

BEEF INDUSTRY REVIEW AND CONSUMER INSIGHTS: FEBRUARY 2024 EDITION



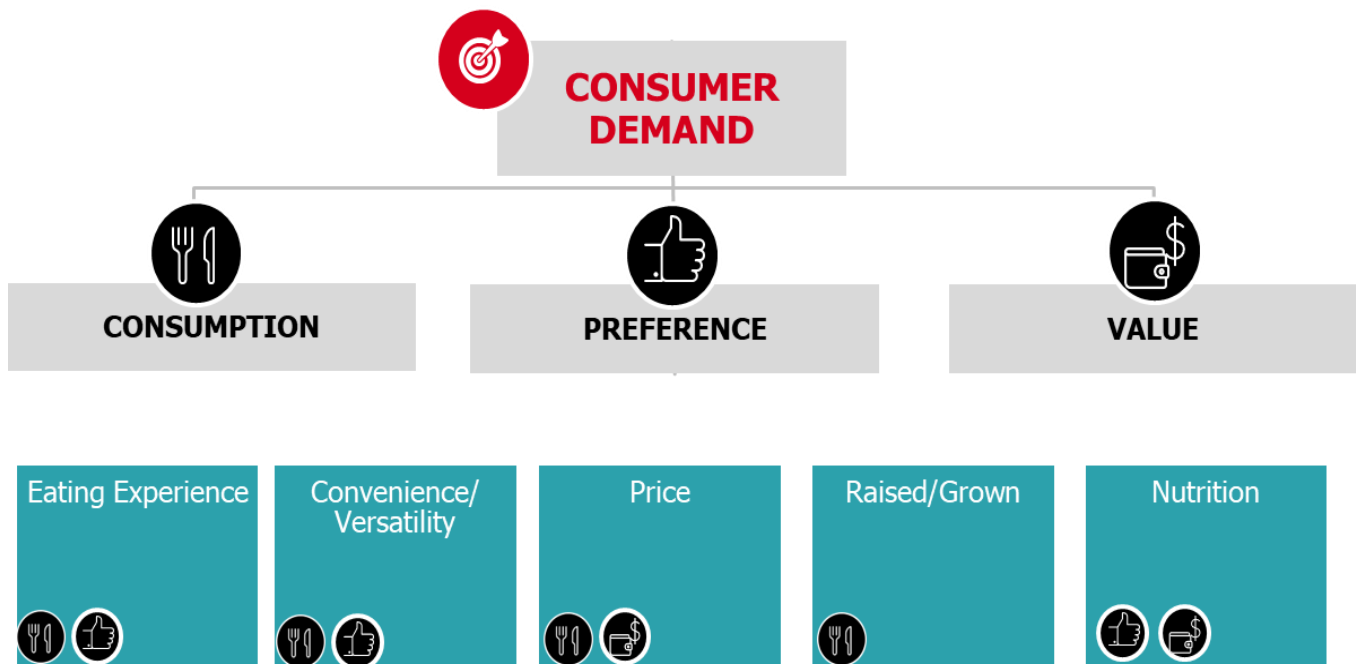
Funded by the Beef Checkoff



Demand for beef has remained strong as consumers repeatedly claim they will continue purchasing beef, both in retail and foodservice settings. Consumers continue to rank beef as a top source of protein, superior in taste, nutritious, and good for social gatherings and special occasions. At the same time, the beef industry is observing some decline in demand, as retail sales begin to slip in terms of volume of beef sold while prices trend higher.

Consumer Self-Perceived Demand Drivers

The Consumer Demand Drivers are based on self-reported consumer data collected through the Consumer Beef Tracker. The assessment was undertaken to determine what components are driving consumption, preference of one protein over another and the value of a protein.



Source: Directions Research, Demand Drivers Modeling, Final Report, March 2022.

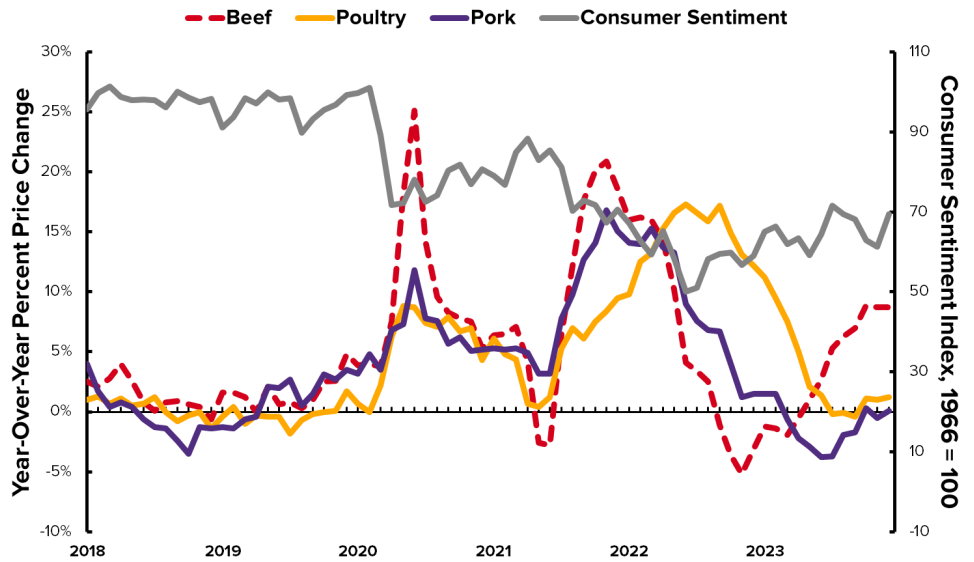
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

BEEF PRICES AND CONSUMPTION TRENDS

All proteins experienced inflation volatility in recent years, with beef seeing annual inflationary increases approaching 9% in 2023.

In response to marketplace conditions, consumer sentiment, as measured by the University of Michigan, rebounded in 2023, up 11% from record lows experienced in 2022 albeit more than 15% below pre-COVID levels.

Inflation Rates of Popular Proteins vs. Overall Consumer Sentiment

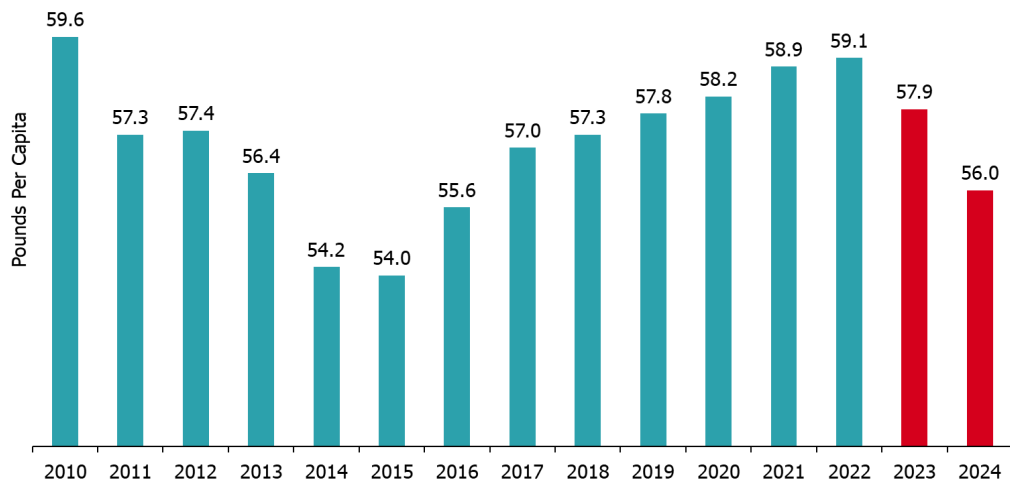


Source: U.S. Bureau of Labor Statistics; University of Michigan

Beef is likely to face some softening through 2024, with contributing factors including contraction of the beef herd, ongoing drought, higher producer input costs, supply chain issues, and other factors.

Although beef remains a top choice in the marketplace, consumers have responded to increased prices with modest levels of substitution of other proteins.

Yearly Per Capita Net Beef Availability (in Pounds)

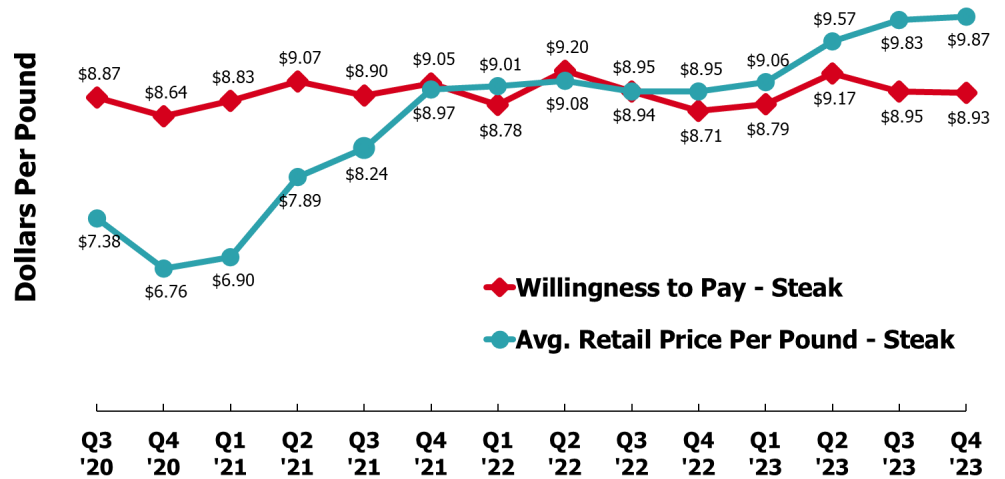


Source: USDA, Office of the Chief Economist, "World Agricultural Supply and Demand Estimates"

CONSUMER PERCEPTION OF BEEF PRICES

While the price per pound consumers are willing to pay for steak held steady at just under \$9.00 in 2023, the retail price consumers are paying at the checkout counter is seeing record highs approaching nearly \$10.00 per pound.

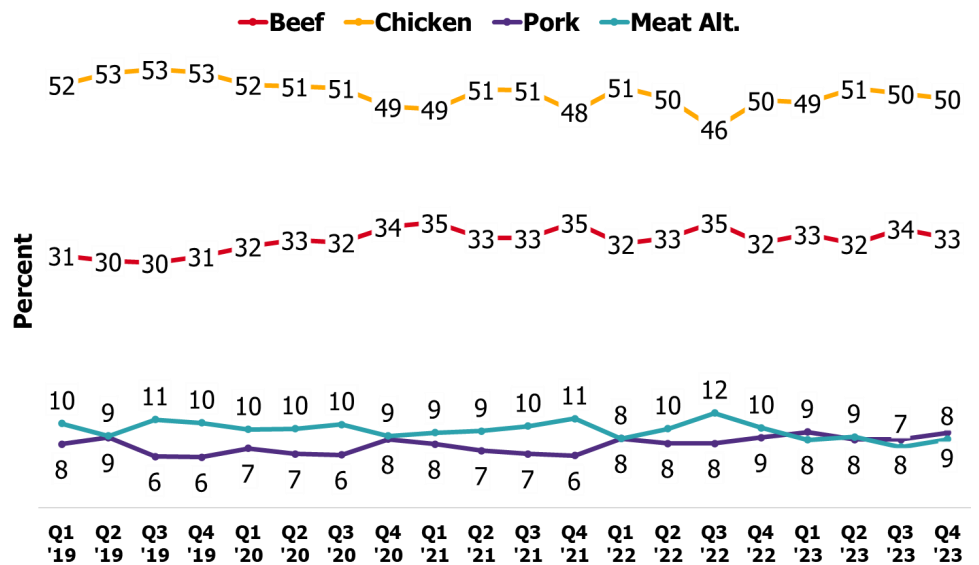
Consumer Price Willingness to Pay vs. Average Retail Price



Source: Consumer Beef Tracker, 2020-2023; NielsenIQ

Both chicken and beef are viewed as top value proteins among consumers although chicken consistently tops beef with respect to value for the money.

Consumer Perception: Good Value For The Money



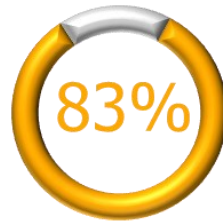
Source: Consumer Beef Tracker, 2019-2023.

CONSUMER PROTEIN PREFERENCES

Beef and chicken are the proteins most likely to be consumed at least weekly.

Beef Consumption Remains Strong

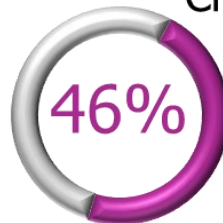
Protein	'23 v. '21
Beef	+1 pt.
Chicken	+3 pt.
Pork	No change
Fish	-3 pt.
Meat Alt.	-6 pt.



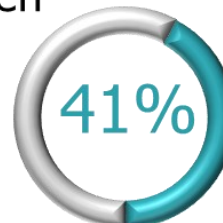
Chicken



Beef



Pork



Fish



Meat Alternatives

Source: Consumer Beef Tracker, 2023.

When asked to indicate their overall top protein of choice, 44% of consumers choose chicken and 35% of consumers choose beef.

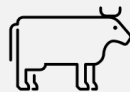
Consumers Overall Top Protein of Choice

First Choice:
Chicken



44%

First Choice:
Beef



35%

First Choice:
Fish



12%

First Choice:
Pork



4%

First Choice:
Meat Alternatives



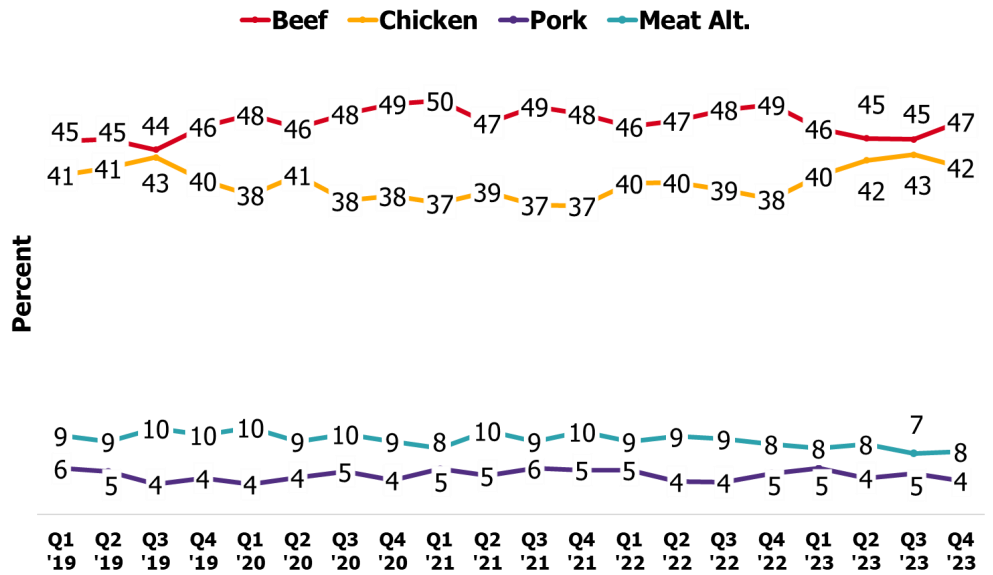
5%

Source: Consumer Beef Tracker, 2023.

CONVENIENCE AND VERSATILITY

Versatility and value are key components of consumer demand for beef. Nearly half of consumers rank beef above other proteins for being good for many types of meals.

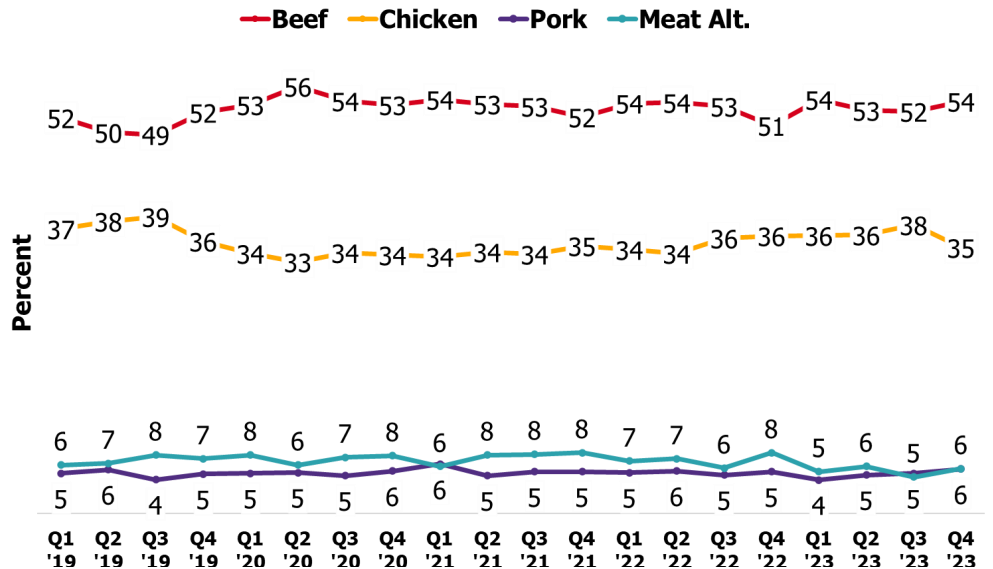
Consumer Perception: Good for Many Types of Meals



Source: Consumer Beef Tracker, 2019-2023.

Beef consistently ranks #1 when consumers are asked which protein is “good for social gatherings or special occasions”.

Consumer Perception: Good for Social Gatherings and Special Occasions

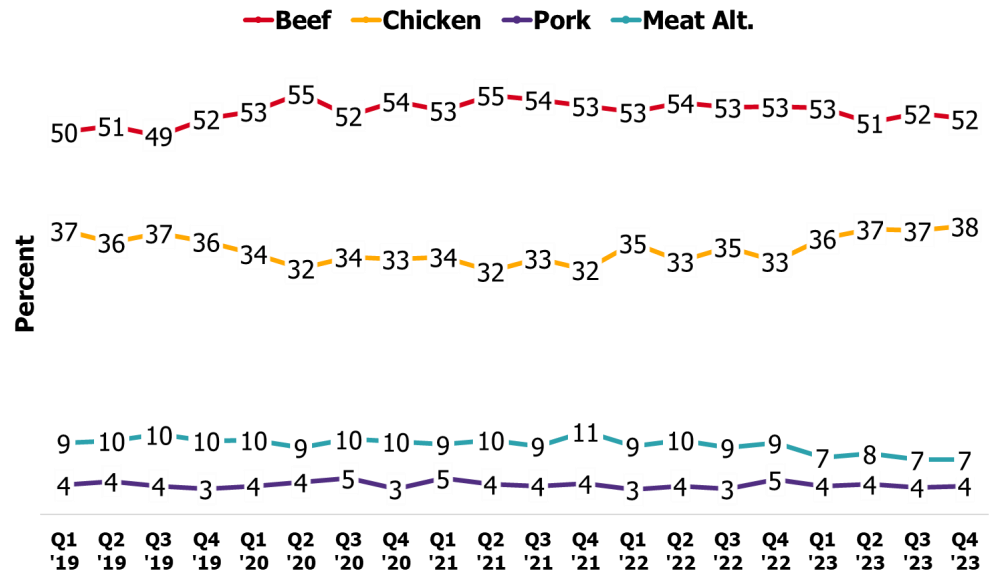


Source: Consumer Beef Tracker, 2019-2023.

NUTRITION

Beef is consistently viewed as a great source of protein, topping chicken by nearly 15 points across 2023 and exceeding both pork and meat alternatives by more than 40 points across the same measurement period.

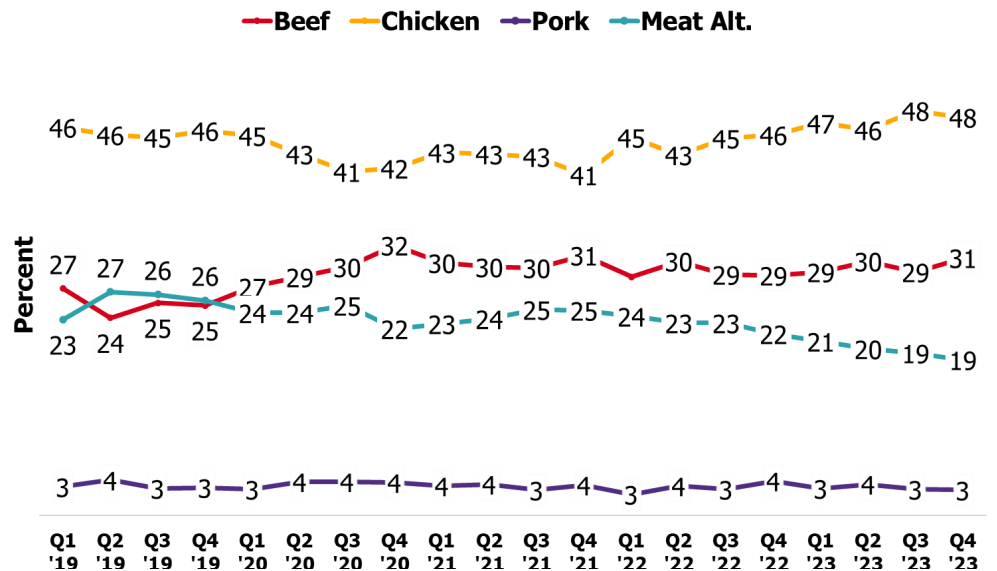
Consumer Perception: Is A Great Source of Protein



Source: Consumer Beef Tracker, 2019-2023.

Among consumers, chicken outpaces other proteins measured as a healthy choice, followed by beef, meat alternatives and pork.

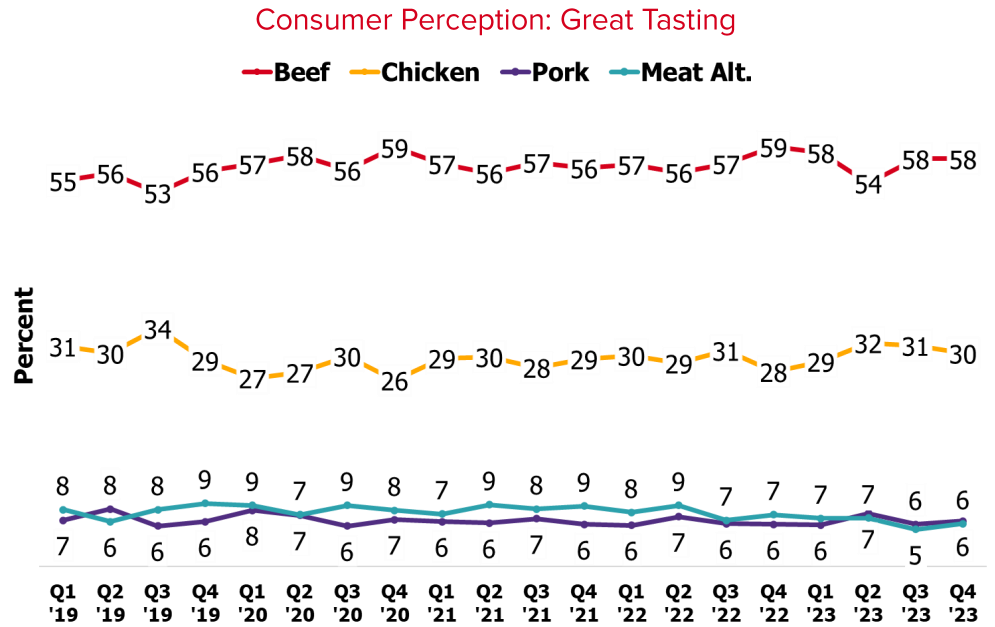
Consumer Perception: Is A Healthy Choice



Source: Consumer Beef Tracker, 2019-2023.

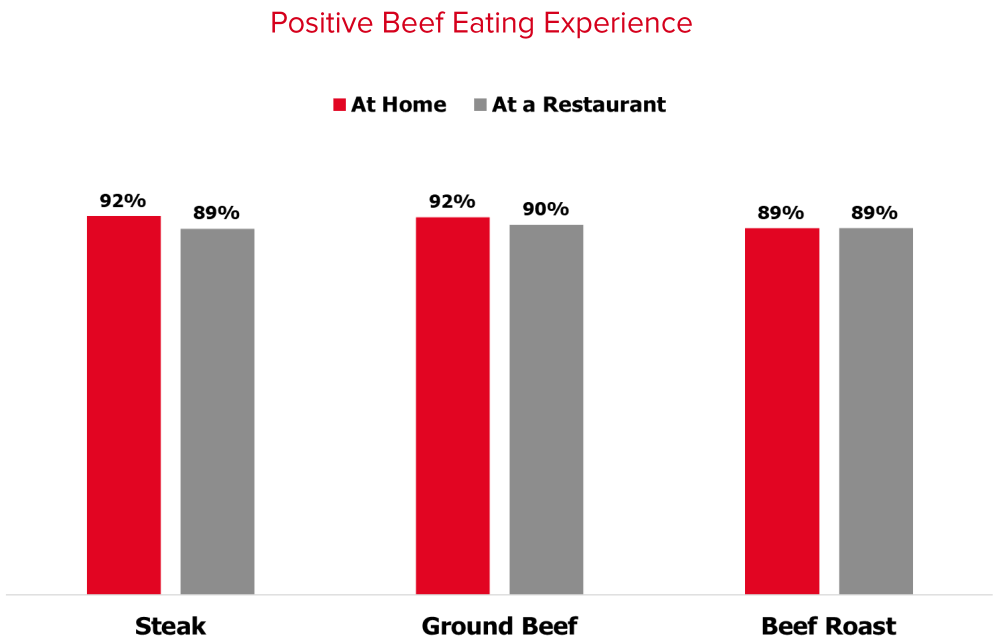
EATING EXPERIENCE

Beef consistently tops chicken as a protein providing great taste. In 2023, beef surpassed chicken as great tasting by more than 20 points and as recent as Q4 '23 by nearly 30 points.



Source: Consumer Beef Tracker, 2019-2023.

Whether dining out or eating beef at home, a majority of consumers report a positive eating experience when consuming steak, ground beef, or beef roast.



Source: Consumer Beef Tracker, 2023.

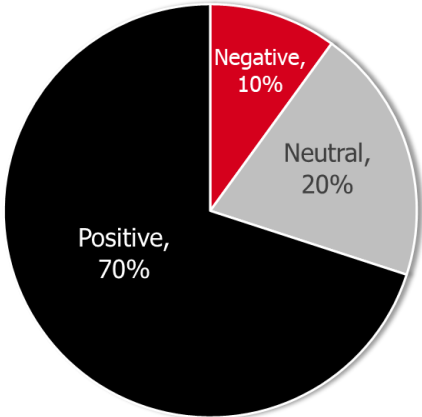
RAISED & GROWN

Consumer Perceptions of Beef

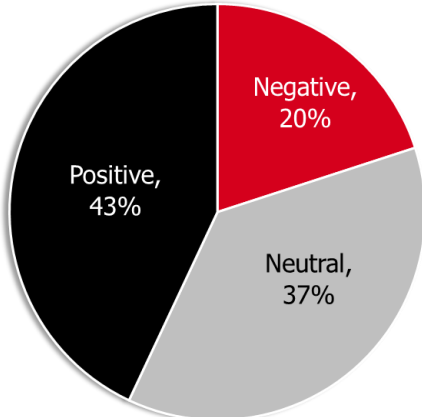
Overall, 90% of consumers express a positive to neutral sentiment about beef as a protein.

When considering how cattle are raised for food, 80% respond positive to neutral.

Overall Perception of Beef



Perception of How Cattle Are Raised for Food



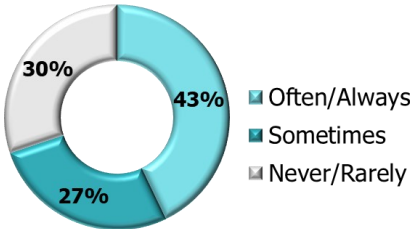
Source: Consumer Beef Tracker, 2023.

Consumer-Claimed Production Knowledge

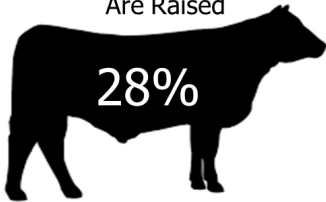
70% of consumers consider how food was raised or grown when making purchasing decisions, but less than 30% claim to have familiarity with how cattle are raised.

When asking consumers about specific concerns related to how cattle are raised for food, nearly 50% have no concerns while just 22% have concerns related to animal welfare.

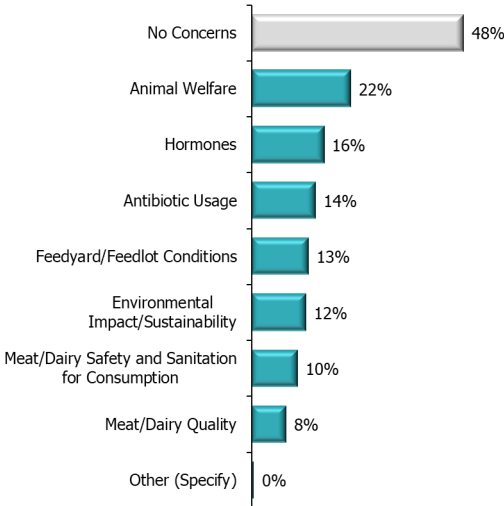
Consider How Food Was Raised/Grown When Making Purchases



Claim to Know A Lot About How Cattle Are Raised



Consumer Concerns with How Cattle are Raised for Food



Source: Consumer Beef Tracker, 2023.

AT-HOME DINING INSIGHTS

Meals Cooked at Home

73% OF MEALS ARE COOKED AT HOME

Future At-Home Cooking Behavior

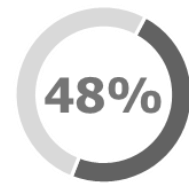
More



Less



About the Same



Nearly $\frac{3}{4}$ of consumers are cooking their meals at home while nearly 90% say they plan to cook the same or more meals at home.

Source: State of the Consumer Survey, 2023.

Top 10 Protein Considerations When Dining At Home



*All considerations except "good for social gatherings and special occasions" somewhat less important when dining out.

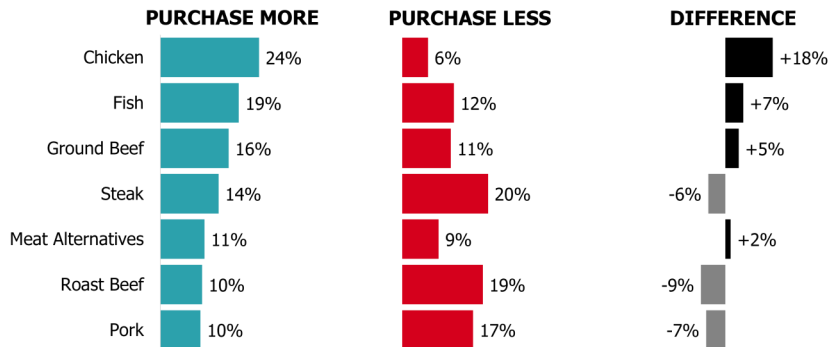
When deciding what protein to have with a meal at home, consumers prioritize taste, value for the money, and their budget.

Source: Consumer Beef Tracker, 2023

IN-STORE PURCHASING BEHAVIOR

Reflecting inflationary pressures, consumers are looking to stretch their dollar noting an increase purchase intent of chicken, fish and ground beef while noting a decrease in steak and roasts.

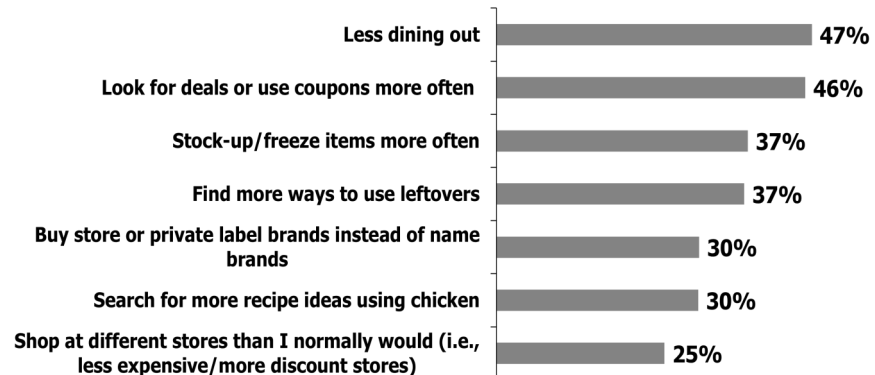
Plans to Purchase More/Less of Compared to 2022



Source: State of the Consumer Survey, 2023.

Looking ahead to the next six months, nearly 50% of consumers anticipate dining out less and using coupons to maximize their dollar.

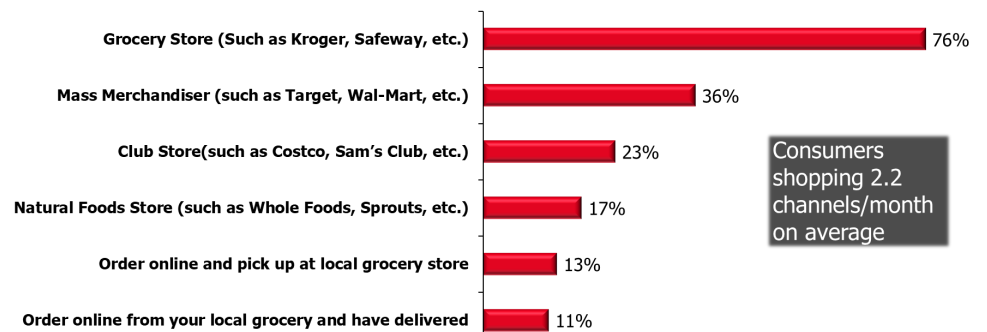
Anticipated Changes to Shopping & Dining Habits in Next 6 Months



Source: State of the Consumer Survey, 2023.

When purchasing beef to eat at home, consumers are most likely to make purchases from a grocery store or mass merchandiser.

Most Common Locations Where Beef Is Purchased



Consumers shopping 2.2 channels/month on average

Source: Consumer Beef Tracker, 2023.

EVOLVING CONSUMER E-COMMERCE TRENDS

Although over half of consumers are actively ordering groceries online, this trend is declining year over year as online ordering moderates and normalizes.

Online purchases of beef with grocery orders increased from 2020 to 2021 and has remained steady since at approximately one quarter of consumers doing so.

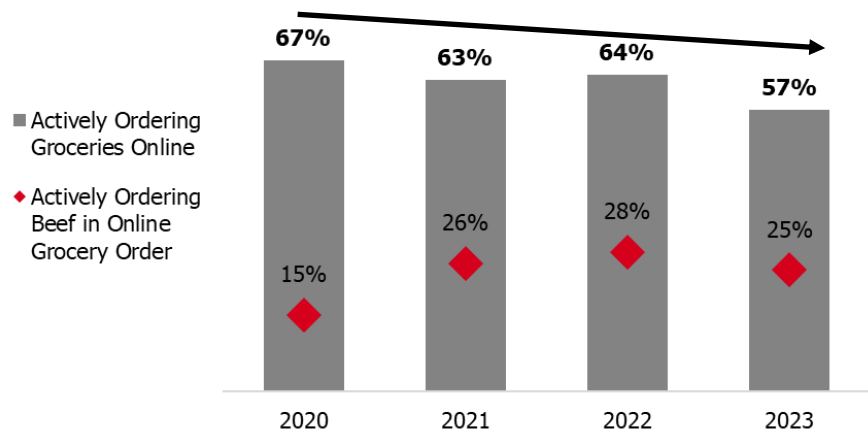
Online Grocery Ordering Behaviors

57% are ordering groceries online

Top 3 Platforms Used



Store Website DOORDASH



Source: Online Grocery Shopping Study, 2020; State of Consumer Survey, 2021-2023.

Survey data indicate a majority, but declining proportion, of consumers ordering meals online to eat at home.

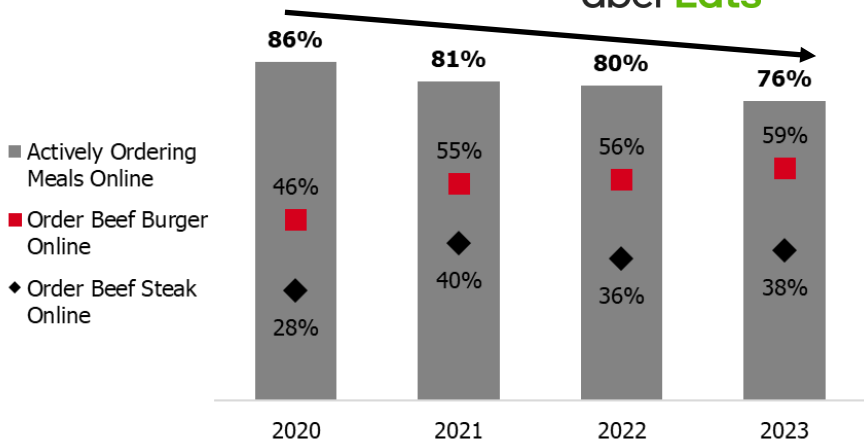
Quick-service friendly options like beef burgers are most likely to be ordered online followed by beef tacos, enchiladas, and burritos.

Online Meal Ordering Behaviors

76% are ordering meals online

Top 3 Platforms Used

DOORDASH
Restaurant Website & Mobile App
Uber Eats

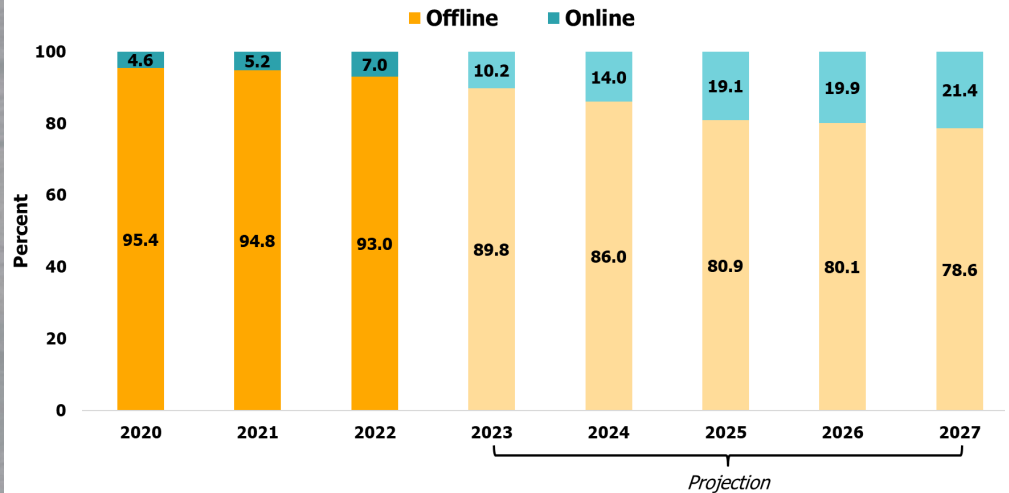


Source: Online Grocery Shopping Study, 2020; State of Consumer Survey, 2021-2023.

FUTURE MARKETPLACE EXPECTATIONS FOR BEEF

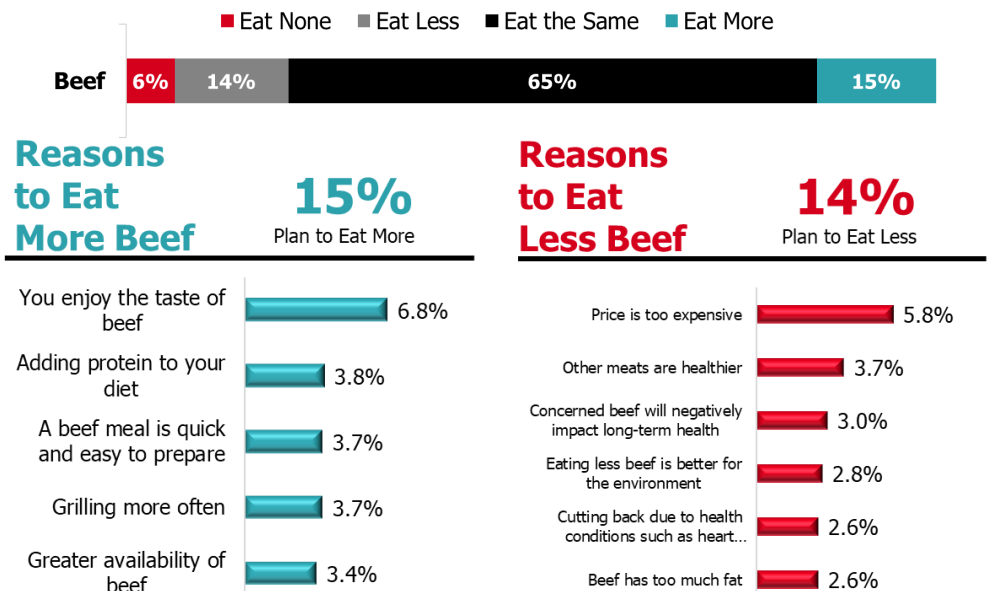
Looking forward to 2027, brick and mortar is projected as the dominant outlet for food purchases although steady growth in e-commerce is expected.

Brick and Mortar vs. Online Food Purchases



Asked about future consumption of beef, 80% of consumers respond they will maintain or increase current levels, while just 14% are planning to eat less. Driving increased consumption of beef: taste, protein in the diet and quick and easy preparation.

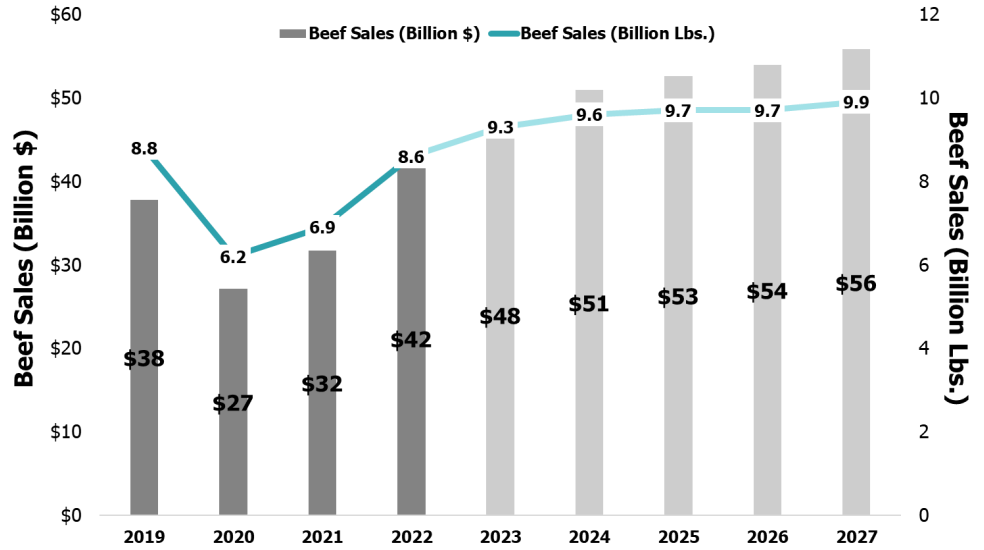
Future Consumption of Beef



BEEF PERFORMANCE AT FOODSERVICE

As consumer inflation and market expectations normalize, beef sold at foodservice projected to grow through 2027.

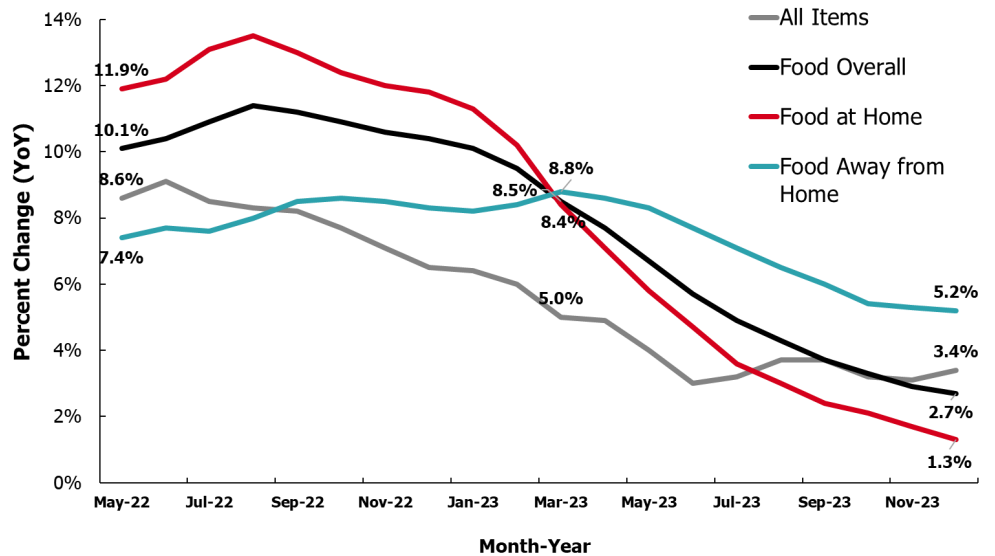
Actual & Projected Beef Sales at Foodservice



Source: GlobalData, Foodservice Protein Sales by Channel, 2019–2027.

Food away from home (foodservice) inflation rates have stayed above food at home (retail) inflation rates for most of 2023. However, since May of 2023, both food at home and away from home are showing annual inflationary declines. Perhaps more encouraging, food at home inflationary highs of August of 2022 are currently below 2%, a noted contrast of overall inflation levels.

Food Inflation Rates



Source: U.S. Bureau of Labor Statistics, Consumer Price Index, Not Seasonally Adjusted, Dec. 2023

BEEF PERFORMANCE AT RETAIL

A higher price per pound has helped keep beef dollar sales increasing despite a decline in beef volume sales over the past few quarters.

Retail Fresh Meat Sales, 2022 - 2023

+0.8%





\$ sales growth

-2.0%

Lbs. sales decline

Beef Sales at Retail

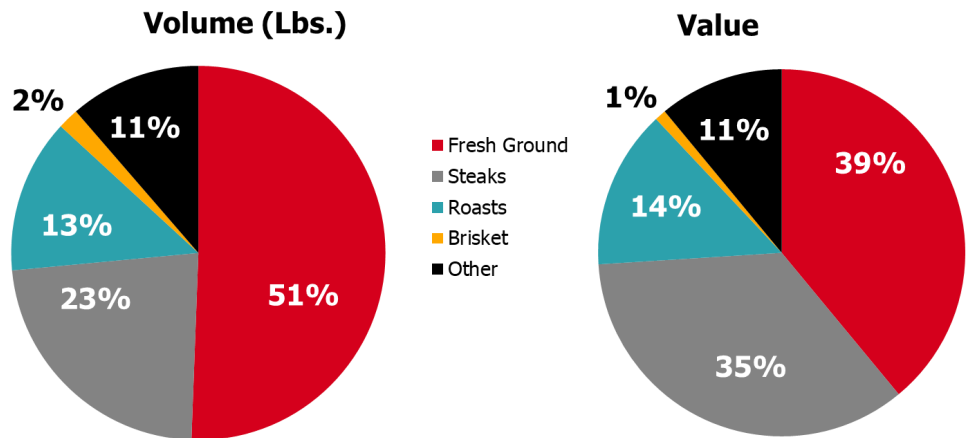
Fresh Meat \$61.4 Billion in 2023

	\$ '23 v. '22	Lbs. '23 v. '22
	+2.1% \$33.2B v. \$32.5B	-3.3% 5.3B v. 5.5B lbs.
	+1.6% \$16.2B v. \$16.0B	+1.3% 5.34B v. 5.27B lbs.
	-4.3% \$7.7B v. \$8.0B	-4.7% 2.3B v. 2.4B lbs.
	-29.6% \$125M v. \$178M	-28.3% 13.8M v. 19.3M lbs.

Source: NielsenIQ, Discover, 2021 - 2023. January – December Fresh Beef Sales by Volume and Value, Data Ending 12/30/2023

Fresh ground beef made up a majority of beef pound sales and occupies the largest share of beef dollar sales in 2023.

Retail Market Share by Primal



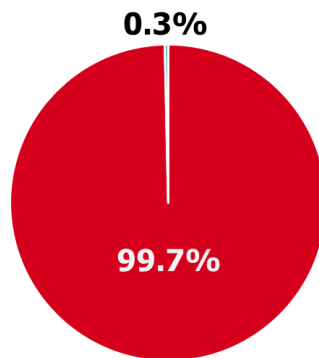
Note: The "Other" category is comprised of offals, other beef, ribs, and value-added products.
Source: NielsenIQ, Discover, Year to Date Retail Protein Sales 52 weeks ending 12/30/2023

MARKET SHARE OF FRESH MEAT ALTERNATIVES

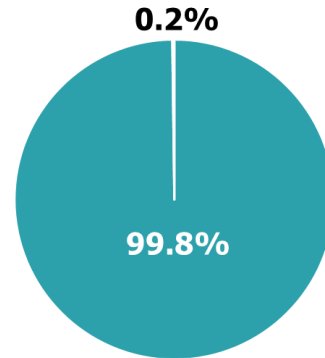
Fresh meat and beef substitutes represent a small percentage of the fresh meat and beef markets. This trend has remained constant over the past few years.

Market Share of Fresh Meat/Beef Substitutes

Fresh Beef vs. Beef Substitutes



Fresh Animal Protein vs. Substitutes

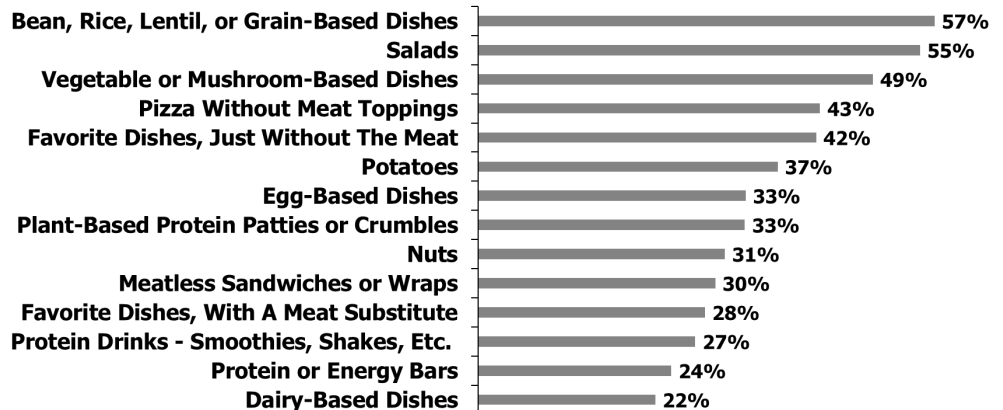


■ Beef ■ Beef Substitutes ■ All Animal Proteins ■ AP Substitutes

Note: Beef substitute forms include chubs, ground, and patties. Animal protein constitutes beef, bison, chicken, fowl, lamb, pork, turkey, and veal. Only fresh products were included in calculations. Source: NielsenIQ, Discovery. 2023 YTD Retail Protein Sales, 52 weeks ending 12/30/2023.

When consumers choose to eat a meal that intentionally avoids meat, they are most likely to opt for dishes that don't traditionally contain meat such as bean, rice, lentil, or grain-based dishes and salads. Meat substitutes are less popular.

Items Consumers Eat Instead of Meat



Source: Consumer Beef Tracker, 2023.

This report was compiled
and analyzed by the
National Cattlemen's Beef
Association (NCBA), a contractor to
the Beef Checkoff.

To learn more, visit
www.BeefResearch.org