Letter from the Editor – Fall 2014

Date: October 10, 2014

It’s been a year of transition as we’ve moved to a digital publication and redesigned the BIQ website.

by Nikki Richardson, Associate Director, Reputation Management, a contractor to the Beef Checkoff

Dear readers,

I want to thank you for your support of Beef Issues Quarterly in 2014. It’s been a year of transition as we’ve moved to a digital publication and redesigned the BIQ website. Based on your feedback, we’ve added an option to download the entire issue as a PDF, so please continue to share your suggestions as we work to improve the publication. Remember that the next issue, to be distributed at the end of the year, will include both digital and hard copy versions and be focused on the “best of” articles from 2014. As always, make sure to share this issue with friends, family and colleagues, and encourage them to sign up for the electronic version.

The BIQ Trends Advisory Panel identified a variety of important topics impacting the beef industry related to nutrition, digital advertising, potential for herd expansion and millennial perceptions, among others. BIQ wouldn’t be possible without the panel’s tremendous foresight and leadership. Members include: Jason Ahola, Ph.D., Colorado State University; Jude Capper, Ph.D., Livestock Sustainability Consultant/Washington State University; Mandy Carr, Ph.D., NCBA*; Richard Gebhart, Esq., University of Tulsa; Rick Husted, MBA, NCBA*; Duane Lenz, CattleFax; John Lundeen, NCBA*; Shalene McNeill, Ph.D., R.D., NCBA*; Mike Miller, NCBA*; Michele Peterson Murray, NCBA*; Season Solorio, NCBA*; and Daren Williams, NCBA*.

Please contact us any time to let us know what you think about BIQ and to share your ideas about specific topics you would like to see addressed.

*NCBA is a contractor to the Beef Checkoff

Tags: Beef Issues Quarterly, Fall 2014
The New Media Dynamic: Instead of Tuning in to the News, the News is Finding You

Date: October 9, 2014

With the rapid spread of social media and the ability for every brand to “own” content, one might think that true journalism has lost its cache in the modern information world.

by Bill Zucker, Partner and Director, Ketchum Midwest, Ketchum Public Relations, a sub-contractor to the Beef Checkoff

Summary
With the rapid spread of social media and the ability for every brand to “own” content, one might think that true journalism has lost its cache in the modern information world. But in fact news has not lost its importance at all – it’s just getting to us in a much different way. For those of us above age 40, news was always something we had to seek out. Today, the news seeks us out.

Background
First, a word about traditional journalism. It is far from dead and while circulation (newspaper) and viewership (TV) are down, Americans are still getting a lot of their news the way they have for decades. For example, in a given day about 22 million of us still tune in to one of the big three network evening newscasts (CBS Evening News, NBC Nightly News and ABC World News Tonight). And at any one time, 13 million Americans are watching one of the big three morning shows (Today, Good Morning America or CBS This Morning).

Those numbers are declining – especially among younger audiences. A recent Pew Research Media and News study found that on a typical day, only a third of people 18-29 years old watched any TV news compared to 65 percent of people 50-65 years old. Perhaps more telling is that while the viewership numbers have remained somewhat consistent for people in their 50s, younger viewers have dropped dramatically. But that doesn’t mean young people aren’t getting news – they’re just getting it differently.

Discussion
While people are going to social media sites for all sorts of interesting conversations, entertainment, photo-sharing and socializing, they are coming away with news. On two of the biggest social media sites, Facebook and Twitter, about half of those surveyed by Pew say they use the sites for news. Given current user information, it means that about 30 percent of all Americans are getting some news from Facebook and 8 percent from Twitter. Age and social media trends suggest those numbers will rise. The shift in dynamic means instead of tuning in to the news, more and more people are allowing the news to find them. And it happens in several different ways.

My friends’ news is my news: I may “friend” someone on Facebook because we went to high school together or cheer on the same sports team. But with that friendship I have now exposed myself to the news that they find important. Fully 50 percent of social media users tell Pew that they share or repost news stories, images or videos, and 46 percent discuss news stories or events on the social network sites. In the old media dynamic, you may never have sought out a story from the Washington Post on diet and cancer, but in the world of social media, the story might find you through a friend.

My feed, my news: Many people set up their feeds to expose them to the news that they care about. This could mean following reporters whose topics interest you (I follow the beat writer for the Milwaukee Brewers), following one of the many breaking news feeds to keep on top of urgent stories (such as @cnnbrk), or simply following people you respect or don’t respect because you want to know what kinds of news they are sharing. I have found personally that, somewhat by accident, my Twitter feed is a
perfect blend of stories that interest me. In the old media dynamic, I might sort through dozens of news sources to find a handful of stories I need. Today, the stories are finding me.

It's hard to ignore a trend: Most social media sites now carry a feature that lets you know what topics are “trending” among the entire subset of users. So even if your friends aren't talking about the Ebola virus, if the nation is discussing the story, it will reach your screen as a trend. Those trends are often tied directly or indirectly to a news story. In the pre-social media world, it was the job of journalists to figure out what topics were important to people, and therefore what news you might be exposed to. Now social media users are given some of that power, too.

No matter how the news finds us, it is often from the same news sources we are used to. The blog newswhip used a content tracker to determine the source of the most shared or tweeted news stories. The top three are Huffington Post, Buzzfeed and Upworthy, all sites designed with social media “buzz” in mind. But the fourth through twentieth most reposted stories are from more traditional media, such as Fox News, New York Times, USA Today and ESPN. For example, in one month, social media users shared about 6,000 different stories from CNN.com – and those stories were shared or “liked” by 8.5 million people. Many millions more were exposed to and possibly read the stories but didn't take a specific action such as retweeting it.

While we are exposed to more content than ever before, traditional news sources remain a highly trusted source. When consumers are asked what sources of information they most trust, in order they include:

- Recommendations from “people I know”
- Branded websites (such as beefitswhatsfordinner.com)
- Consumer opinions posted online (such as Yelp)
- Editorial content such as newspaper articles

Conclusions
While so much has changed in our communications world, the importance of the beef community working closely with traditional media has not. Beef Checkoff programs share and amplify relevant stories through social media and influencers. The checkoff Integrated Communications team continually pitches story ideas to news outlets with high online reach. The checkoff Issues and Reputation Management team deploys tactics to ensure that as media cover issues around beef production, the Facts About Beef website is part of the conversation taking place in real time. All of this takes place with one simple goal: Making sure that important information about beef is finding its way onto the screens of beef's consumer target audiences.

Additional Resources

1. Nielsen Media Research 2013 Survey
   - In Changing News Landscape, Even Television is Vulnerable
   - Network: By the Numbers
   - News Use Across Social Media Platforms
   - Key Indicators in Media & News
   - State of the News Media 2014
   - Thought I Knew How Big Upworthy Was on Facebook: Then I Saw This

Tags: Beef Issues Quarterly, Fall 2014, Trends Analyses
Trends 2014: Key Forces Shaping How Food Is Bought and Consumed

Date: October 8, 2014

While some food trends quickly come and go, those more deeply anchored in societal or cultural change typically have better staying power.

by Alison L. Krebs, Director, Market Intelligence and John Lundeen, Senior Executive Director, Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary
While some food trends quickly come and go, those more deeply anchored in societal or cultural change typically have better staying power. As knowledge has grown and technologies, generational perspectives and preferences have evolved, many of today’s eating experiences look different from those we grew up with or once knew. It’s important to understand how eating is changing so we can consider and target how beef best fits into consumers’ lives.

Background
Here is a quick summary of key eating trends and beef’s competitive position for each.

<table>
<thead>
<tr>
<th>Trend</th>
<th>Beef’s Competitive Position</th>
</tr>
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<tbody>
<tr>
<td>Demographic Diversity</td>
<td>Beef is a popular foundation for many Hispanic and Mediterranean cuisines, its traditional presence isn’t strong in some Asian fare.</td>
</tr>
<tr>
<td>Interest in Diverse Foods</td>
<td>Beef works well as an ingredient but many consumers equate the wonderful beef experience with a steak, and don’t think of strips/cubes/shredded beef as a quick addition to other foods. Ground beef, in contrast, is an easy ingredient addition to many meals.</td>
</tr>
<tr>
<td>Upper Income</td>
<td>Beef demand has historically increased as disposable income rises. High-end steak houses are projected to see increasing traffic in the future as well off consumers feel comfortable spending on a high-end beef meal.</td>
</tr>
<tr>
<td>Lower Income</td>
<td>Traditionally, lower income families have been the bulk of beef demand. As an aftermath of the recession, they have allocated their beef dollars more carefully, getting a few less beef meals for the same, or even more, dollars.</td>
</tr>
<tr>
<td>Fresh</td>
<td>Beef in the meat case is by definition, fresh. Location in the store perimeter communicates freshness.</td>
</tr>
<tr>
<td>Clean</td>
<td>Beef is typically sold without additives or preservatives. Hormone, antibiotic and GMO misperceptions, however, drive consumer concerns about the purity of beef.</td>
</tr>
<tr>
<td>Protein</td>
<td>Protein is increasingly in demand by the consumer and beef is a great nutrient dense high protein food. Much of the projected growth in protein consumption is expected outside the dinner occasion, however, with beverages, snacks and other protein sources staking their claim.</td>
</tr>
<tr>
<td>Solo Dining</td>
<td>Few beef options are available in single portion sizes, so an additional preparation step (split and repackage) is required. Solo users also seek quick and easy meal preparation and beef is under represented in many RTE (ready to eat) categories.</td>
</tr>
<tr>
<td>Snacking</td>
<td>Beef jerky works great, and burgers are one of the original hand held foods. A greater variety of other flexible, varied flavor, convenient and sized portion foods would improve beef’s snacking position.</td>
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</tbody>
</table>
This article will focus on five major trends, including diversity in America and in choice of cuisine, the duality in America based on polarized household incomes, the quest of the average American for a simpler, cleaner food label, greater interest in protein choices and the rise of the small household and desire for smaller food choices.

Discussion
Who is Today's Consumer? The Diverse Diner

To begin, let’s look at today’s consumer, where two important dynamics are at play in regard to diversity. Not only are demographics continuing to change, but today’s consumer is interested in cuisines that go well beyond traditional fare.

First, we need to understand how the face of America has evolved. According to the U.S. Census Bureau, our foreign-born population increased from 6.9 percent to 13 percent over the 60 years ending in 2010 while interracial marriages more than doubled to 15 percent in just 30 years. And with the start of the 2014 school year, the student population is now less than 50 percent white. Additionally, whereas married couple households made up 81 percent of the total in 1970; that had declined to two-thirds by 2012, and 27 percent of the total are now singletons.

Complemented by these broader cultural influences, interest beyond the U.S. borders has continued to blossom. Business has become more global, more Americans now travel overseas and today’s affordable communication technologies have made the world a much smaller place. Travel and cooking shows, along with websites, work colleagues and perhaps the neighbors down the street, have prompted many to expand their food interests and have fun exploring well beyond American cuisine – or even Chinese, Italian and Mexican – to where 60 percent of foodservice eating occasions now include a wide variety of global preparations and flavors (see Figure 1).

Figure 1: 60% of Foodservice Eating Occasions Are Global Cuisines

The High-Low Market
Marketers began talking about a dual market in America some years ago. Luxury brands were seeing sales increases, and companies focused on everyday value found success by catering to those focused on price. But beware being a company or industry serving the middle market. Here are a few examples.

- Department stores have increasingly struggled, while dollar stores and outlet malls proliferate. On the high end, those focused on high-end fashion or status (ex. Tiffany) have also done well.
Two large cell phone equipment markets have evolved – the first focused on bare-bones pre-paid plans, the other “smart phone” market is constantly adding features and capabilities to their offerings. The jewelry market has diverged into lower-end costume jewelry or high-end custom choices. Private label “value” grocery offerings continue to grow in grocery stores, offering quality at a lower price than national brands. But, one will also see plenty of high-end offerings throughout the store ... pre-cut fruit, high end salad bars, cheese shops and meals-to-go are just a few examples.

This environment continues today, with the Federal Reserve reporting on Sept. 4, 2014, that the top 10 percent of Americans enjoyed higher incomes while all other Americans experienced declining incomes between 2010 and 2013. The impact on beef varies. On a positive note, steakhouses are expected to have a stellar year in 2014, as seen in the Technomic sales forecast (see Figure 2). And ground beef, the industry’s value offering, continues to put up strong sales numbers. But overall, lower and middle income Americans are purchasing whole muscle beef a few less times at the grocery store.

Figure 2: Full Service Restaurant Growth Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Asian</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Steak</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Seafood</td>
<td>4</td>
<td>-1</td>
</tr>
<tr>
<td>Varied menu</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Italian</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Family style</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mexican</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Technomic Top 500 Reports

What Are Consumers Looking for from Their Food?
Seeking Fresh and Clean

Food technologies that have helped to manage traditional pathogen threats and have enabled consumers to have wholesome, fresh foods year-round with much-improved shelf life at affordable prices are continually being challenged by consumer activists. Whether related to food production, processing, retailing or restaurant ingredients, as consumers have become even more removed from the farm and food processing practices, consumers’ skepticism around the unknown has grown, heightening pressure on today’s food industry practices.

Figure 3 shows practices across the value chain that have come under fire.

Figure 3: Food Industry Practices At All Levels are Under Fire

Source: Food Marketing Institute, 2014 US Grocery Shopper Trends
And since 2007, the proportion of consumers seeking “fresh” and less processed food products has grown by 50-140 percent (see Figure 4). Essentially, the overarching Food and Drug Administration ingredient standard “Generally Regarded as Safe” (GRAS) no longer quells curiosities and concerns.

**Figure 4: “Fresh,” Less Processed Marks Quality and Health**

![Graph showing the percentage of respondents who prefer minimally processed, contain only recognized ingredients, locally grown or produced, and shortest list of ingredients.]


Meat and Poultry Magazine recently ran a feature article concerning the meat industry’s efforts in “Cleaning up Labels.” An interesting example is the current elimination of pure nitrates and nitrites from processed meats, with celery juice and spinach as substitutes. Interestingly, both celery and spinach are naturally inherent sources of, you guessed it, nitrates and nitrites. Major food companies outside the meat industry are facing similar pressure to eliminate unknown food additives.

**Protein is Hot**

Per NPD’s dieting monitor, about half of American adults are trying to include more protein in their diets today (see Figure 5). And on a very positive note, younger adults are more likely to be looking for incremental protein than older adults.

**Figure 5: Younger adults usually look for protein more often on the Nutrition Facts Label**

![Graph showing the index to total adults for protein in different age groups.]  
Source: The NPD Group/Dieting Monitor, 2013 Average; Indices Based on Percent of Adults

Beef and animal proteins are not the only winners in this search for additional protein. Although half of Americans see meat as the best source (Figure 6), many other protein sources are ramping up their efforts to be seen as an optimal source.

**Figure 6: About half of consumers consider animal protein the best source of protein**
The takeaway for beef? Emphasizing protein, and beef as a high quality protein, is an effort that has heightened potential for success. It is a message that consumers are now ready to hear.

How Are Consumers Eating Their Food?
Menu Eating

The traditional family meal, where everyone gathers together to enjoy the same in-home prepared food, has evolved. Today, less than one quarter of consumers make dinner at home every night of the week and Millennials do this just 4.5 times per week.\textsuperscript{10} While some meals like this still do exist, two forces have changed the eating occasion concept from that of a meal to a menu eating experience.

In addition to the changing household structure (referenced above), today’s varying schedules, changing norms and the availability of single-serving food items have liberated the consumer. Fully 47 percent of eating occasions are now alone.\textsuperscript{11} Additionally, if a family is together at meal time it’s not unusual for the grill to include a steak or two, along with a hot dog, chicken breast and bratwurst to cater to individual needs and desires.

Then there’s been the advent of the snack. Back in 1977-78, 40 percent of the U.S. population didn’t snack at all. By 2009-2010 the non-snackers had dwindled to just 5 percent, with nearly 20 percent of people snacking five times per day.\textsuperscript{12} In fact, a full 50 percent of eating occasions are now snacks, further highlighting the need for quick, convenient foods.\textsuperscript{13}

\textbf{Conclusion}

Today’s consumer trends are impacting the retailer and restaurant, along with the processor and back to the producer. They’re sending signals that the beef industry needs to recognize, review and respond to in order to ensure beef remains consumers’ frequent protein of choice.

\textbf{Additional Resources}

2. CBS News, August 10, 2014
3. U.S. Census Bureau, America’s Families and Living Arrangements: 2012-2013
4. Hartman Group Compass 2012, n=16,194
5. Technomic Trends in Foodservice, 2014
8. The NPD Group/Dieting Monitor, 2013. "Disclosed with permission of The NPD Group solely for the purpose for which it is being provided by NCBA (a subcontractor to the Beef Checkoff). The reproduction, dissemination, or use of this information for any other purpose is strictly prohibited.

Source: The NPD Group/Protein Perceptions and Needs Topical Report
Department stores have increasingly struggled, while dollar stores and outlet malls proliferate. On the other hand, private labels have seen growth.

The NPD Group/Protein Perceptions and Needs Topical Report. Hartman Group Compass 2012, n=16,194


Hartman Group Compass, 2013


Food Marketing Institute, 2014 U.S. Grocery Shopper Trends

Here is a quick summary of key eating trends and beef needs and desires.

Today's eating experiences look different from those we grew up with. The traditional family meal, where everyone gathers together to enjoy the same plate of food, has evolved. Today, less than one quarter of consumers make dinner at home every night of the week and the eating occasion concept has changed from that of a meal to a menu eating experience.

In response, the meat industry is facing similar pressure to eliminate unknown food additives. Processed meats, with celery juice and spinach as substitutes. Interestingly, both celery and spinach are pre-disclosed ingredients. The food industry has a stellar year in 2014, as seen in the Technomic sales forecast (see Figure 2). And ground beef, the cornerstone of retailing or restaurant ingredients, as consumers have become even more removed from the farm and the consumer trend is less process. Marks quality and health.

Food technologies that have helped to manage traditional pathogen threats and have enabled consumers to have a stellar year in 2014, as seen in the Technomic sales forecast (see Figure 2). And ground beef, the cornerstone of retailing or restaurant ingredients, as consumers have become even more removed from the farm and the consumer trend is less process. Marks quality and health.

The High Market value offering, continues to put up strong sales numbers. But overall, lower and middle income households typically have better staying power. As knowledge has grown and technologies, generational perspectives have changed.

How Are Consumers Eating Their Food?

Source: The NPD Group/Protein Perceptions and Needs Topical Report

Figure 6: About half of consumers consider animal protein the best source of protein.


2. Food Marketing Institute, 2014 U.S. Grocery Shopper Trends

3. Hartman Group Compass, 2013


5. Hartman Group Compass, 2013


8. Hartman Group Compass, 2013

9. The NPD Group/ Protein Perceptions and Needs Topical Report. "Disclosed with permission of The NPD Group solely for the purpose for which it is being provided by NCBA (a subcontractor to the Beef Checkoff). The reproduction, dissemination, or use of this information for any other purpose is strictly prohibited without NPD’s prior written consent.

10. Food Marketing Institute, 2014 U.S. Grocery Shopper Trends

11. Hartman Group Compass, 2013


Tags: Beef Issues Quarterly, Fall 2014, Trends Analyses
The Importance of Including Red Meat in a Healthy Dietary Pattern

Date: October 1, 2014

The study of the human diet’s role in health has moved beyond a focus on individual nutrients or even single foods to an emphasis on the overall dietary pattern.

by Brandi Buzzard Frobose, Manager, Issues Communication, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff and Shalene McNeill, PhD, RD, Executive Director, Human Nutrition Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The study of the human diet’s role in health has moved beyond a focus on individual nutrients or even single foods to an emphasis on the overall dietary pattern. Characterizing dietary recommendations as healthful or unhealthful has become an important focus in the development of Dietary Guidelines for Americans that the U.S. Department of Health and Human Services and the U.S. Department of Agriculture (USDA) jointly issue every five years. Red meat can be associated with an unhealthful dietary pattern and lifestyle (i.e. low consumption of fruits, vegetables and lower levels of physical activity) and this limits appreciation for beef’s positive role in health. Disentangling red meat, or beef, from this overall pattern can be challenging but the science shows that today’s beef is a high quality nutrient rich source of protein that supports a healthful dietary pattern. Shalene McNeill, PhD, RD, Executive Director, Human Nutrition Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff, provides insight and comments on red meats advantages in healthy dietary patterns.

Q: How do consumer preferences affect the inclusion of beef in today’s dietary pattern?

Shalene McNeill (SM): Red meat (beef, pork, mutton and veal) represents the largest proportion of meat consumed in the U.S.; however, recently consumers are reporting that they consumed less red meat in 2013 than in 2012. Global food analysts have noted that trends motivating consumers to cut fat and cholesterol intake are the dominant factors affecting the red meat market and, consequently, are contributing to the decline in red meat consumption.

Today’s consumer prefers a leaner, healthier product. This demand has led to leaner cuts of red meat and, additionally, a change in meat production and merchandising is producing meats with 80 percent less external fat. For example, approximately two-thirds of the beef sold in retail in the U.S. meets the government guidelines for lean. Beef’s flexibility as an entrée or ingredient in recipes, coupled with the wide variety of lean beef available, increases the ease with which consumers can incorporate red meat, beef specifically, into their diet.

Q: Recently, protein has been in the spotlight and seems to be the new leading factor in food purchasing decisions. What is the role of protein in a healthful dietary pattern?

SM: Our body uses protein to grow, develop and repair itself. Recently, a large body of research has been conducted on the ability of high quality protein to promote weight loss and prevent weight gain. In fact, weight loss diets that contain higher amounts of protein have been shown to be more effective compared to standard protein diets that contain higher amounts of carbohydrates. A key factor in the incorporation of high quality protein is the increased feeling of satiety, which leads to an improvement in appetite control and may lead to decreased food consumption at later meals. It has been shown that dietary protein increases satiety to a greater extent than carbohydrates or fat and also increases thermogenesis, which may influence appetite signals.

Protein intakes higher than the recommended daily allowance may reduce the risk for chronic diseases such as obesity, type 2 diabetes and osteoporosis and may also assist with maintaining lean muscle mass that is of particular importance for the elderly and those who lead a physically active lifestyle.
Furthermore, studies specific to U.S. children and adolescents have shown that the inclusion of red meat is significantly associated with intakes of protein and essential vitamins and minerals (O’Neil et al., 2011).  

**Q: Can you please explain the predisposition of so many influential nutrition recommendations to encourage the restriction of red meat intake?**

SM: The root of many recommendations to limit red meat consumption stems from red meat’s saturated fatty acid (SFA) content. Although red meat’s contribution to total and saturated fat has declined over the last three decades, historically it has been a top contributor to saturated fat intake in the American diet, making it a target for a food to reduce as a means of reducing saturated fat intake. For years, observational evidence has suggested SFA to be associated with heart disease, although recent data challenges this. For example, a recent meta-analysis of 20 observational studies by Chowdhury and colleagues (2014) demonstrated that there were no significant associations between SFA and heart disease. The relationship between SFA and heart disease is very complex, and the observational evidence regarding the association between SFA and heart disease appears to be inconsistent.

**Q: What evidence is there of lean beef’s role in a healthy diet?**

SM: Several studies have shown that lean red meat can be successfully included in recommended heart-healthy dietary patterns without detriment to blood lipids such as cholesterol levels. The Beef in an Optimal Lean Diet (BOLD) study (Roussell et al., 2012) demonstrated the successful incorporation of lean beef in a Dietary Approaches to Stop Hypertension (DASH)—like diet with the same beneficial effects on blood lipids and furthermore a decrease in low-density lipoprotein (LDL) cholesterol. LDL-cholesterol is known for collecting in the walls of blood vessels, which in turn can increase the risk of a heart attack. Similarly, an analysis of the U.S. National Health and Nutrition Examination data found that women over the age of 50 who adhered closely to a dietary pattern that included beef as the primary source of protein had the lowest probability of being obese and a greater likelihood of having normal blood pressure (Lopez et al., 2008). These studies, in addition to many others, provide support for beef’s role in a healthful diet.

**Q: Do you have any final points about lean beef’s role in a healthy diet?**

SM: There is a strong case for the positive role of lean red meat in a healthy dietary pattern. Lean red meat is an important source of high quality protein and essential nutrients. It is a frequently consumed food people enjoy and may help people stick with healthier diets over the long term. Our charge as farmers, ranchers, beef nutrition experts and nutrition communicators is to help more consumers explore the benefits of enjoying beef as part of healthy diet and lifestyle to experience for themselves how it can help support a healthy body weight and improve vitality and stamina.

**Additional Resources**

Tags: Beef Issues Quarterly,Fall 2014,Questions and Answers

http://dx.doi.org/10.1016/j.jada.2007.10.043.

There is a strong case for the positive role of lean red meat in a healthy dietary pattern. Lean red meat is not only a source of high-quality protein and essential vitamins and minerals, but it is also known for its role in health. Disentangling red meat, or beef, from this overall pattern and lifestyle (i.e. low consumption of fruits, vegetables and lower levels of physical activity) and controlling for these factors reveals no significant associations between saturated fat (SFA) and heart disease risk factors, such as obesity, type 2 diabetes and osteoporosis. A key factor in the incorporation of high quality protein is the increased feeling of satiety, which leads to an improvement in appetite control and may lead to decreased food consumption at later meals. It has been shown that dietary protein increases satiety to a greater extent than carbohydrates or fat and also increases thermogenesis, which may influence appetite signals. 

The study of the human diet and lifestyle to experience for themselves how it can food people enjoy and may help people stick with healthier diets over the long term. Our charge as SHALENE McNEILL (SM):

Nutrition Research, National Cattlemen's Beef Association (USDA) jointly issue every five years. Red meat can be associated with an unhealthful dietary pattern and lifestyle (i.e. low consumption of fruits, vegetables and lower levels of physical activity) and the age of 50 who adhered closely to a dietary pattern that included beef as the primary source of protein. The Beef in an observational evidence has suggested SFA to be associated with heart disease, although recent data challenges this. For example, a recent meta-analysis of 20 observational studies by Chowdhury and Etherton, demonstrated that there were no significant associations between SFA and heart disease. Although red meat fatty acid (SFA) content. Although red meat is significantly associated with intakes of protein and essential vitamins and minerals (O 256, 3

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http://dx.doi.org/10.3945/ajcn.111.016261.

http://dx.doi.org/10.7326/M13.

http://dx.doi.org/10.1016/j.meatsci.2010.10.020.
Weakening Drought and Economic Incentive Turns Attention Toward Expansion

Date: October 4, 2014

The most recent United States Department of Agriculture (USDA) drought monitor shows a large portion of the country is recovering from drought.

by Ethan Oberst, CattleFax Analyst

Summary
The most recent United States Department of Agriculture (USDA) drought monitor shows a large portion of the country is recovering from drought. However, the drought still continues in the west, mainly in California with dry areas across the south and southwest. The Pasture and Range Condition Index also indicates the U.S. has seen significant improvement in moisture conditions. The index is a weighted average based off of the number of cattle in each state and the percent of each state that falls under one of USDA’s ratings: very poor, poor, good, fair, excellent.

Background
As seen in the index, the U.S. as a whole has seen conditions comparable to the favorable weather of 2010. All regions are seeing improved conditions compared to the historically dry 2012, and most have seen improvement over 2013 range conditions. Seasonally, there is a decline in the range conditions entering the first of July (27th week), however this year due to a cooler and wetter July, the range conditions have held steady to only slightly declining, giving cow-calf producers even more reason to think about expansion. Optimism for more moisture has been supported by the El Niño weather pattern possibly strengthening moving into the fall.

Discussion
The El Niño weather pattern, occurring in the Pacific Ocean, continues to develop, which means extended cooler, wetter weather for some parts of the country and warmer, drier periods for others. The El Niño episodes are defined by the warming of the Pacific Ocean that causes a change in weather patterns for countries bordering the Pacific Ocean. El Niño’s effect on North America occurs in the form of a warmer, drier winter in the north and a winter that is wetter than normal in the south and southwest; possibly allowing California to see some adequate relief.
The economic incentive to expand is also present as the calf supply shortage and record high cattle prices across all segments has caused the calf market to continue to make record highs. The high demand for calves has been fueled by calf users experiencing record profits over the last year, low costs of gain due to less expensive corn and improved weather increasing feed resources across all regions of the country. The 2013 average price received for a 550-pound steer was $168/cwt, while the year-to-date average for 2014 is currently $227/cwt, an increase of $59 over last year. With the supply shortage continuing into the fall, prices could push even higher. The CattleFax average estimated price for 550-pound steers for 2014 is $240/cwt and the 2015 estimate is $255/cwt. As with a typical cattle cycle, the economic incentive is the main driver for cow-calf producers to start the expansion process after the liquidation phase has reduced supplies enough for there to be an economic incentive again. With record profits in the cow-calf segment the economic incentive to expand is present.

The cattle cycle has not seen a significant expansion phase since the 1991 to 1996 expansion, increasing by 1.7 million cows (2004 to 2006 expansion was cut short by drought in the Southern Plains). Expansion can happen on two fronts, retaining heifers for breeding stock as well as maintaining the cows currently in the herd through a reduction in culling percentage. Looking at the 1991 to 1996 expansion data for both of the areas mentioned it is evident that expansion started off with a large reduction in cow slaughter in 1991 by 14.7 percent. Also in that time period there was a reduction in the cow cull rate - down to 8.3 percent. A cow cull rate near or under 9 percent is a significant indicator when discussing possible expansion. The historical average cull rate is 10.1 percent measuring back to 1975. Pairing that reduction with the increase in the number of heifer replacements held is a strong indicator of an expansion phase. From 1991 through 1995, there was a year-over-year increase of heifers held with intentions of entering the cowherd. When the replacement heifers held equals 18 percent or more of the total beef cow herd it is worth noting. In the 1991 to 1996 expansion that number was near or over 18 percent.

We can compare the same indicators for the current proposed expansion phase. Replacement heifers with intentions of entering the cowherd have been increasing year-over-year since 2011. Since 2012, the percentage of replacement heifers of the overall beef herd has been near or over 18 percent. The industry has been showing heifer expansion for several years now, but most recently has spilled over to the mature cows. The cow cull rate has been slowly declining for the last several years, meaning that ranchers are culling a smaller percentage of their herds. However, there has been a major transition in the last several months toward expansion, as weather has cooperated this past spring and summer. Looking at the chart, there has been a move from a cow cull rate and ultimately a cow slaughter rate that would be typically seen during a non-expansion year to a rate more commonly seen during an expansion year.
This year’s cull rate is expected to be below 10 percent and in 2015, well below 9 percent. Another indicator that expansion is on the horizon can be seen in the years when heifer slaughter percentage of total fed slaughter is around 35 percent. That was seen in the ’91-’96 expansion and slightly in the ’04-’06 expansion. There has been a year-over-year decrease since 2010 and it’s anticipated to dip to the 35 percent levels by year’s end.

Conclusions
It is clear that the cow-calf segment is entering an expansion phase powered by both the stout economic conditions we have seen as well as Mother Nature relieving a majority of cow country with much needed rains. As the strong economics are expected to continue, the expansion will weigh heavily on the weather. If pasture/range conditions and feed resources can find enough moisture to support a larger cowherd then we will see an expansion that could last several years.

Additional Resources

- USDA Drought Monitor

Tags:  Beef Issues Quarterly,Fall 2014,Issues Updates
“Beef. It’s What’s For Dinner.” Digital Advertising Campaign Achieving Big Results for Beef

Date: October 3, 2014

This year marks the first year that the Beef Checkoff-funded “Beef. It’s What’s For Dinner.” brand launched its online advertising campaign using a new integrated digital media plan.

by Mackenzie Jordan, Manager, Communication Content, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary
This year marks the first year that the Beef Checkoff-funded “Beef. It’s What’s For Dinner.” brand launched its online advertising campaign using a new integrated digital media plan. To date, the digital campaign has been a success, educating millions of consumers on beef’s superior taste, nutrition and ease-of-use, by providing them with the beef-related information that they need, when they need it. Through the checkoff’s digital campaign, consumers are equipped with the beef tips, techniques and recipes they need to ensure a great beef eating experience, each and every time.

Background
There are an estimated 5.5 million daily online food-related searches by millennials. So, with the vast amount of information available to consumers online, just how is the Beef Checkoff-funded program creating such momentum with its brand new digital advertising campaign? By focusing on every interaction and implementing a three-pronged approach to digital.

- Be relevant: Be there when consumers are searching for information. Whether consumers are searching recipes, cooking tips or nutrition facts, the checkoff is creating top-of-mind awareness for beef by providing the information people want.
- Be inspiring: Remind consumers of the valuable resources available to them online—BeefItsWhatsForDinner.com—at key decision making times like lunchtime or after work when they are deciding what to make for dinner or how to best cook a steak.
- Be conversational: Engage with consumers and have meaningful, one-on-one interactions. Through digital, the checkoff connects with consumers on a one-to-one basis, by better understanding their individual questions as it relates to beef and providing the right answers. This leads to a more informed beef consumer.

Discussion
The “Beef. It’s What’s For Dinner.” brand has also created a robust digital toolbox that reaches consumers in a variety of ways, across different platforms.

“Beef. It’s What’s For Dinner” Digital Toolbox

- Website: BeefItsWhatsForDinner.com serves as the go-to resource for recipes and meal inspirations, cooking tips and techniques, and nutrition information. In the 12 weeks since the launch of the campaign, the website has received almost 1.1 million new site visits — an 800 percent increase over pre-campaign levels. BeefItsWhatsForDinner.com is the internet’s number one website for all things beef.
- Search Advertising: A search advertising strategy was implemented to drive consumers that are already proactively searching for recipe, food and cooking information—but may not be thinking about beef—to BeefItsWhatsForDinner.com. Search engine optimization (SEO) helped to increase organic search traffic to the website by 44 percent, while paid search (PPC) resulted in over 676,000 click-throughs to the “Beef. It’s What’s For Dinner.” website.
Videos: Five “No-Recipe Recipe” consumer advertising videos were created at the start of the campaign to inspire new meal ideas and cooking techniques, and show how beef can help bring a delicious and nutritious meal to life. Since their launch, the videos have received more than 1.7 million total views.

Telecontext: This cutting-edge social interaction platform has prompted “Beef. It’s What’s For Dinner.” to interact consumers in a new and unique way, in real-time, providing them with beef recipes and cooking tips while they’re watching their favorite cooking shows.

Social media: Social plays a large role in the digital advertising campaign through promotion of content like recipes and cooking tips. Since the launch of the new digital campaign, the “Beef. It’s What’s For Dinner.” Facebook page has added almost 41,000 new “fans” for a total community of 876,300 beef-loving consumers. Additionally, the checkoff-funded Beef. It’s What’s For Dinner.” campaign received a total of 434,000 engagements* on Facebook and Twitter in the past 12 weeks.

*Engagements are defined as likes, comments, share, re-tweets and click-throughs to checkoff resources such as recipes, nutrition information, cooking tips, etc.

Digital Labs: Over the past several months, the digital advertising experts at the Beef Checkoff have been partnering with various State Beef Councils (SBCs) across the country for digital labs. These digital labs are aimed to help support SBCs by evaluating each state’s online content to identify what resonates most with their local and target audiences. To date, 13 states have participated in these digital labs, and more are interested in future labs.

Conclusions
Since the launch of the first-ever beef checkoff advertising campaign 12 weeks ago, a total of 97 percent of BeefItsWhatsForDinner.com visitors said they held positive opinions about beef after visiting the site. That number alone illustrates that the “Beef. It’s What’s For Dinner.” new integrated digital advertising approach is already helping to shift consumer preferences toward beef.

Additional Resources

- Beef. It's What's For Dinner

Tags: Beef Issues Quarterly, Fall 2014, Issues Updates
Strong Demand in Asian Markets Pushes U.S. Beef Exports to Record Pace

Date: October 2, 2014

International marketing of U.S. beef greatly enhances carcass value and delivers strong returns to U.S. producers.

by Greg Hanes, U.S. Meat Export Federation, a contractor to the Beef Checkoff

Summary
International marketing of U.S. beef greatly enhances carcass value and delivers strong returns to U.S. producers. Checkoff-funded marketing activities and ongoing efforts to improve market access are managed by the U.S. Meat Export Federation (USMEF), a contractor to the Beef Checkoff. These efforts helped produce exceptional results in the first six months of 2014, as U.S. beef/bone variety meat exports set a first-half value record of $3.27 billion, up 16 percent from the same period in 2013. Despite lower supplies, export volume was up 8 percent from a year ago to 585,953 metric tons (mt).

Background
Over the past 10 years, the U.S. industry has made excellent progress in restoring the presence of U.S. beef in Asian markets that closed completely following the December 2003 BSE case. With the exception of China, all major Asian markets have now reopened to U.S. beef, but in some cases market access remains limited by product restrictions and limits on the age of eligible cattle. Despite these obstacles, demand in Asian markets has been very strong and has shown exceptional resiliency during a period of high prices for U.S. beef.

Discussion
Hong Kong has been an excellent growth market for U.S. beef exports, with first-half results increasing 55 percent in volume (71,876 mt) and 76 percent in value ($492.7 million) from a year ago. For many years, exports to Hong Kong were limited to boneless muscle cuts from cattle less than 30 months of age. This changed in February 2013, when Hong Kong began accepting bone-in cuts and some offal products from under-30-month cattle, and boneless cuts from cattle of all ages. In June of this year, Hong Kong granted full access for U.S. beef, which allowed for the addition of key items such as ground beef and processed beef products.

“Over the past 18 months, the U.S. industry has capitalized on its expanded access to Hong Kong in a number of ways,” said Joel Haggard, USMEF senior vice president for the Asia Pacific. “USMEF has targeted bone-in middle meats to buyers in Hong Kong’s high-end restaurant sector with great success, and creating demand in Hong Kong for U.S. short ribs has made them an even more valuable item on the global market. Removal of the cattle age limit and restrictions on ground beef and processed products is also very beneficial, as this allows USMEF to pursue an expanded range of opportunities in Hong Kong’s rapidly growing foodservice sector.”

Exports to South Korea have also performed extremely well in 2014, with first-half volume increasing 11 percent year-over-year (to 56,478 mt) and value surging by 40 percent to $379.5 million.

“We have made steady progress in Korea in restoring consumer confidence in U.S. beef,” Haggard explained. “While it remains one of the most sensitive markets in the region regarding BSE and other safety-related issues, a far greater percentage of Korean consumers trust the safety of U.S. beef, compared to where we stood just a few years ago.”

One of the strategies that has helped USMEF regain the confidence of Korean consumers is a sharper focus on branded products that offer more detailed information about sourcing and production at the
Strong Demand in Asian Markets Pushes U.S. Beef Exports to Record Pace

"A growing number of consumers in all markets want to know the ‘story’ behind the products they are buying for their families,” Haggard said. “USMEF certainly found this to be true in Japan, where providing consumers with this information strengthened demand and allowed them to focus on how much they enjoy U.S. beef. We’re now having great success with this strategy in Korea and in markets across Asia.”

Similar results are being seen in Taiwan, where the U.S. industry has recently overcome misperceptions and negative media coverage related to the use of ractopamine in beef production. After a slow start in 2014, exports to Taiwan rebounded nicely in the second quarter to finish the first half of the year 3 percent higher in volume (16,127 mt) and 7 percent higher in value ($132.8 million).

These results are particularly impressive given the current state of Taiwan’s beef market, which has seen a large influx of lower-priced beef from Australia due to its drought-induced herd liquidation. Imports from New Zealand have also increased as suppliers capitalize on lower tariffs gained through New Zealand’s new free trade agreement with Taiwan.

"For frozen beef, we are definitely seeing a more intense level of competition from Australia and New Zealand due to the price advantages they currently enjoy in Taiwan,” Haggard said. “This makes it more important than ever that we clearly differentiate U.S. beef and showcase its unique attributes. We are best able to do that with chilled beef, and especially with high-quality, branded products in which buyers have a high level of confidence and loyalty. That’s the focus that has really helped us maintain strong results in Taiwan.”

U.S. exports to Japan have been mostly steady this year, but this follows an exceptional performance in 2013 in which Japan reclaimed its position as the number one international destination for U.S. beef. In February of that year, Japan lifted its 20-month age limit for eligible U.S. cattle and began accepting products from cattle less than 30 months of age. This helped boost U.S. exports by 54 percent in volume (234,615 mt) and 35 percent in value ($1.4 billion) compared to 2012.

In the first half of this year, U.S. exports to Japan dipped slightly in volume (11,044 mt, -3 percent) but export value was steady at $693.6 million – making Japan the leading value market for U.S. beef. By comparison, first-half exports to Japan were lower for all other major suppliers, including:

<table>
<thead>
<tr>
<th></th>
<th>Volume</th>
<th>Percentage</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>141,346</td>
<td>-3 percent</td>
<td>$710.5</td>
<td>-8 percent</td>
</tr>
<tr>
<td>New Zealand</td>
<td>20,306</td>
<td>-20 percent</td>
<td>$111.8</td>
<td>-16 percent</td>
</tr>
<tr>
<td>Canada</td>
<td>7,783</td>
<td>-6 percent</td>
<td>$36.4</td>
<td>-10 percent</td>
</tr>
</tbody>
</table>

In terms of import volume, U.S. market share in Japan increased to 38 percent in the first half of 2014, compared to 32 percent during the same period last year. For import value, U.S. market share increased to 43 percent – up from 38 percent in 2013.

Conclusions
Despite product restrictions in many markets and a continued lack of access to China, the U.S. industry continues to successfully grow demand for U.S. beef in Asia. The premiums delivered by Asian markets – for both muscle cuts and variety meat – were a very important factor in pushing U.S. export value per head of fed slaughter to $268 in the first half of 2014, including an all-time monthly record of $299 in June.

Additional Resources
- U.S. Meat Export Federation
- Cattlemen’s Beef Board
Trade statistics are from USDA and the Global Trade Atlas.

Tags: Beef Issues Quarterly, Fall 2014, Issues Updates
Addressing Millennial Perceptions of Beef Production and Factory Farming

Date: October 7, 2014

Millennials are concerned about factory farming in relation to beef production in the United States.

by Rick Husted, MBA, Vice President-Strategic Planning and Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary
Millennials are concerned about factory farming in relation to beef production in the United States. While generally uninformed and lacking familiarity, they are still able to identify specific aspects of the beef production process that concern them most, including inhumane/crowded conditions, food borne illness, hormone use, GMOs (bioengineered foods) and disease. Interestingly, Millennials identify the beef industry with factory farming more than any other food production process, including chicken, pork, eggs and dairy. Further, Millennials tend to associate the entire beef process with factory farming rather than singling out specific stages like feedyards, packing plants or cow/calf operations.

When it comes to addressing these concerns, fact-based stimuli presented in a visually appealing, credible format work best. While other stimuli like articles and blogs are also effective, the research found that a narrated video, showing the entire beef production process, resonated most with Millennials and most effectively addressed concerns. Additionally, Millennials are most likely to seek this type of information online and consider sources like the FDA, USDA, academics, family farm owners and veterinarians to be most credible.

Background
Consumers have varying degrees of interest in knowing where their food comes from and how it is produced or raised. With increasing online access to this type of information, consumers are more readily finding “answers” (factual or otherwise) to food-related questions. Given advancements in the ability to communicate broadly and find information quickly, activists have become much more adept at spreading propaganda that can negatively impact perceptions of agriculture and related production practices.

One theme that encompasses many of the concerns related to beef production is what takes place at the feedyard, or “factory farm.” According to one checkoff-funded market research effort, feedlots/feedyards are either not understood or perceived negatively. Out of concern that these perceptions could have a lasting negative impact on consumer confidence, the beef industry needs to consider being more proactive and transparent when communicating the facts about the beef production process.

Discussion
The purpose of this checkoff-funded research was to understand perceptions of the beef production process and identify effective means of communicating to Millennial consumers about their main concerns related to the process, the feedyard and factory farming. A two-phased approach (i.e., qualitative followed by quantitative) was used to gather these insights from Millennials, who were the focus of the study based on their importance to the future of beef consumption.

Conclusions
Understanding Millennial Perceptions
Knowledge of the beef production process, feedyards and factory farming is very limited. One-in-four Millennials are familiar with the beef production process and only 17 percent are familiar with feedyards. Further, while Millennials have heard of factory farms, familiarity is very low. Top concerns related to the entire beef production process include inhumane/crowded conditions for cattle, food borne illness, hormone use, GMOs and disease.
Which one item is most concerning to you in relation to beef production? (Top five listed)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal abuse/inhumane treatment</td>
<td>17%</td>
</tr>
<tr>
<td>Food borne illnesses (E.coli)</td>
<td>16%</td>
</tr>
<tr>
<td>Hormone use</td>
<td>13%</td>
</tr>
<tr>
<td>Genetically modified organisms (GMOs)</td>
<td>12%</td>
</tr>
<tr>
<td>Mad cow disease (BSE)</td>
<td>12%</td>
</tr>
</tbody>
</table>

While generally uninformed, Millennials were able to relate factory farming with factory-like atmospheres and actually identified the beef industry as the one most associated with factory farming.

Which of the following industries do you associate with factory farming? Select all that apply.

- Beef: 79%
- Chicken: 75%
- Pork: 54%
- Eggs: 47%
- Dairy: 39%
- Fish: 22%

Roughly one-third of Millennials are concerned (extremely/very) about factory farming and when defining it tend to associate the entire beef production process with factory farming rather than any individual stage or activity.

Which part(s) of the beef production process do you most associate with factory farming? Select all that apply.

- The entire process: 44%
- Packaging/Processing: 27%
- Feedyard/Feedlot: 24%
- Livestock auction: 13%
- When calf is born: 12%
- After weaning: 11%
- None of the process: 9%

While clearly not unanimous, this insight implies that simply addressing a single aspect or two of the beef production process will not fully address Millennial misperceptions about factory farming.

Exploring Millennial Reaction to Stimulus

Once general perceptions about factory farming and the beef production process were assessed, Millennials were exposed to stimuli communicating information in a variety of formats to determine which, if any, would most positively impact perceptions and/or concerns about beef production.

The results to this exposure found that information carrying fact-based messages about the overall production process, packaged in an engaging, visual manner, were most effective at improving Millennial perceptions. While all stimuli had a positive impact on Millennial perceptions, the most positive treatment was a short video that used a narrator and examples to communicate the facts about the entire beef production process, from cow-calf operations through the channels, ultimately reaching the consumer.

The treatments, which also included two articles, a blog and a myth-specific video, all improved perceptions about concerns specific to the beef production process (e.g., inhumane treatment, hormone use, etc.). Results also showed a considerable increase in positive perceptions of factory farming (i.e., accepting, hopeful, trusting) and a considerable decrease in negative perceptions of factory farming (i.e., suspicion, worry and uncertainty). Again, the narrated video was most effective at eliciting improved perceptions about specific aspects of beef production and factory farming.
How concerned are you about the following items in relation to beef production? (Narrated video)

<table>
<thead>
<tr>
<th>Concerned About</th>
<th>Pre-Stimuli</th>
<th>Post-Stimuli</th>
<th>% Point Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food borne illnesses</td>
<td>63%</td>
<td>50%</td>
<td>13</td>
</tr>
<tr>
<td>Inhumane treatment</td>
<td>63%</td>
<td>47%</td>
<td>16</td>
</tr>
<tr>
<td>Hormone use</td>
<td>60%</td>
<td>45%</td>
<td>15</td>
</tr>
<tr>
<td>What cattle are fed</td>
<td>60%</td>
<td>41%</td>
<td>19</td>
</tr>
<tr>
<td>Genetically modified organisms</td>
<td>57%</td>
<td>41%</td>
<td>16</td>
</tr>
<tr>
<td>Crowded conditions</td>
<td>53%</td>
<td>42%</td>
<td>11</td>
</tr>
<tr>
<td>Antibiotics</td>
<td>51%</td>
<td>41%</td>
<td>10</td>
</tr>
</tbody>
</table>

Regarding the most effective stimulus, the narrated video, Millennials had this to say:

- The main message to me in the video is that there are regulations in place to prevent mistreatment of animals and the spread of diseases.
- The beef is carefully cared for and produced with the consumer in mind.
- I am somewhat relieved to know that the cows have access to fresh air, clean water and food.

Preferred Sources of Information
Millennials are most likely to get information about the beef production process from the internet search engines (47 percent), television news channels (39 percent), online news sources (35 percent), special TV programs (32 percent) and food and health blogs (31 percent). Regarding credibility, Millennials state that the following are most credible when it comes to receiving information about the beef production process.

Thinking about sources from which you may receive information about the beef production process, how credible do you believe the following are? (Top five listed)

<table>
<thead>
<tr>
<th>Source</th>
<th>Extremely/Very Credible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A researcher/academic, such as a Ph.D</td>
<td>56%</td>
</tr>
<tr>
<td>USDA</td>
<td>51%</td>
</tr>
<tr>
<td>A family farm owner</td>
<td>51%</td>
</tr>
<tr>
<td>A veterinarian</td>
<td>51%</td>
</tr>
<tr>
<td>FDA</td>
<td>50%</td>
</tr>
<tr>
<td>A human health or medical professional</td>
<td>50%</td>
</tr>
</tbody>
</table>

Additional Resources

- [2014 Millennial Perceptions of Beef Production](#)
- [FactsAboutBeef.com](#)

Tags: Beef Issues Quarterly, Fall 2014, Research Findings
**Issues Management 2.0: More Than a Function of Communications**

Date: October 6, 2014

How is it that we, as consumers, are at the same time blessed with the most spectacularly abundant and reliably safe food supply and fundamentally distrustful of food makers? This is neither an oxymoron nor the result of an ill-informed public.

**by Kim Essex, Director, North American Food Practice, Ketchum Public Relations, a sub-contractor to the Beef Checkoff**

**Summary**

How is it that we, as consumers, are at the same time blessed with the most spectacularly abundant and reliably safe food supply and fundamentally distrustful of food makers? This is neither an oxymoron nor the result of an ill-informed public.

Rather, it is the result of a more informed public, who is looking beyond marketing campaigns and communications messaging and evaluating the consistencies (or inconsistencies) in what industries say and what they do.

More often, the fractured trust in today’s food supply comes not from “real” food crises – failures in systems, safety lapses, recalls – but from perceived inconsistencies in “say versus do.”

Consumers are rightfully asking: How do I trust a food maker who says one thing but does another? Or does something and says nothing (or says nothing to address the perceived inconsistency)?

Many brands are finding themselves in these cross-hairs: Chipotle, Kraft, Anheuser Busch and Kashi, to name a few.

The beef industry has an opportunity to build trust by better aligning “say and do.”

We need to stop thinking about what we do as issues to be managed, and rather begin evaluating new positions, practices and technologies as a 360-team of product specialists, researchers, policy experts and communicators.

**Background**

Ketchum Public Relations is a global communications firm with more than 60 years of food experience and more than 100 professionals in the United States alone focused on helping food companies and commodities connect with consumers and stakeholders. The firm invests in research and knowledge to help its clients meet expectations.

In 2008, 2011 and 2013, Ketchum conducted a consumer research study called Food 2020: The Consumer as CEO. In this online survey of primary food shoppers in the United States, China, Argentina, the United Kingdom, Germany and Italy (2013 only), Ketchum asked consumers to assume the role of CEO of a major food interest and decide what should be the company’s priorities into the future.

The research revealed a consumer segment that looks like the typical food-involved consumer but behaves very differently. Food involved consumers are passionate about making good food choices for themselves and their families; they follow food news and trends in traditional, online and social media; they read labels and try new recipes and new restaurants.

The Food eVangelist does these things, too, but their food interests do not stop with themselves and their family. The Food eVangelist seeks information about food not only to make good food choices for
him/herself but also to help you make good food choices. Food eVangelists believe – call it their mission – they have a responsibility to share their discoveries about food, drive awareness and change behavior. Their reward: having people look to them for food information and follow them in their food behaviors.

Unlike an activist who summarily dismisses information that is inconsistent with his or her agenda, the Food eVangelist absorbs all information. They expect and want to hear from food companies, farmers and ranchers. They will take this information and compare it with other information to draw their own conclusions. They take nothing at face value; rather, they believe their role is to reconcile the information they find, form an opinion and share that opinion with others.

**Discussion**

And this is where inconsistencies, if they exist, become apparent.

It’s not a surprise that, when it comes to food, there are conflicting information sources. There are differing opinions and studies – good and bad science – that provide disparate pictures of the food we eat, whether that’s because the science has evolved or because an organization or person is trying to make a case for their position.

Food eVangelists acknowledge and don’t begrudge this reality. They believe everyone has their own facts, their own position. They expect food makers to have a point of view. But when they “discover” inconsistencies from food makers – an individual, a company, an industry, a trade association – their skepticism increases and this shapes their opinions, opinions they readily share.

For example:

- When a company or industry provides one product to domestic consumers and a different product to consumers in other countries and fails to explain why, Food eVangelists are suspect.
- When a company or industry professes to provide a “better for you” product but its processes, ingredients or final product are inconsistent with what consumers believe to be “better for you,” Food eVangelists are suspect.
- When a company says it is responsive to its consumers but it fails to be transparent about the food it makes, Food eVangelists are suspect.

And beyond suspect, Food eVangelists are empowered: Others must be told, must beware.

**Conclusions**

No longer can food makers, farmers or ranchers isolate their actions from their words.

This does not mean farmers, ranchers and food makers should forgo good food production practices or technologies because they are not currently embraced by all segments of the population. Rather, it means everyone in the business of making food should know when they have inconsistencies in what they say and what they do, and they should reconcile now before consumers ask the question.

The food industry has made significant strides toward improving transparency and access to information about how food is made, raised and grown. Beef Checkoff-funded state and national organizations are ensuring beef customers and consumers can learn how beef is produced. Another group that is leading the way in food transparency is the U.S. Farmers & Ranchers Alliance, of which the Beef Checkoff is a founding member.

Because transparency is the expectation, communications can’t be the final stage in the decision-making journey about how to raise food, what technologies will be developed and what practices will be used.

To earn consumer trust, we have to approach food production from a 360-degree perspective:

- Convene researchers, product developers, policy experts and communicators to pressure test a new business idea from all angles.
• Evaluate an idea based on how it adds value to the company and to consumers or the world.
• Consider whether your customers and consumers will see the value in your offering, and if not, re-evaluate the merit of the idea.
• Engage in a conversation about the value, proactively, before you are asked.
• Ensure you are not telling different things to different people. What you say to customers, influencers or consumers is visible for all to see.

Only when we take these steps from the start – at the inception of a position, practice or technology – can we align our “say and do” and earn consumer trust.

**Additional Resources**

- FactsAboutBeef.com
- USFRA Food Dialogues

**Tags:** Beef Issues Quarterly, Fall 2014, Research Findings
Checkoff Return on Investment Study Shows Strong Results

Date: October 5, 2014

The most comprehensive study ever conducted on the Return on Investment (ROI) of the Beef Checkoff Program concludes that each dollar that the Cattlemen’s Beef Board (CBB) invested in the Beef Checkoff Program between 2006 and 2013 returned about $11.20 to the beef industry.

by Dr. Harry Kaiser, Gellert Family Professor of Applied Economics and Management at Cornell University and Director of the Cornell Commodity Promotion Research Program, and the author of the latest Return on Investment study for the Beef Checkoff

Summary
The most comprehensive study ever conducted on the Return on Investment (ROI) of the Beef Checkoff Program concludes that each dollar that the Cattlemen’s Beef Board (CBB) invested in the Beef Checkoff Program between 2006 and 2013 returned about $11.20 to the beef industry. I’ve done a number of these same types of studies for other commodity programs, and the Beef Checkoff ROI is one of the highest I’ve measured. This should send a clear message to all of the beef producers and importers who invest into the checkoff program that their dollars are definitely working in their favor and that it costs them far less than it returns to them. The bottom line is that the increase in beef demand due to CBB-funded marketing efforts during the eight-year period covered in this study resulted in higher prices and demand for beef producers and importers, which means higher net revenue than they would have experienced without those checkoff programs.

Background
Early this year, the checkoff’s Joint Evaluation Committee commissioned me to complete this comprehensive study. The checkoff has always evaluated its programs individually on an annual basis and commissions this type of macroanalysis about every five years, in accordance with requirements of the Beef Act and Order and USDA. But given increasingly tight checkoff revenues, the Evaluation Committee this year sought a more comprehensive ROI study than ever before. That meant evaluating all beef demand – including retail, foodservice and international data versus solely domestic retail data, as was used in the previous analysis in 2009. The new results are about double the ROI compared with the 2009 study. There are several reasons for this.

First, this all-encompassing research approach also meant analyzing individual categories of checkoff programs separately – including promotion, channel marketing, industry information marketing, new product development, public relations, nutrition research, beef-safety research; product-enhancement research; and then, using a different econometric model, foreign-market development. The 2009 study had far fewer categories. In addition, I measured demand using commercial disappearance, which is an all-encompassing measure, compared to the study in 2009, which used a sample of households that measured demand as the number of servings of beef consumed.

Furthermore, my study covered a broader span of time – eight years – rather than five years, which provides a more realistic view of overall value. And finally, national checkoff programs simply might have been even more efficient and profitable since the 2009 study was completed. With all of these factors in mind, you can see that it’s important not to compare the two studies directly.

In the end, my analysis addressed three important objectives:

1. Quantify and measure the economic benefit to cattlemen of CBB-funded programs for the period 2006-2013 in terms of net return on investment.
2. Quantify and compute marginal rates of return on investment for alternative existing and potential...
checkoff-funded activities.
3. Estimate the optimal allocation of the CBB budget across the various program activities.

Discussion
To be clear, my research analyzed only programs funded by the Cattlemen’s Beef Board, and not state beef councils or the Federation. The conclusions in this research are based on two econometric models, one for domestic returns and the other for returns on investments aimed at expanding exports of U.S. beef. The domestic-demand model was simulated from 2006 through 2013 by setting all independent variables equal to historical levels to determine how well predicted coincided with actual per capita beef demand. The average prediction error (mean absolute percentage error) was only 2.78 percent, which indicated that the model had a high degree of accuracy.

I simulated a second set of counterfactual scenarios with the demand model to determine the impact of the eight categories of domestic demand-enhancing CBB activities. Each scenario was identical to the baseline, except that CBB expenditures were reduced to 1 percent of historical levels in order to determine how it impacted domestic demand.

An Armington-type market share trade model (Armington, 1969) was used to model the impact of U.S. beef export promotion expenditures on U.S. market share for beef in the global market. The Armington model distinguishes commodities by type and source of origin, and based on this export demand model, the value of the U.S. dollar had the most important impact on U.S. beef market share in international markets. The statistical results indicated that U.S. foreign-market development programs had the effect of increasing market share of U.S. beef exports.

I simulated the estimated Armington trade model for two scenarios to gauge the overall impact of CBB funds for export promotion and conducted an in-sample simulation for the last five years for two scenarios: 1) baseline scenario, where export promotion expenditures were set equal to historical levels, and 2) no-CBB contribution scenario, where CBB contributions to export promotion were eliminated.

Conclusions
There are two main findings of the study. First, the marketing activities funded through the Cattlemen’s Beef Board’s national checkoff budget have a substantial impact on beef demand in the U.S. and in foreign markets. Second, the returns on producers’ and importers’ investments into these programs are vastly greater than their costs. I found that the combined benefits of all programs funded by producers and importers through the CBB were 11.2 times larger than their costs. That is, an incremental dollar invested in CBB-funded activities generated an additional $11.20 in revenue to beef producers and importers who invested into it. That is an impressive benefit-cost ratio, or return on investment.

Here are some of the other key findings:

- Without CBB-funded marketing between 2006 and 2013, domestic beef demand would have been 15.7 billion pounds (11.3 percent) less than it was with the checkoff programs in place. Holding the effects of all other demand drivers constant, then, the activities funded by the CBB resulted in an increase in beef demand of 2.1 billion pounds per year.
- Had the CBB not invested in foreign-market development between 2006 and 2013, foreign demand for U.S. beef would have been 6.4 percent lower.
- The statistical results indicate that all eight CBB demand-enhancing activities -- generic beef advertising; channels marketing; industry information; new-product development; public relations; nutrition research; beef-safety research and product-enhancement research -- have a positive and statistically significant impact on increasing per capita beef demand.

If I was investing my hard-earned dollars into the checkoff programs, I would be proud to do so based on the findings of this study. I think all beef producers and importers should be proud, too.
Additional Resources

- MyBeefCheckoff.com
- ROI Infographic

Tags: Beef Issues Quarterly, Fall 2014, Research Findings
As discussed in the last issue of Beef Issues Quarterly, the underlying philosophy of the Issues and Reputation Management program is to carry out measured responses – this means avoiding creating news and targeting the best opportunities for response in order to maintain consumer confidence in beef.

by Season Solorio, Executive Director, Issues & Reputation Management and Joe Hansen, Associate Director, Issues Response, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary
As discussed in the last issue of Beef Issues Quarterly, the underlying philosophy of the Issues and Reputation Management program is to carry out measured responses – this means avoiding creating news and targeting the best opportunities for response in order to maintain consumer confidence in beef.

In this issue we will analyze the response to an environmental study that was release from a reputable, peer-reviewed journal in July 2014. By placing a quote from Dr. Kim Stackhouse, Director, Sustainability Research for the National Cattlemen’s Beef Association, a contractor to the Beef Checkoff, quickly after the report was released we were able to drive coverage to skew more favorably.

Background
On a daily basis, the Issues and Reputation Management team, on behalf of the Beef Checkoff, carefully surveys the landscape across traditional media, broadcast media and social media to determine which issues warrant a response. Using a variety of tools, including CARMA for broadcast and traditional media monitoring and Nuvi for social media monitoring, the team overlays the data from both applications to create a clear picture of how an issue is playing out in the external environment.

Each quarter, CARMA reviews traditional media coverage and a small sampling of social media monitoring coverage and assigns a favorability rating to this coverage. From June 2014 through August 2014 a total of 880 traditional media stories and a random sampling of 918 social media mentions were analyzed as part of the quarterly monitoring report through CARMA. The random sampling of 918 social media mentions were a snapshot of more than 1,185,592 mentions of the beef industry during the same period. Beef price stories were the leading topic in July and were one of the top three leading topics in both June and August. A second leading sub-topic with 8 percent share of voice for the month of July was a study that discussed the environmental impact of raising beef. This article examines the media coverage and response to these two issues.
Discussion
For this quarter, June 2014 through August 2014 there were several traditional media stories that lead the overall coverage of the beef industry. One of those issues was beef prices, a topic we discussed in the last issue of Beef Issues Quarterly. As the team had anticipated, the volume of pricing stories remained elevated throughout the summer grilling season, covering 14% share of voice in June, 18% in July and 16% in August. However, due to the diligent efforts of the team, the favorability of the stories has remained the same or increased slightly as well. The story has begun to pivot to “what now” – the most recent stories note that beef prices are high but also provide consumers with a call to action and recommendation of what consumers can do to make sure that beef continues to fit into their budget. This includes selective value cuts or shopping sales messages being pushed by the Beef Checkoff. An analysis of social media shows favorable sentiment on beef not being too expensive and consumers clamoring for beef despite rising prices.

In July, the Proceedings of the National Academy of Science of the United States of America (PNAS) release a report entitled Land, irrigation water, greenhouse gas, and reactive nitrogen burdens of meat, eggs, and dairy production in the United States. This report received a significant amount of media attention across print media and broadcast media, pick up was not that significant on social media.

Due to successfully placing a quote in the Associated Press syndicated story, the online conversation spiked when the report first published and then subsequently dropped.

The major difference between this study and other studies is that the Beef Checkoff was able to get a quote from Dr. Kim Stackhouse into the Associated Press story. This quick response enabled widespread pick-up of the quote in many other major media publications including NBC News, Boston Globe, CBS News – Washington, D.C. The most quoted section of the statement said:

“The PNAS study represents a gross over-simplification of the complex systems that make up the beef value chain, a point which the authors acknowledge. The fact is the U.S. beef industry produces beef with lower greenhouse gas emissions than any other country. The conclusions in this study only serve to confuse consumers about the fact that including beef as part of a healthy diet can co-exist with a healthy environment in the United States, as recently evidenced by the beef lifecycle assessment.”

Nearly half of the total news stories evaluated as a result of the PNAS study included some version of the quote by Dr. Stackhouse above. The quote was also included in several broadcast media clips across the top 50 media markets in the country, including San Diego, CA.

Conclusions
While not all of the articles were positive toward beef, the inclusion of Dr. Stackhouse’s quote in a syndicated outlet helped balance the story and offered additional perspective. This result underscores the importance of a quick thinking team that can rapidly assemble and respond to issues and media inquiries as they happen.

Additional Resources
**FactsAboutBeef.com - Raising Beef Isn’t Sustainable?**

**Beef Sustainability Infographic**

**FactsAboutBeef.com - Are Americans Eating Less Beef Because Of High Beef Prices?**

Tags: Beef Issues Quarterly, Fall 2014, Issues Monitoring
Bigger Broiler Production on the Horizon

It appears that the broiler industry may be turning a corner towards bigger year over year increases in production. Specifically, from January through June weekly egg sets averaged 1.4 percent larger than last year and in the past six weeks, egg sets have averaged 2.5 percent larger than last year. Seasonality suggests egg sets begin to decline in July and August and then drop even more significantly in September and October. This year weekly egg sets have not declined in line with the seasonal as the chart illustrates. At the same time, weekly chicks placed have averaged about even with a year ago up until the first week of August. In the past two weeks of available data, chicks placed averaged 2.1 percent above last year. Hatchability rates may not be improving, but with more egg sets it can still lead to larger broiler production by the fourth quarter of 2014. Currently fourth quarter broiler production is forecast to be up 2.4 percent compared to 2013 with larger year over increases forecast to occur into the first half of 2015. For perspective, up until these most recent two weeks of data, there had not been a two week timespan this year in which chicks placed averaged more than a 1.5 percent year over year increase.

Bottom Line: There are some early signs that broiler production may finally see more significant increases by the fourth quarter of this year as egg sets and chicks placed widen the gap between this year and last. As has been discussed in the CattleFax Update numerous times in recent weeks, significantly smaller competing meat supplies for both chicken and pork has been a major contributing factor to the perfect storm for record high cattle and beef prices. Looking ahead, with larger broiler production increases becoming more of a reality coupled with larger expected pork production it does appear the competing meat landscape may be changing, which will if it hasn’t already have a significant influence on cattle and beef price levels in the coming weeks and months ahead.

Corn Yield Revised Higher

The USDA released the August Crop Production and monthly WASDE (World Agricultural Supply and Demand Estimates) reports recently. U.S. corn yield was revised higher amid favorable growing conditions. The yield increase fell below trade expectations, but the trend and expectations are higher.

Average yield was estimated at a record large 167.4 bu/ac, up from the July WASDE estimate of 165.3 bu/ac and well above last year’s 158.8 bu/ac. The average of pre-report trade estimates (Reuters) was near 170 bu/ac, so the USDA estimate came in below expectations. Harvested acreage was left unchanged at 83.839 million acres. Across the top 12 corn production states, record yields are expected for Illinois, Indiana, Iowa and Michigan and the largest yield increases compared to 2013 are expected for Missouri (+18%), Kansas (+14%) and Iowa (+12%). Corn production was revised 172 million bushels higher to 14.032 billion.

Total corn usage for the 2014/15 market year was revised 100 million bushels higher to 13.435 billion. Increases were noted for feed and residual usage, corn used for ethanol and exports, which were revised higher by 50, 25 and 25 million bushels respectively. Projected stocks to use are unchanged at 13.5 percent.

Bottom Line: U.S. corn stocks-to-use levels are expected to rise to 14 to 16 percent into fall 2014 and spring 2015, supporting spot futures prices near $3.50 /bu. with major resistance in the $4.20 to $4.50/ bu. range basis the December 2014 and March/May 2015 contracts.
Retail Prices Higher Yet Again

The USDA All-Fresh retail beef price for July was reported at $5.56/lb, which is 5 cents above June and 60 cents above last year. The July retail beef price sets another new record high and continues to suggest that retailers are pushing some of the higher cattle and wholesale beef prices on to consumers. At the same time retail beef demand has remained strong as the May, June, and July retail beef demand is estimated to be up 4 percent versus last year. Export demand has also continued to be stronger than expected despite the high prices – total beef exports through the first half of the year were up 5 percent compared to 2013. All of that said, as discussed in the CattleFax Update two weeks ago, fed cattle prices relative to retail beef prices reached extreme levels in July, which suggested fed cattle prices were due for a major correction, which has occurred since the first of August.

The USDA retail prices for pork and broilers also showed slight increases in July. The retail pork price for July was $4.13/lb, which was one cent higher than in June and 43 cents above last year. Retail pork demand for May, June and July is estimated to have increased 12 percent versus last year. And similar to beef, pork exports have continued to grow, up 7 percent in the first half of the year. The July retail broiler price was up one cent from June, but down 2 cents from a year ago. And while broiler prices are not seeing near the increase as beef and pork, demand has been very good – estimated to be up 6 percent for the May, June and July timeframe. Part of why broiler prices have not changed as much as beef and pork is because per-capita net broiler supplies were up 4 percent for May, June and July.

Bottom Line: Retail beef prices have continued to rise, as expected based on the rising fed cattle market. Now that the trend for fed cattle prices has turned lower, retail price increases will likely be much less volatile through the end of the year. Retail prices tend to be somewhat “sticky” in that after a large surge higher, even if the cash fed cattle market breaks significantly retail prices may hold near steady as retailers try to regain some of the margin lost from the rapid rise in fed cattle and wholesale prices. Either way beef demand appears to be on solid footing in 2014, but the question will be how will beef demand hold up going into next year with expected larger pork and poultry production?

Land Values Stable in 2014

While there are a lot of factors that can effect what a parcel of land is worth, agricultural land values are predominantly a function of how productive the land is. Not surprisingly, cropland values are highly correlated with corn prices, and pasture values are highly correlated with cattle prices. Cropland values saw an average annual growth of 13 percent between 2011 and 2013, a time where drought severely cut corn production. Pasture only increased an average of around 4 percent in that time frame. According to data released in August, cropland value is up only 2 percent year-to-date and pasture values are up 8 percent. This fall is expected to see a record volume of corn produced, driving the price into the mid-to-upper $3 range. Lower prices would unlikely be fully offset by greater yield, lowering the value of cropland per acre. For 2015, farmland values are expected to remain steady, with the potential for lower charges for cash rents.

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