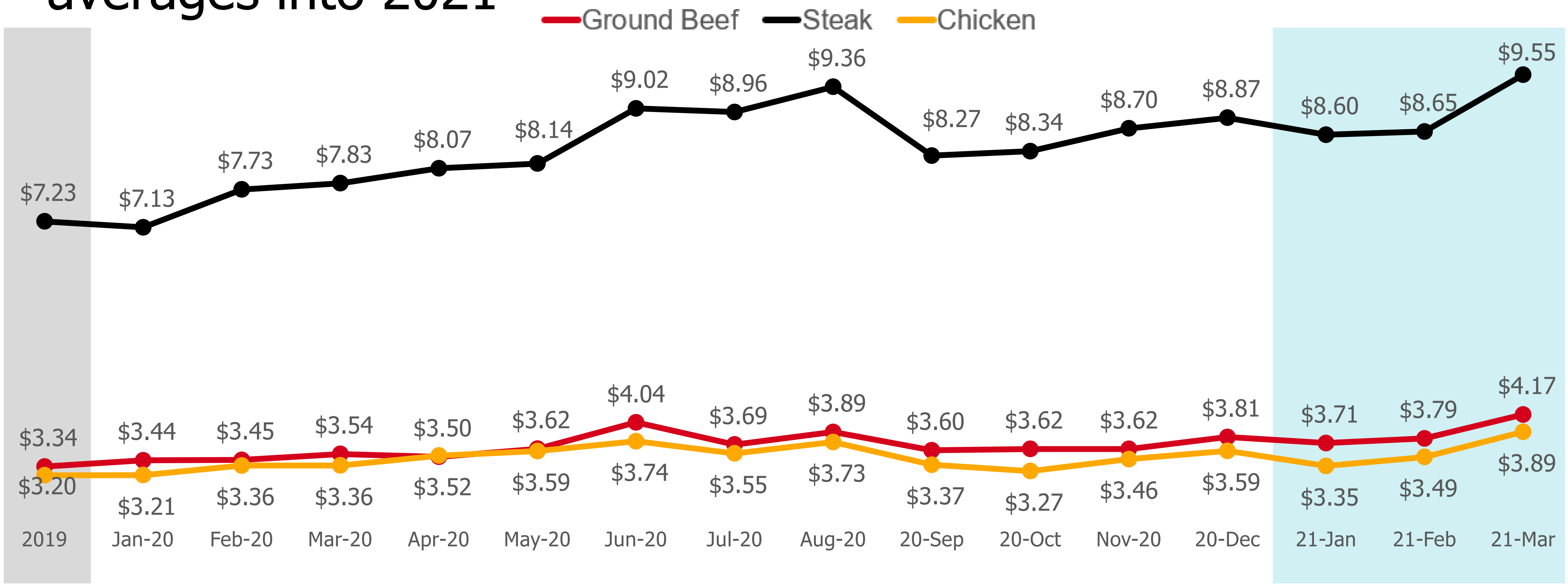
Weekly beef and chicken consumption has returned to levels similar to the 2019 average



Source: Consumer Beef Tracker 2019 – Mar 2021

Trending Willingness to Pay

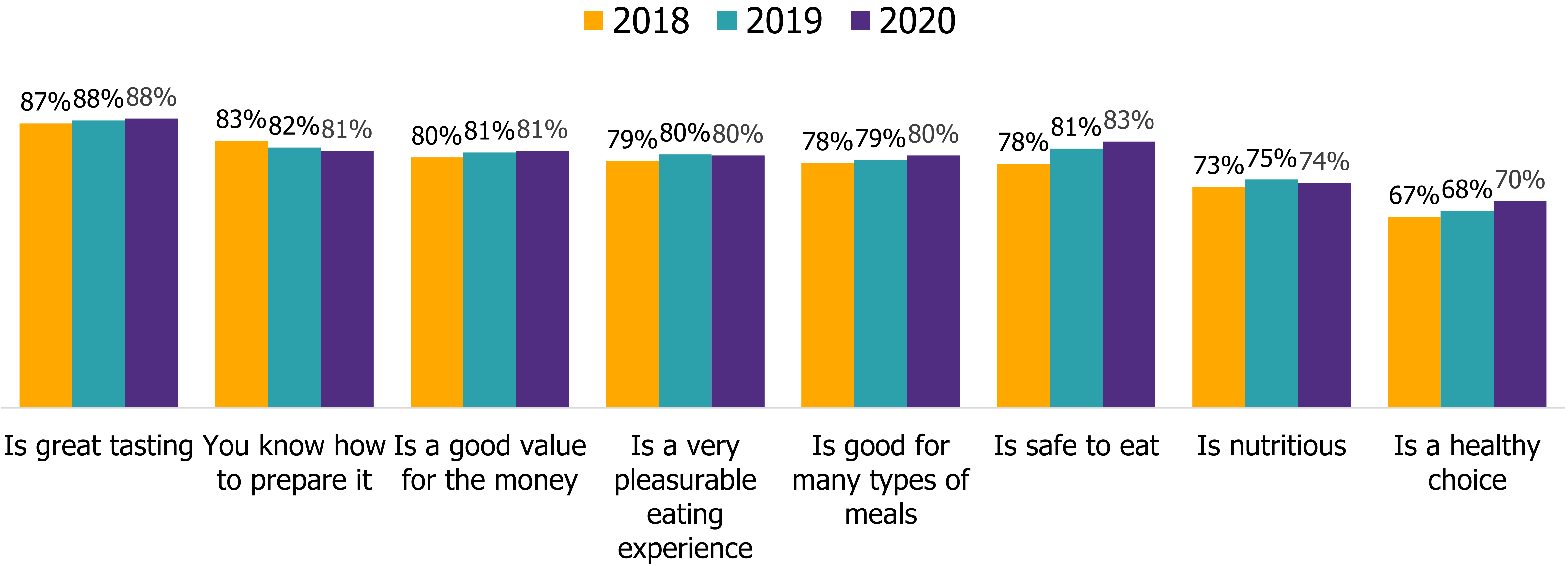
Willingness to pay for protein remains higher than 2019 averages into 2021



Source: Consumer Beef Tracker 2019 – Mar 2021

Protein Consideration

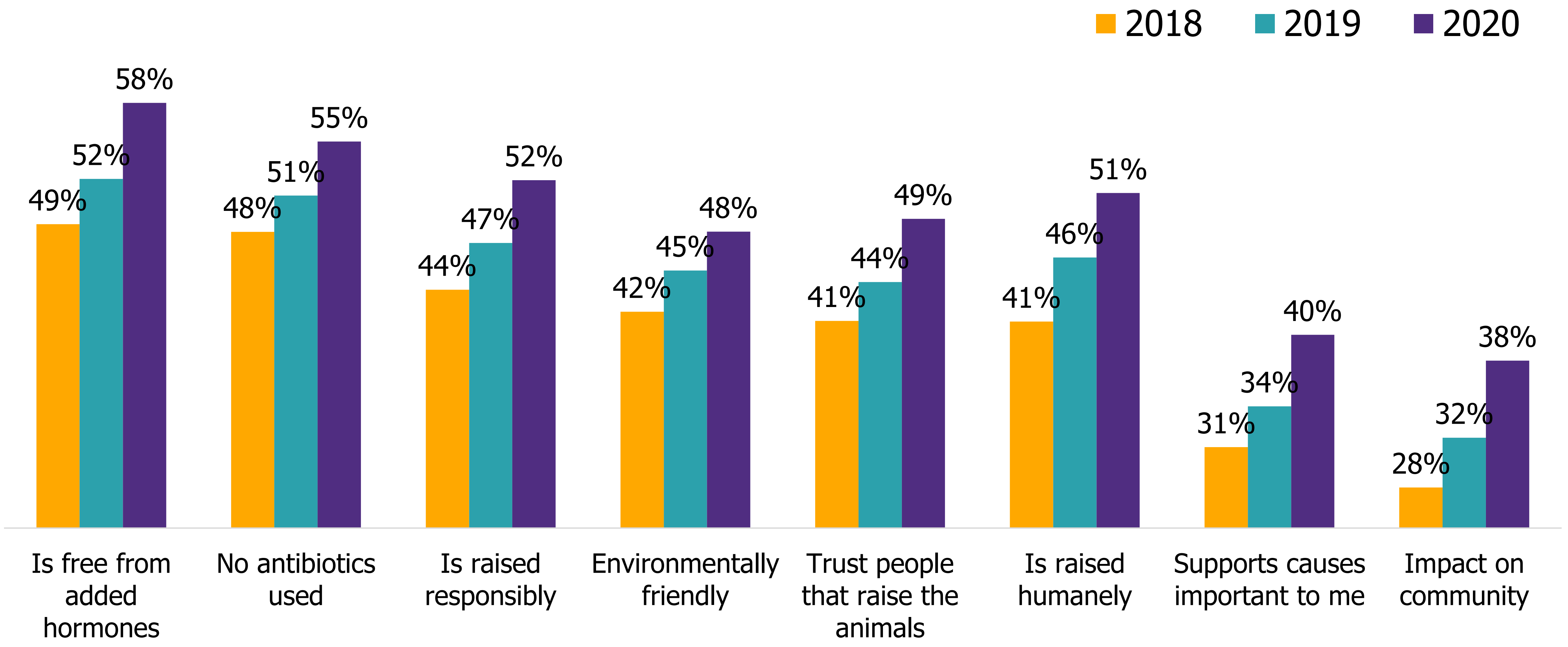
Protein consideration is driven most by taste, followed by things like safety, value, and the eating experience



Source: Consumer Beef Tracker Oct-Dec 2019

Consideration Yearly Comparison

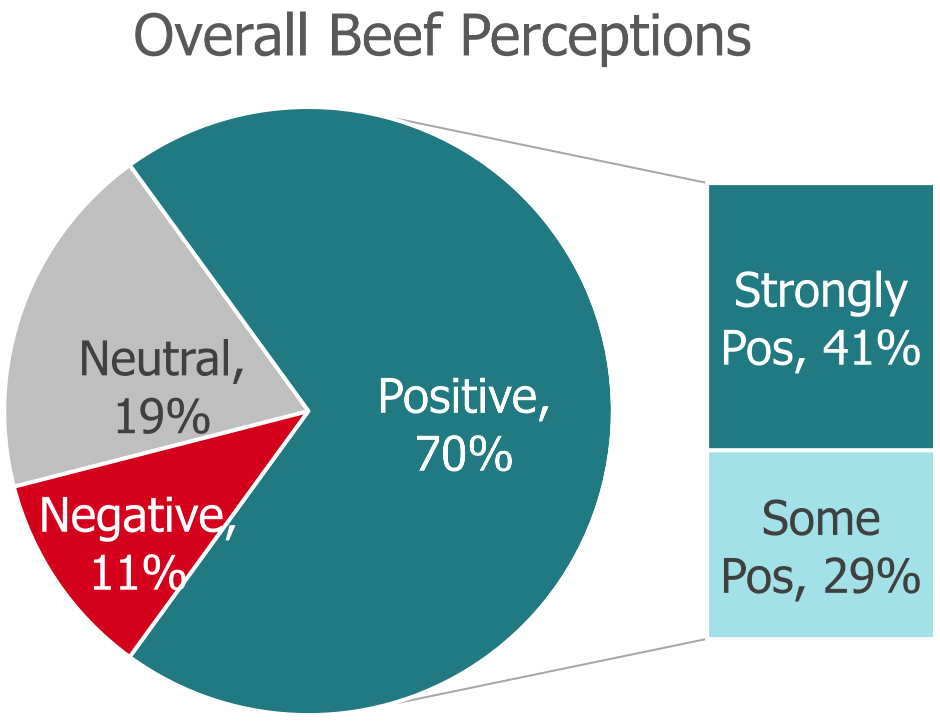
Across production related attributes, consumer consideration has increased from 2018 to 2019

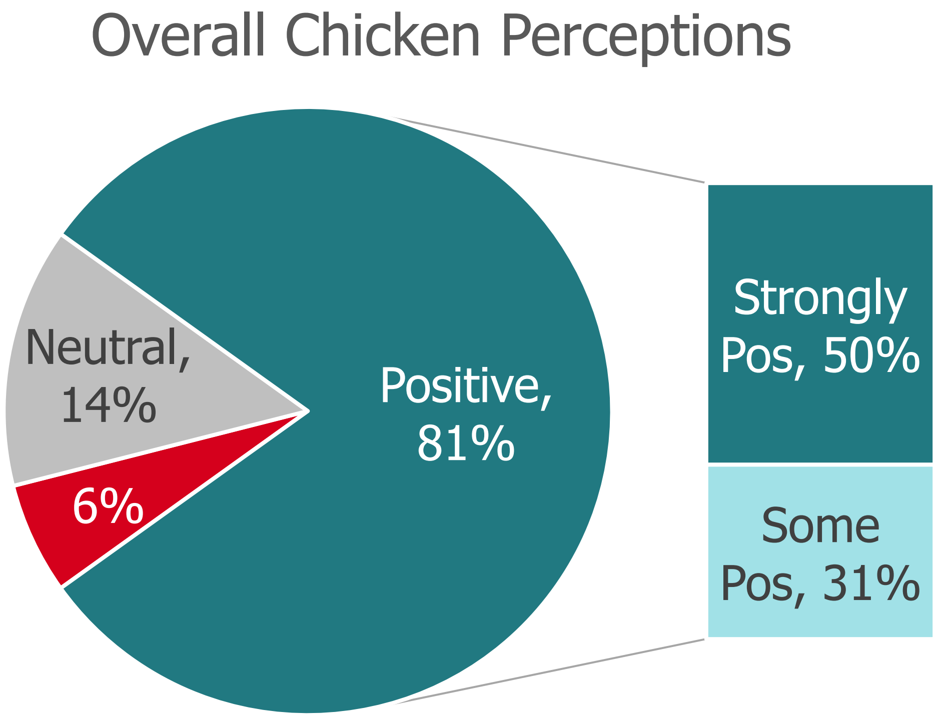


Source: Consumer Beef Tracker Jun 2018 - Dec 2019

Overall Perceptions

Overall perceptions have changed little over time for beef and chicken, but beef still lags behind chicken

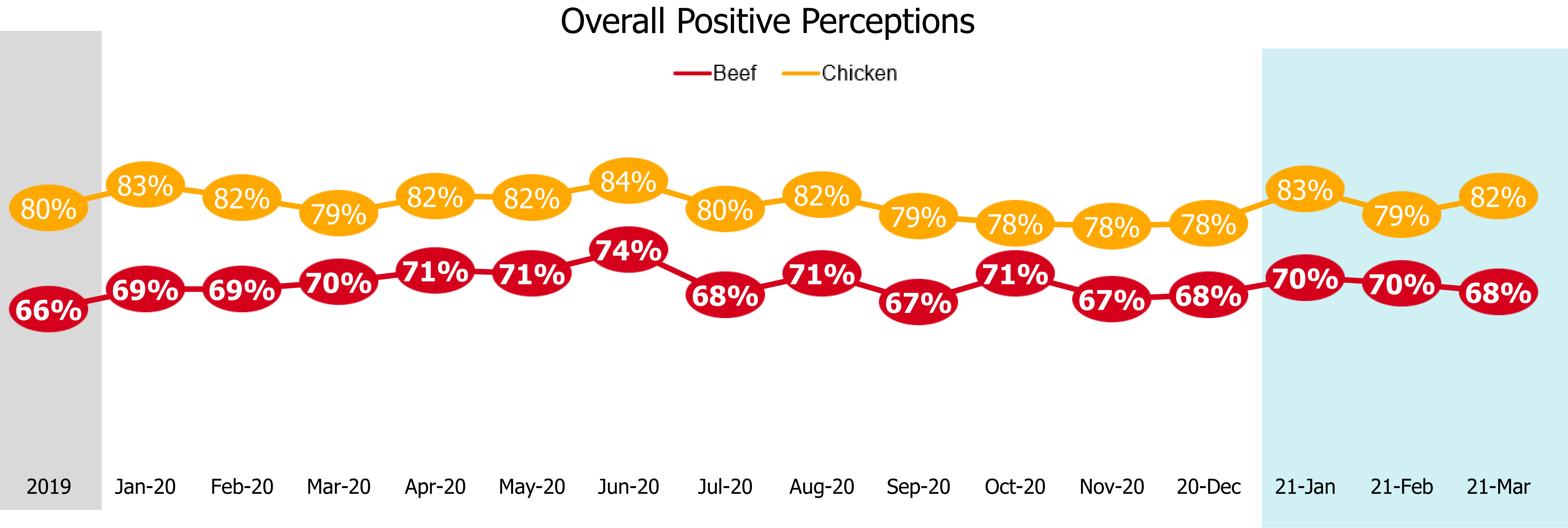




Source: Consumer Beef Tracker Jan – Dec 2020

Trending Overall Perceptions

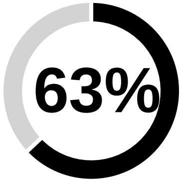
Perceptions continue to trend higher for beef into 2021



Source: Consumer Beef Tracker 2019 – Mar 2021

Future Consumption of Beef

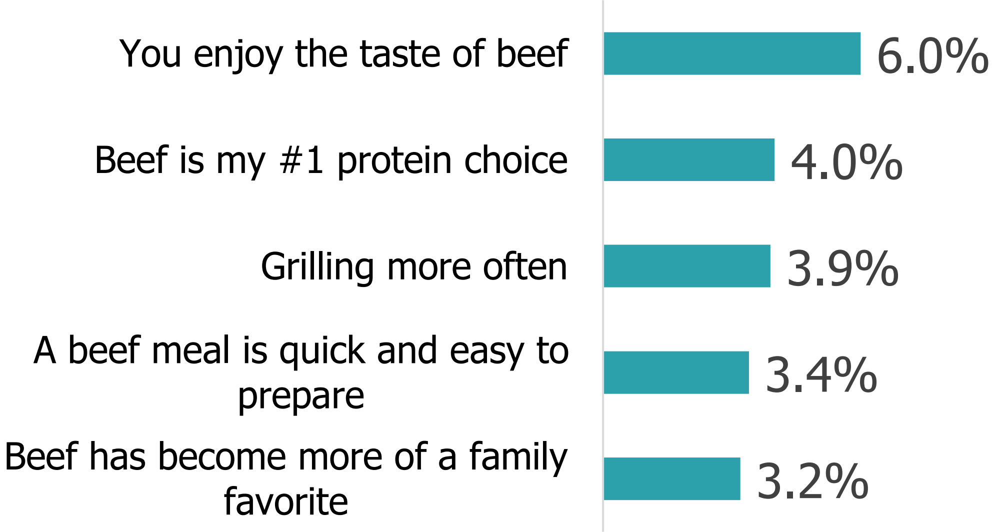
Plan to Eat the Same



Consumers plan to eat more beef mostly due to its taste and a variety of reasons to eat less beef

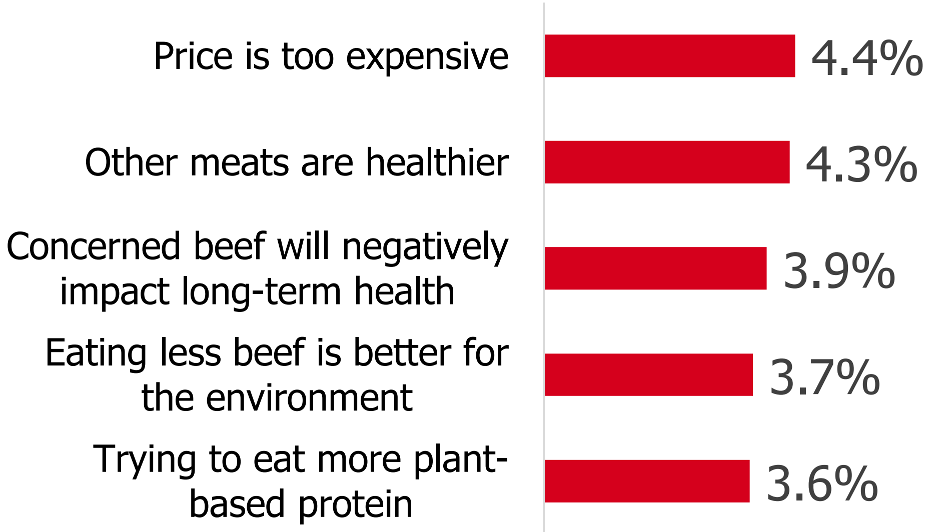
Reasons to Eat More

14%
Plan to Eat More



Reasons to Eat Less

15%
Plan to Eat Less

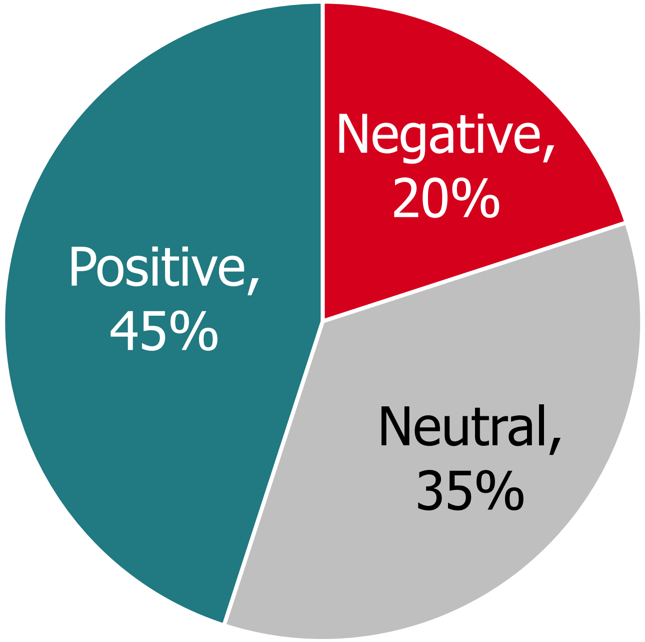


Source: Consumer Beef Tracker Jan – Dec 2020

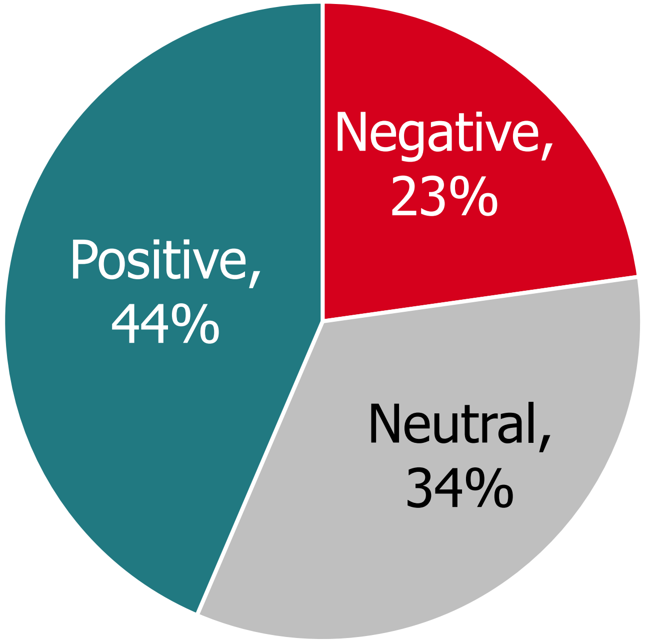
Production Perceptions

When it comes to production perceptions, beef outperforms chicken

Beef Production Perceptions



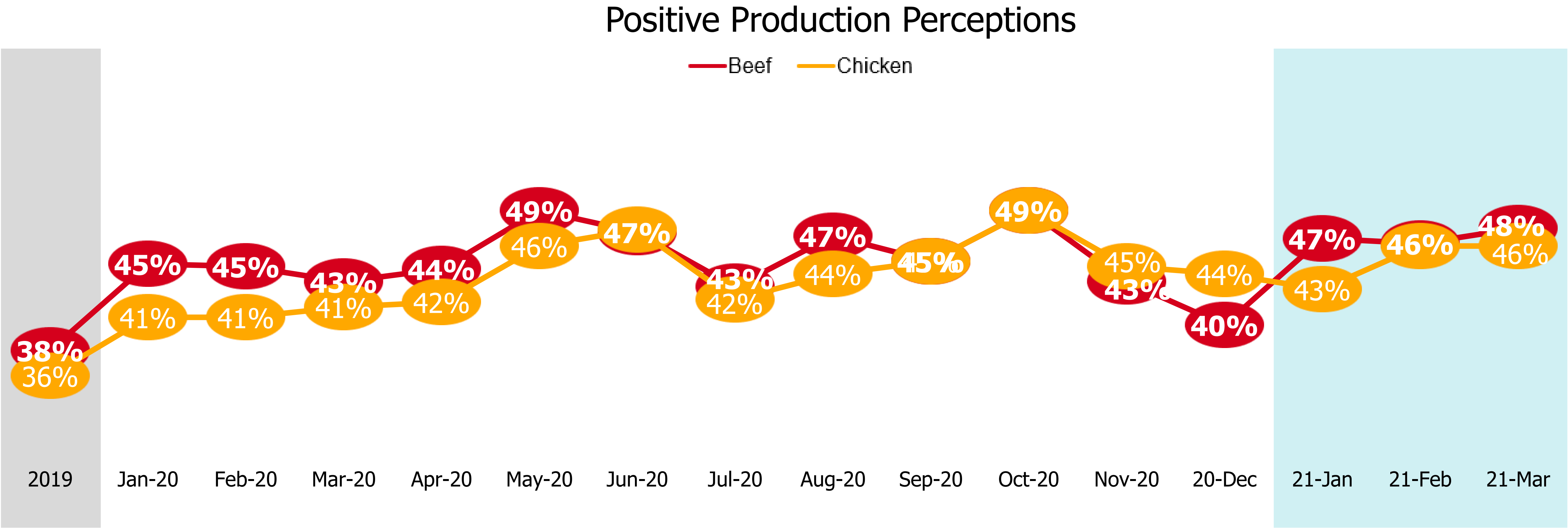
Chicken Production Perceptions



Source: Consumer Beef Tracker Jan – Dec 2020

Trending Production Perceptions

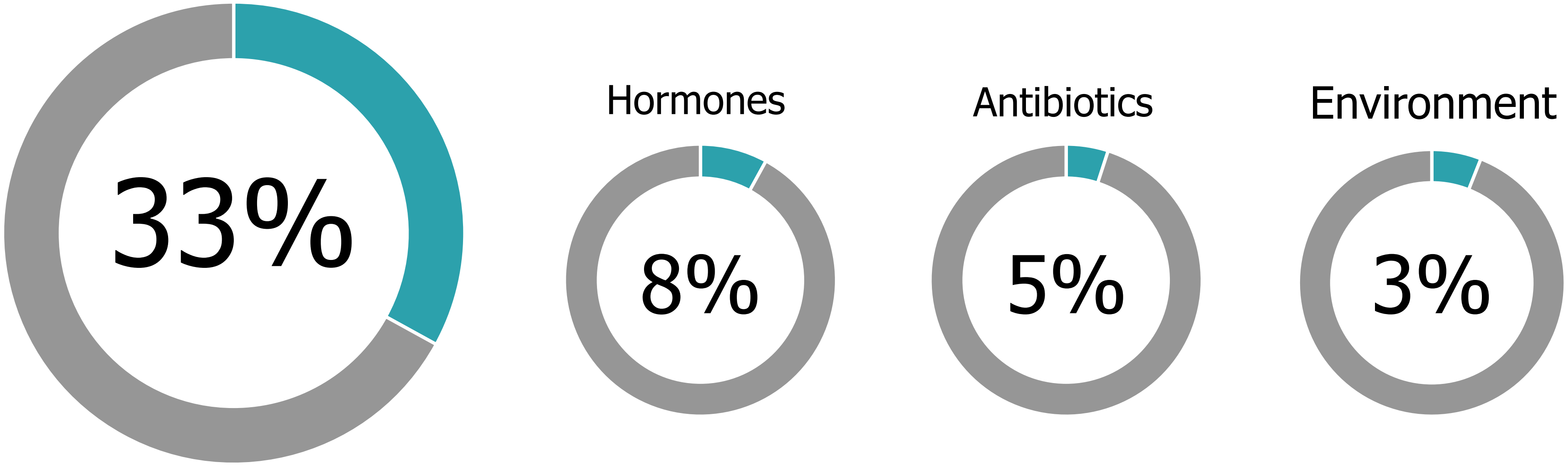
Beef and chicken continue to compete closely on production perception, both improving significantly since 2019



Source: Consumer Beef Tracker 2019 – Mar 2021

Concerns with How Cattle are Raised

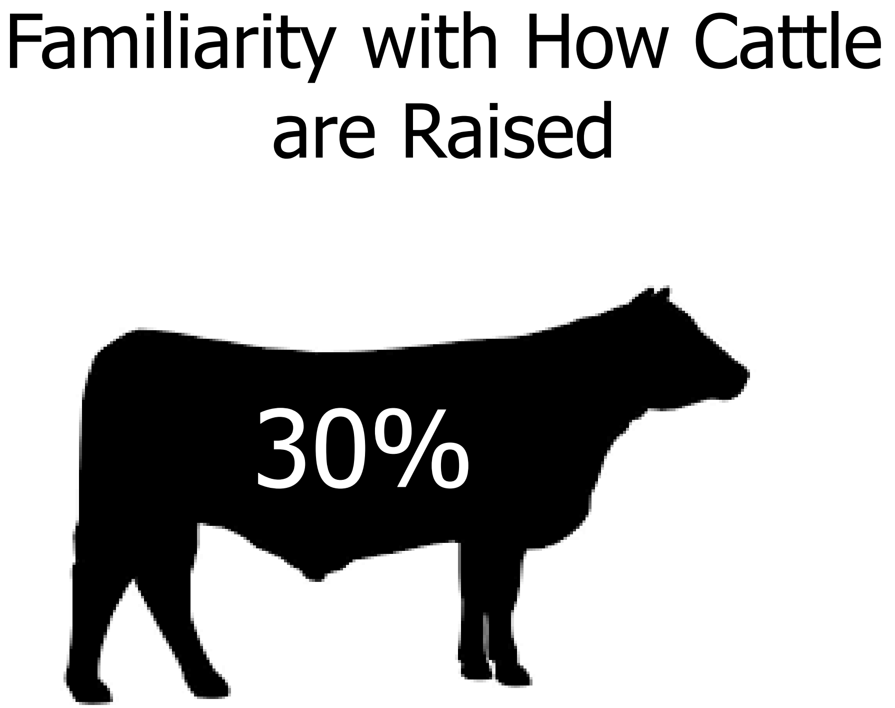
Of the **58%** who have a concern…Animal Welfare

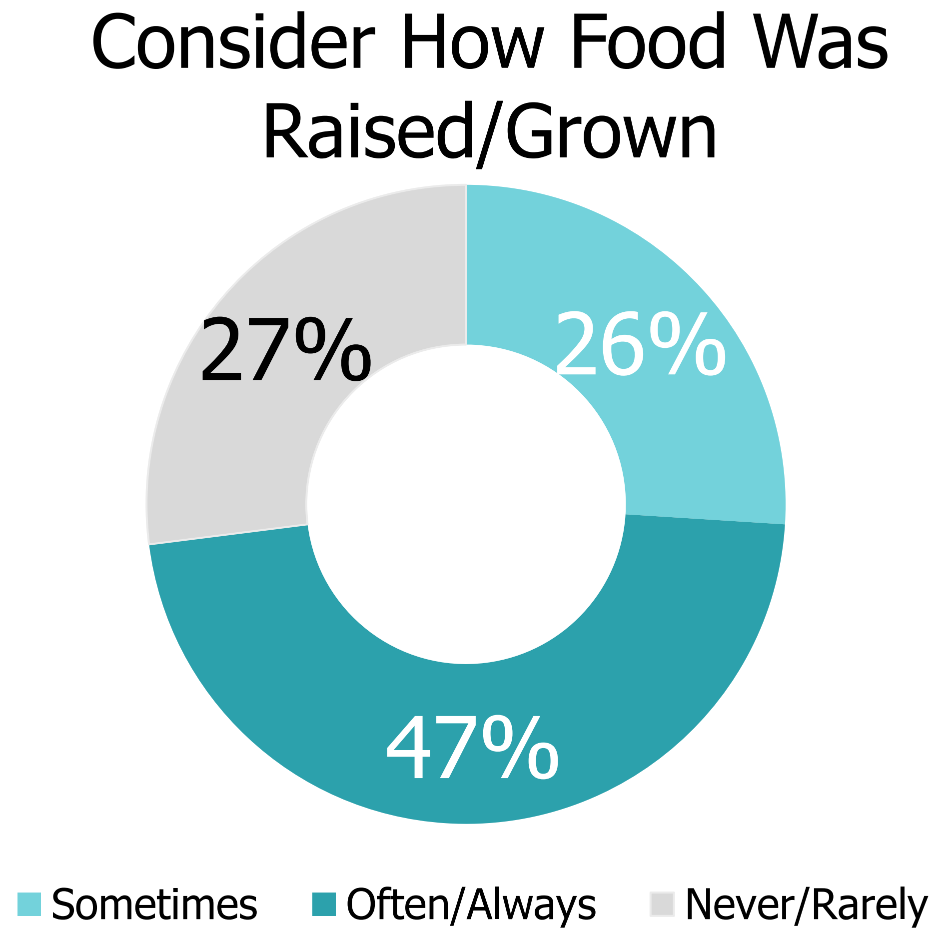


Source: Consumer Beef Tracker Jan – Dec 2020

Consumer Knowledge

Consumers are unfamiliar with how cattle are raised, but consider this aspect when choosing a protein

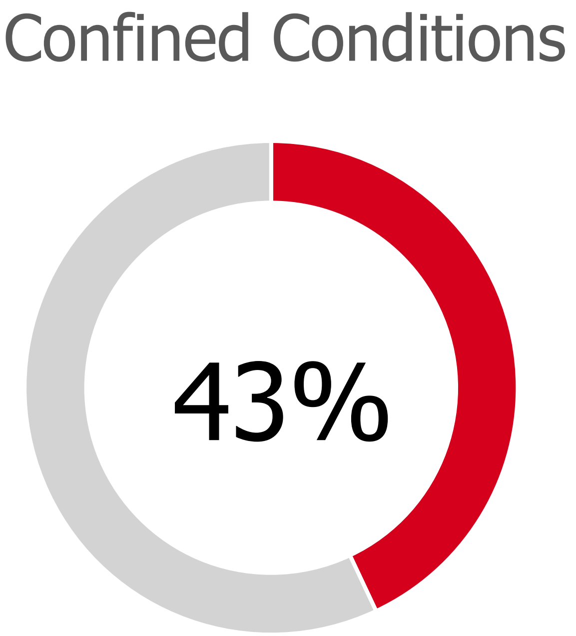




Source: Consumer Beef Tracker Jan-Dec 2020

Low Knowledge Level

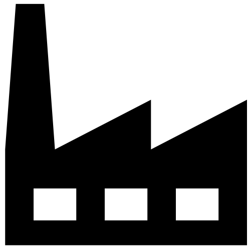
A portion of consumers believe cattle live in confinement all of their lives



Source: 2018 Responsible Beef Exploration

Issues For Consumers

General consensus is there are large scale farms/ranches that operate like “corporations” and then, there are small family farms



Focused on money

Large scale

Inhumane treatment, crowding, overuse of ABX

Current state of food production

Smaller, family-owned farms

Higher quality, better conditions

Dying breed

Niche Markets

Source: 2018 Responsible Beef Exploration

Sustainability Focus Groups

HIGH SUSTAINABILITY KNOWLEDGE

Care a lot about topics related to sustainability.

Are very interested in topics related to food / animal proteins and sustainability.

At least sometimes think about sustainability issues when preparing a meal at home.

Care about, research, and at least sometimes change behaviors because of sustainability topics.

MODERATE SUSTAINABILITY KNOWLEDGE

Care about topics related to sustainability.

Are at least somewhat interested in topics related to food / animal proteins and sustainability.

At least sometimes think about sustainability issues when preparing a meal at home.

Care about and sometimes research topics related to sustainability.

Although we recruited HIGH and MODERATE Sustainability Knowledge consumers, many were still challenged to talk about sustainability issues as they relate to the cattle industry.

Source: Sustainability Focus Groups; January 2021

KEY INSIGHTS + IMPLICATIONS

Today, top-of-mind sustainability topics are linked to more "popular" topics like recycling, pollution, and single-use plastics. Across segments, there is a focus on improvement and providing a better future for generations to come.

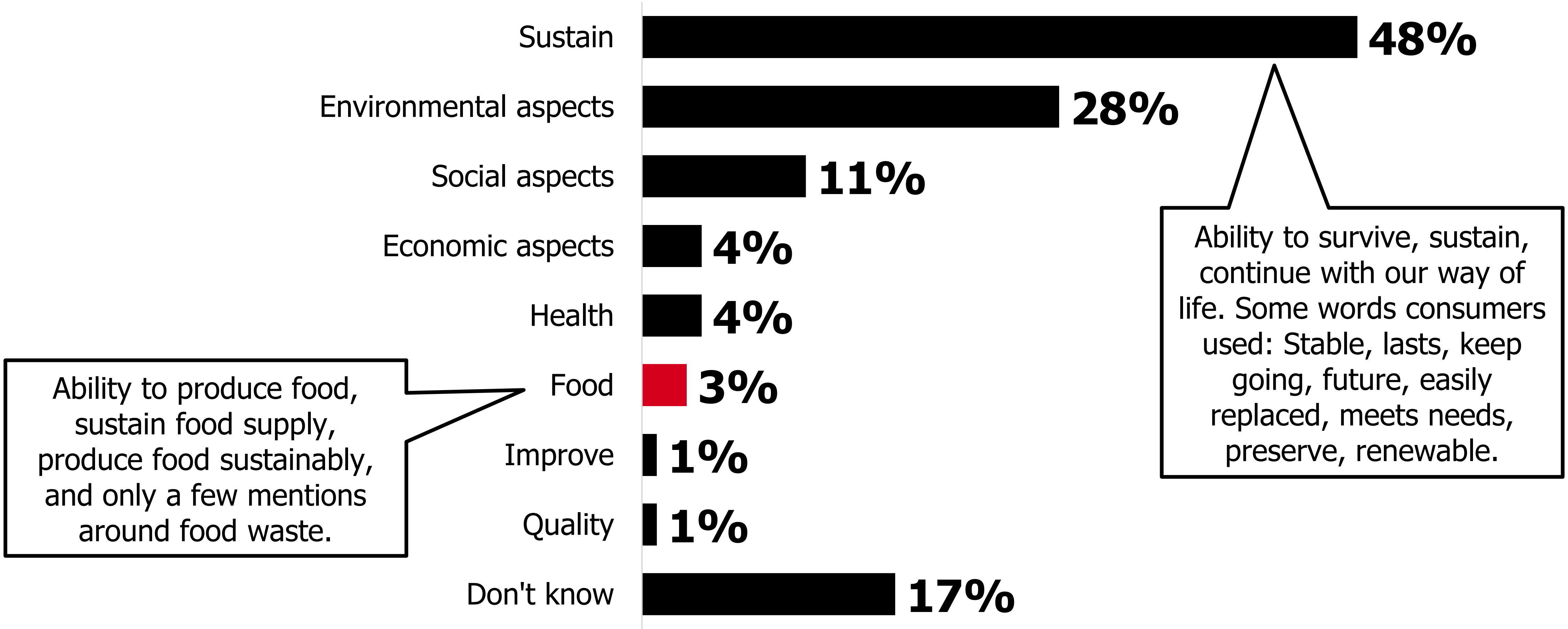
High Knowledge consumers are likely to be aware of a broader range of sustainability issues

Moderate Knowledge consumers have a more limited awareness of sustainability topics and are "trying their best" to make choices related to sustainability.

Source: Sustainability Focus Groups; January 2021

Defining Sustainability

When defining the term, most default to the nature of the word; However, many do define it based on the impact on the environment



Source: Sustainability Message Testing April 2021; To the best of your ability, without looking anything up, how would you define sustainability?

KEY INSIGHTS + IMPLICATIONS

Consumers have limited knowledge about sustainability and the beef category. Much of what they know is linked to documentaries, word of mouth or anecdotal information.

Key topics related to beef and sustainability include Animal treatment and general environment mentions. More aidedly emissions from cattle production, grass-fed vs. grain-fed and rising prices.

Most consumers are not actively thinking about sustainability issues at the shelf when purchasing beef.

IMPLICATION: Different level of awareness regarding beef and sustainability will drive the need for varied levels of education.

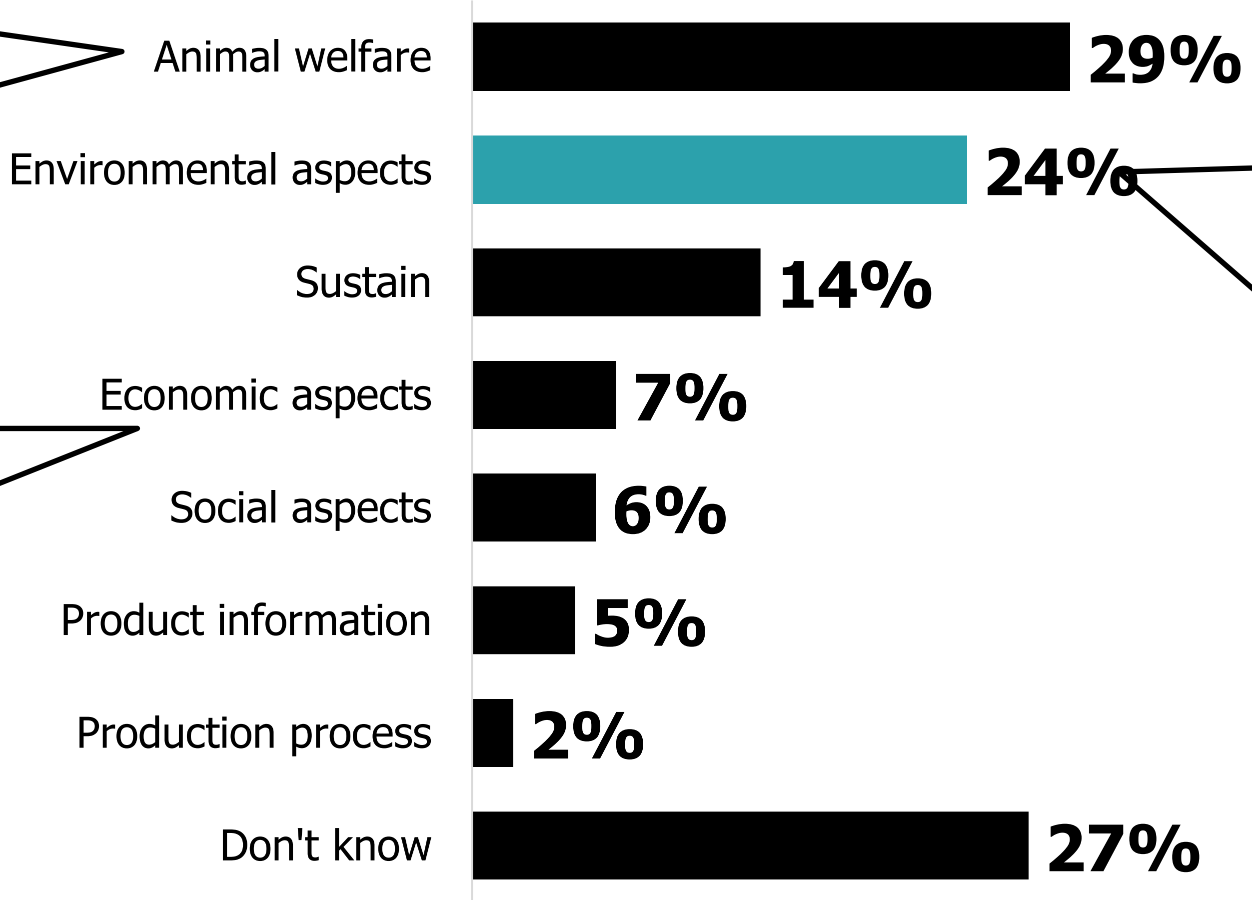
Source: Sustainability Focus Groups; January 2021

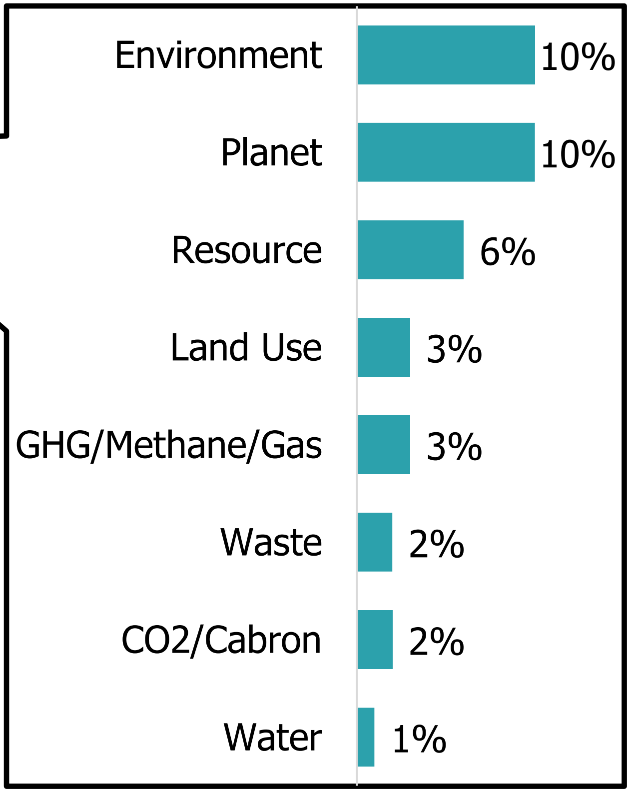
Defining Sustainability for Raising Cattle

Animal welfare comes up unaidedly more often when talking about beef and sustainability; Environmental factors are still relevant as well

How they are raised (11%) and what they are fed (8%) top the list of specific animal welfare aspects.

Some overlap between these two with mentions around being able to produce enough.

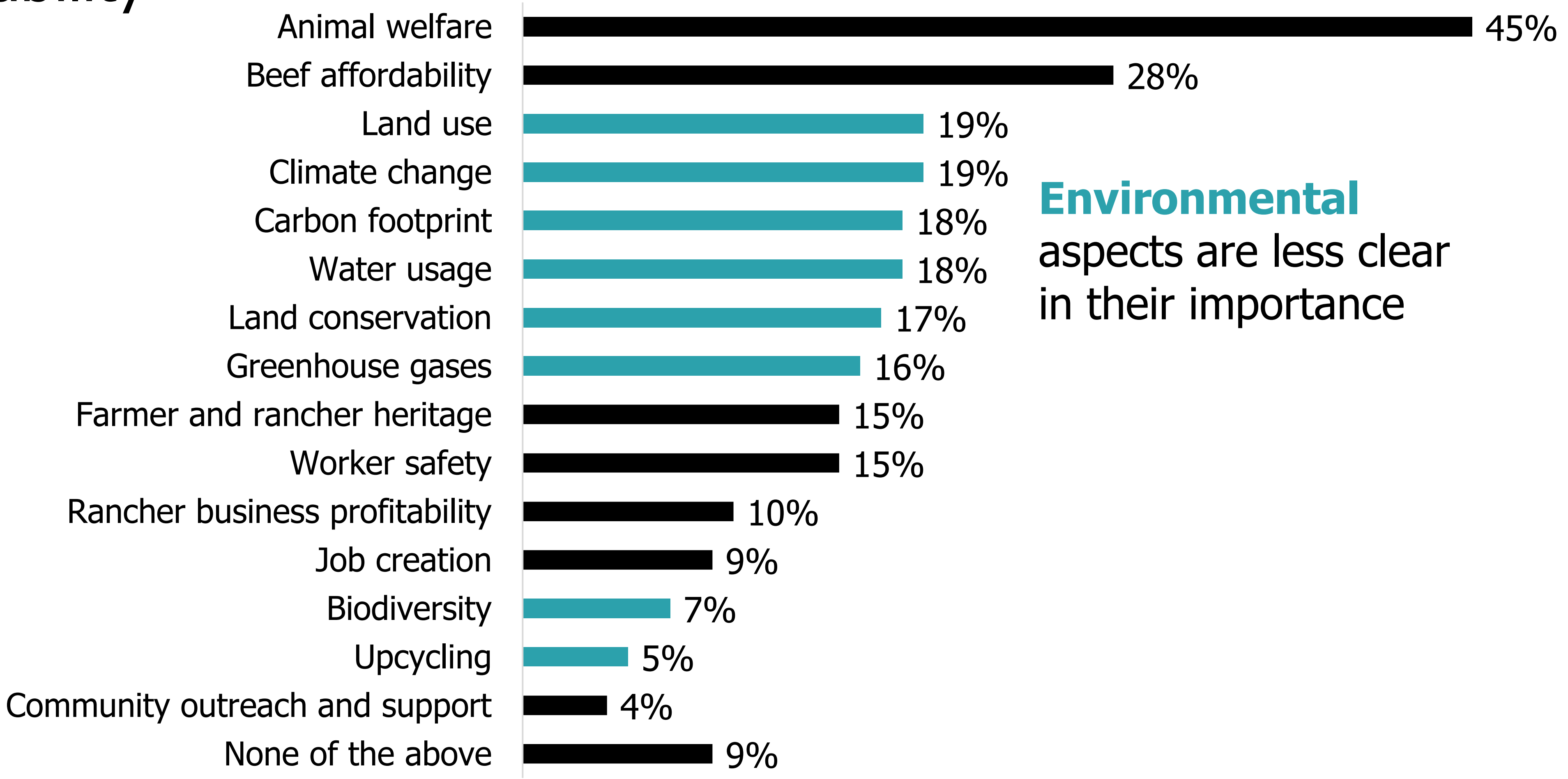




Source: Sustainability Consumer Perceptions, Dynata Insights Platforms, April 2021; How would you define sustainability when it comes to raising cattle or beef for food? Please be specific.

Beef & Sustainability Topics

Animal welfare is clearly most important to address when it comes to beef sustainability



Environmental aspects are less clear in their importance

Source: Sustainability Consumer Perceptions, Dynata Insights Platforms, April 2021; Out of the following topics, which are the most important to address when it comes to beef and sustainability? Please select up to 3.

KEY MESSAGE INSIGHTS + IMPLICATIONS

A messaging playbook for the beef industry as it relates to sustainability includes the following "must-dos:"

Speak in clear, concise and bold language.

Prioritize action over details and data.

Increase transparency.

Humanize the industry.

Include trusted third-party entities.

Award programs offers a clear example of how to talk about sustainability:

Video messages are powerful, easy to understand and offer some insight into a "real" farmer or rancher experience.

Despite positive visuals, consumers want to know more specifics about how sustainability is being achieved.

Push to make representative

Simplifying messages and visuals, along with using more "consumer-speak" vs. industry jargon will serve to increase message appeal:

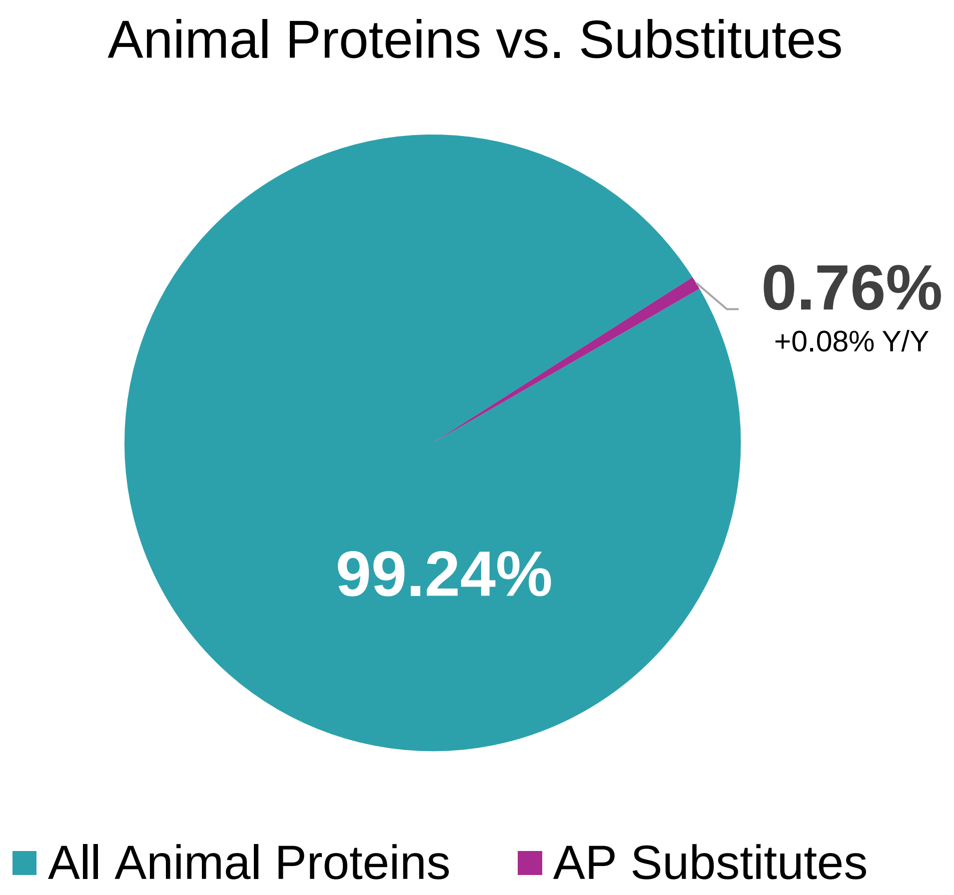
Across messaging concepts, consumers asked for clearer language and simpler visuals.

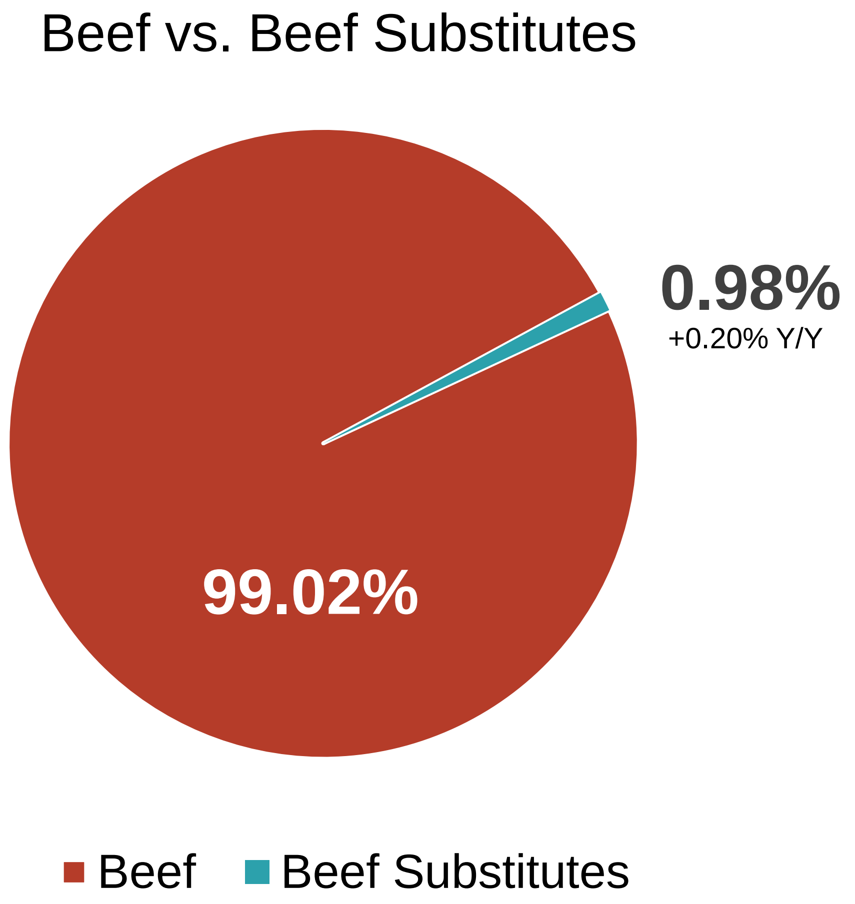
Transparent, easy-to-understand data points are more believable and engaging.

4
Meat Substitutes

Meat and Beef Substitutes Own Little Market Share

While protein substitutes continue to grow, the market share is small

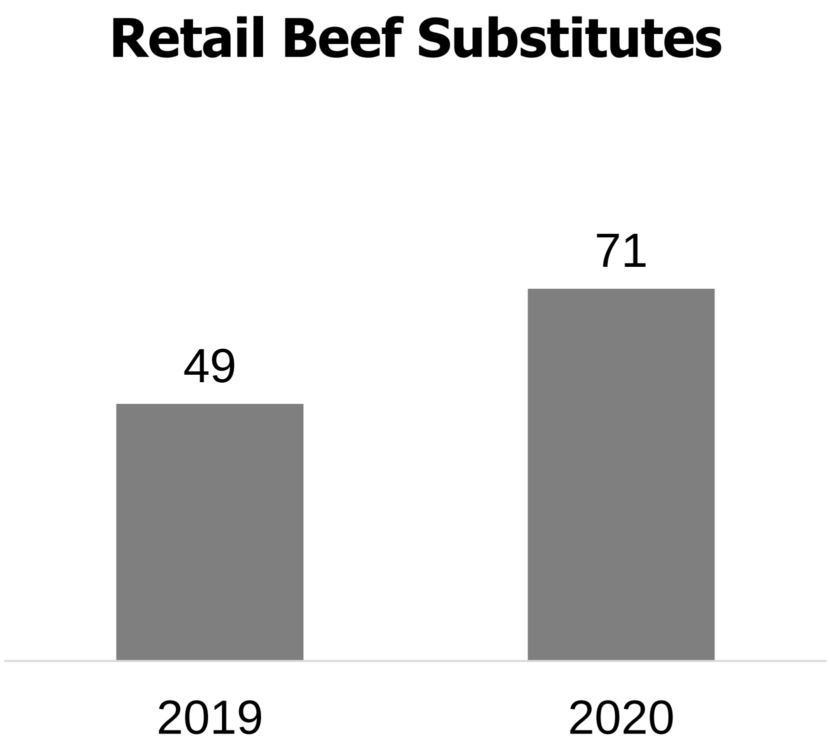


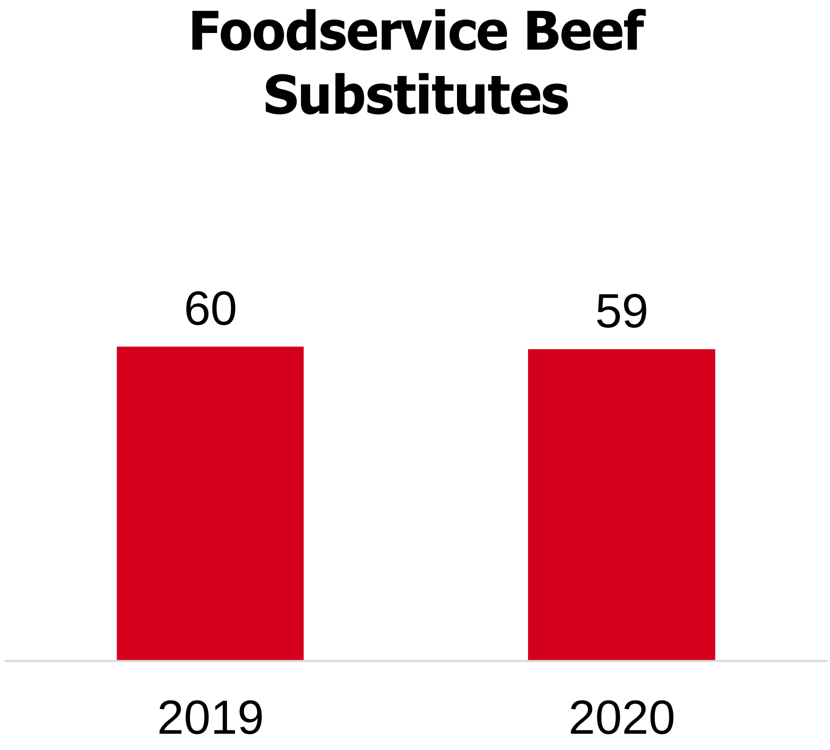


Source: Retail - NielsenIQ, Answers on Demand, 2020 Meat Volume Sales Ending Dec; Foodservice; processed April 2021- NPD, Category Sizing, Total Volume at Operator Segment
Beef Substitute Forms: Brisket, Chubs, Ground, Meatball, Meatloaf, Patties, and Steaks

Beef Sub Sales at Channels (Mln Lbs.)

Substitutes replacing beef products followed the protein market with increased retail demand and reduced foodservice demand

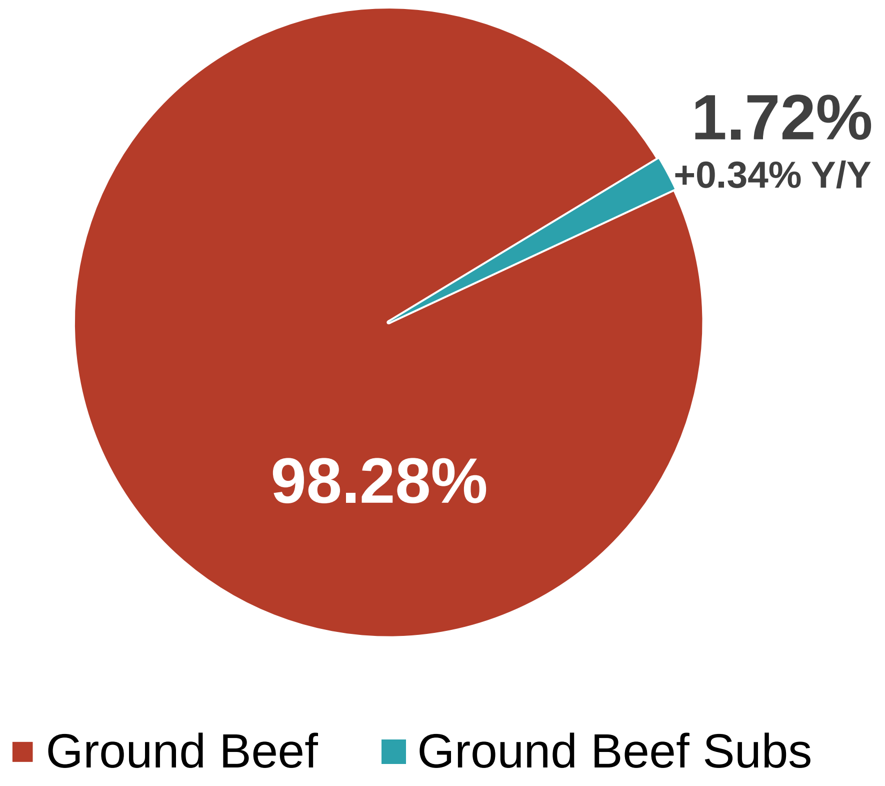




Source: Retail - NielsenIQ, Answers on Demand, 2020 Meat Volume Sales Ending Dec, processed April 2021; Foodservice - NPD, Category Sizing
Beef Substitute Forms: Brisket, Chubs, Ground, Meatball, Meatloaf, Patties, and Steaks

Ground Beef vs. Ground Meat Substitutes

Ground beef substitutes are the most popular replacement, however they are still a small share of the ground protein market

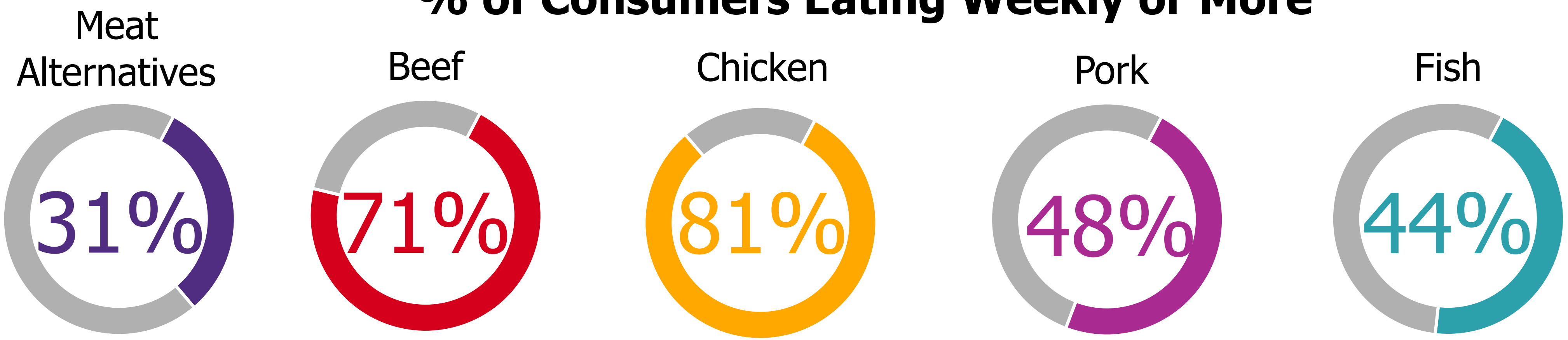


Source: Retail - NielsenIQ, Answers on Demand, 2020 Meat Volume Sales Ending Dec; Foodservice - NPD, Category Sizing
Beef Substitute Forms: Chubs, Ground, Meatball, Meatloaf, Patties

Consumption of Protein

Frequent meat alternative consumers are eating a variety of other meat proteins including beef

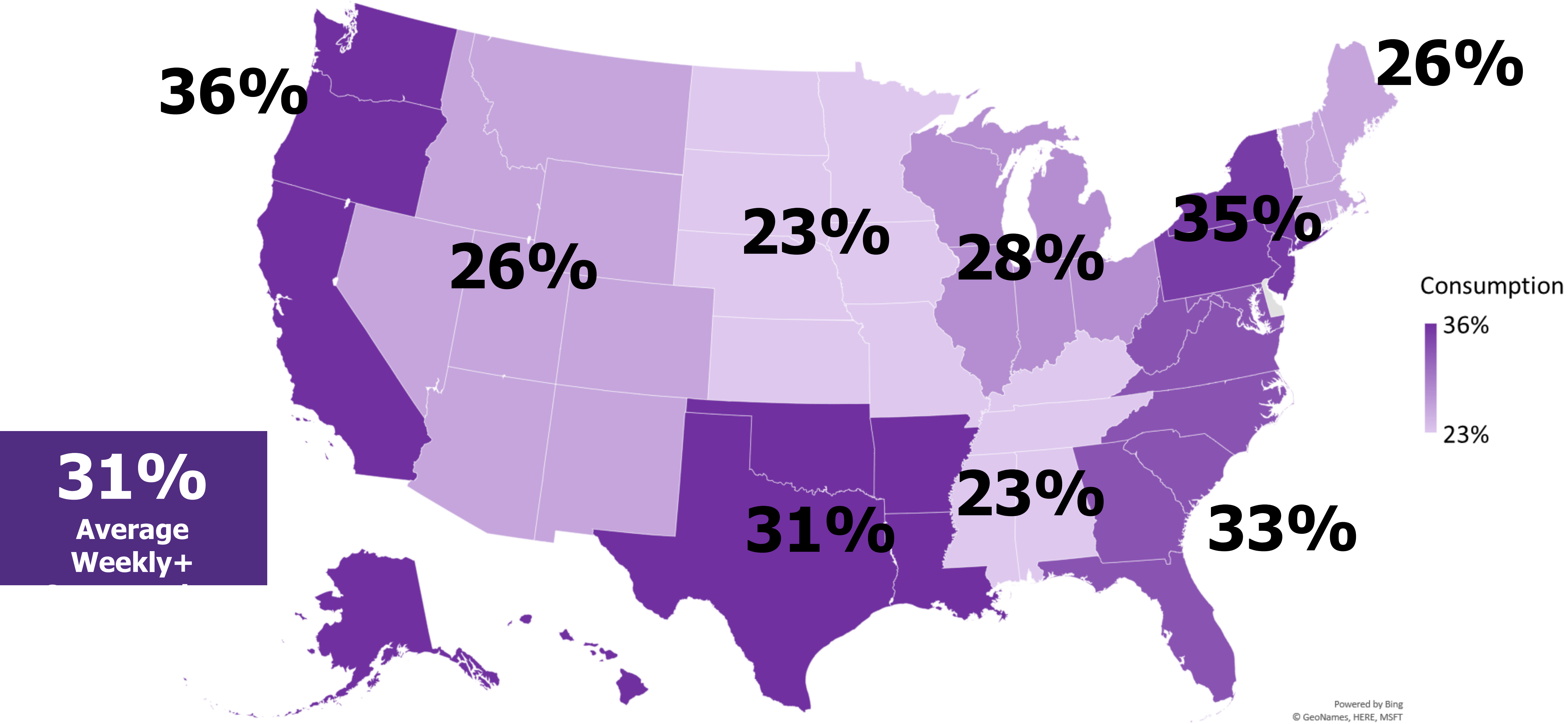
% of Consumers Eating Weekly or More



Among Weekly+ Meat Alt Eaters:	Beef	Chicken	Pork	Fish
	73%	83%	61%	71%

Source: Consumer Beef Tracker Jan - Dec 2020

Regional Meat Alt. Consumption

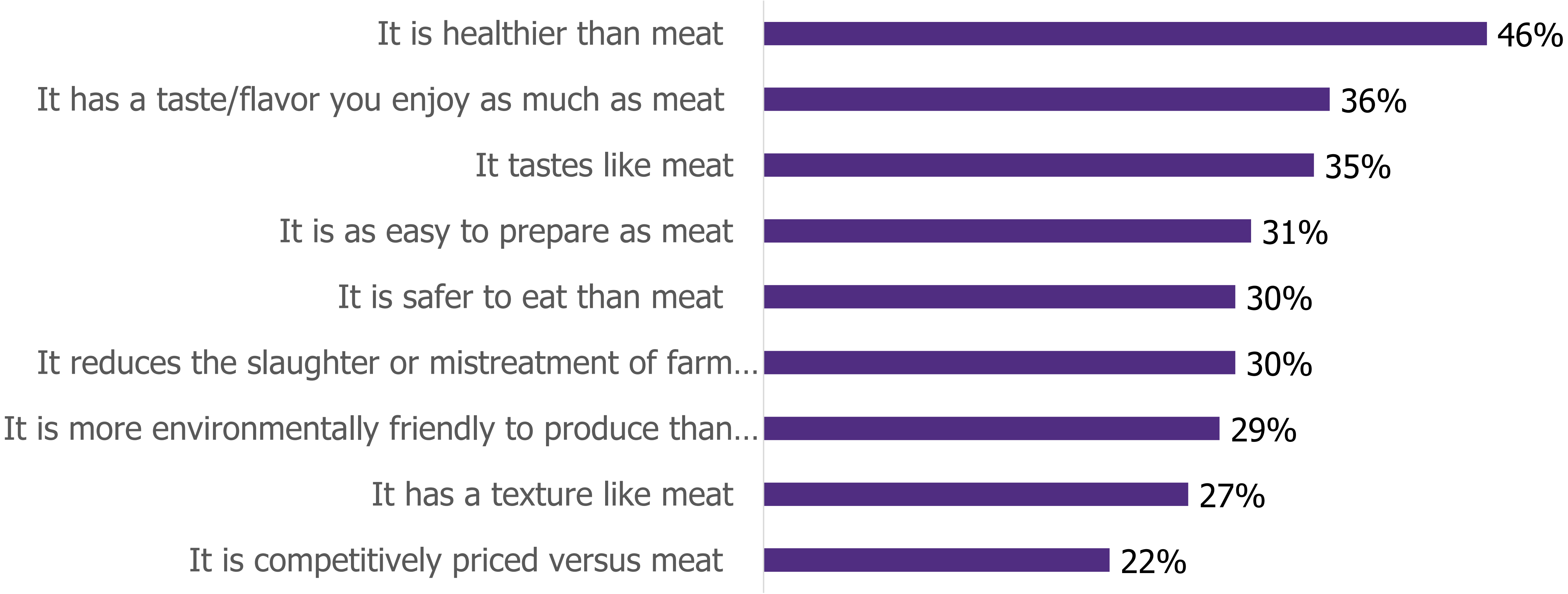


Pacific (WA, OR, CA, AK, HI) West South Central (TX, OK, AR, LA)New England (ME, NH, VT, MA, RI, CT) Mountain (MT, ID, WY, NV, UT, CO, AZ, NM) East South Central (KY, TN, MS, AL) Middle Atlantic (NY, NJ, PA) West North Central (ND, SD, NE, KS, MN, IA, MO) East North Central (WI, IL, MI, IN, OH) South Atlantic (FL, GA, SC, NC, VA, WV, DC, MD, DE)

Source: Consumer Beef Tracker Jan-Sep 2020 Data

Reasons for Choosing Meat Substitutes

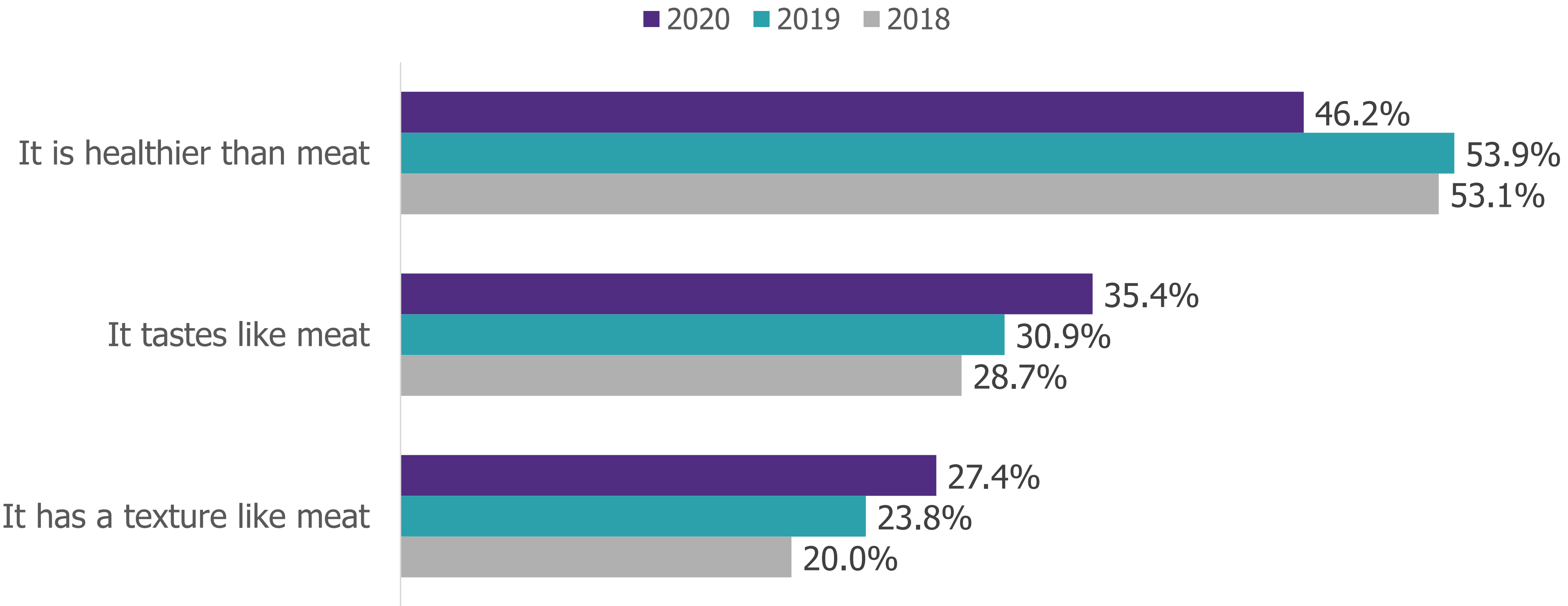
Based on those who have intentionally avoided eating meat, most are choosing meat substitutes because of their healthier perceptions



Source: Consumer Beef Tracker Jan - Dec 2020

Choosing Meat Substitutes – Trended

Health has declined as a top reason for choosing meat substitutes over in the past year, while reasons like taste and texture have increased



Source: Consumer Beef Tracker 2018 - 2020

Action items delivered by Beef. It's What for Dinner and other programs, managed by NCBA, a contractor to the Beef Checkoff:

- NCBA will continue to complete first-of-its-kind exploratory e-commerce marketing campaigns in this rapidly changing environment.
- NCBA will continue to push out cooking information and recipe inspiration through digital, social media and traditional media platforms and leverage impactful, high-profile influencers or thought leaders.
- NCBA will continue to look for opportunities to remind consumers that beef should be the centerpiece of their dinner.
- Beef demand and perceptions have remained strong throughout 2020. With strong domestic consumer demand-building programs NCBA is focused on keeping this strong demand going.

State of the Consumer

- The handout can be found on beefresearch.org

  https://www.beefresearch.org/resources/market-research-planning/white-papers/state-of-the-consumer-fall-2020

BEEF. IT'S WHAT'S FOR DINNER.®

THANK YOU

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