Consumer Insights Report

Consumer Beef Index

July 2016

– Report –

PELEGRIN RESEARCH GROUP

BEEF

Funded by the Beef Checkoff.

Background and Objectives

- The Consumer Beef Index (CBI), initially developed in late 2006, has been used since then by the beef checkoff program to:
  - Track changes in consumers' perceptions of and demand for beef relative to other meat proteins, particularly chicken, its primary competitor.
  - Assess the impact of the beef industry's communications efforts on consumer attitudes and behaviors.
  - Measure the extent to which consumers consider the positive aspects of beef to outweigh the negatives.
  - Monitor the areas of relative strength and potential vulnerability for beef.
  - Provide input for national communication strategies.
  - Serve as a carrier for a limited number of tactical queries, using an "ad hoc module" of measures traded out each wave.

- The master CBI database of over 21,900 consumer surveys continues to be used for ongoing strategic analyses.

Methodology

- The second 2016 tracking wave was conducted online July 29th to August 9th using the standard CBI survey format (known as 1.0), with 1,051 consumers:
  - 13-69 years of age.
  - Nationally representative of the U.S. population, balanced for census profile distributions of gender, age, ethnicity, region and child presence.
  - Not a recent participant in restaurant/food surveys
  - No household members working in advertising or market research.

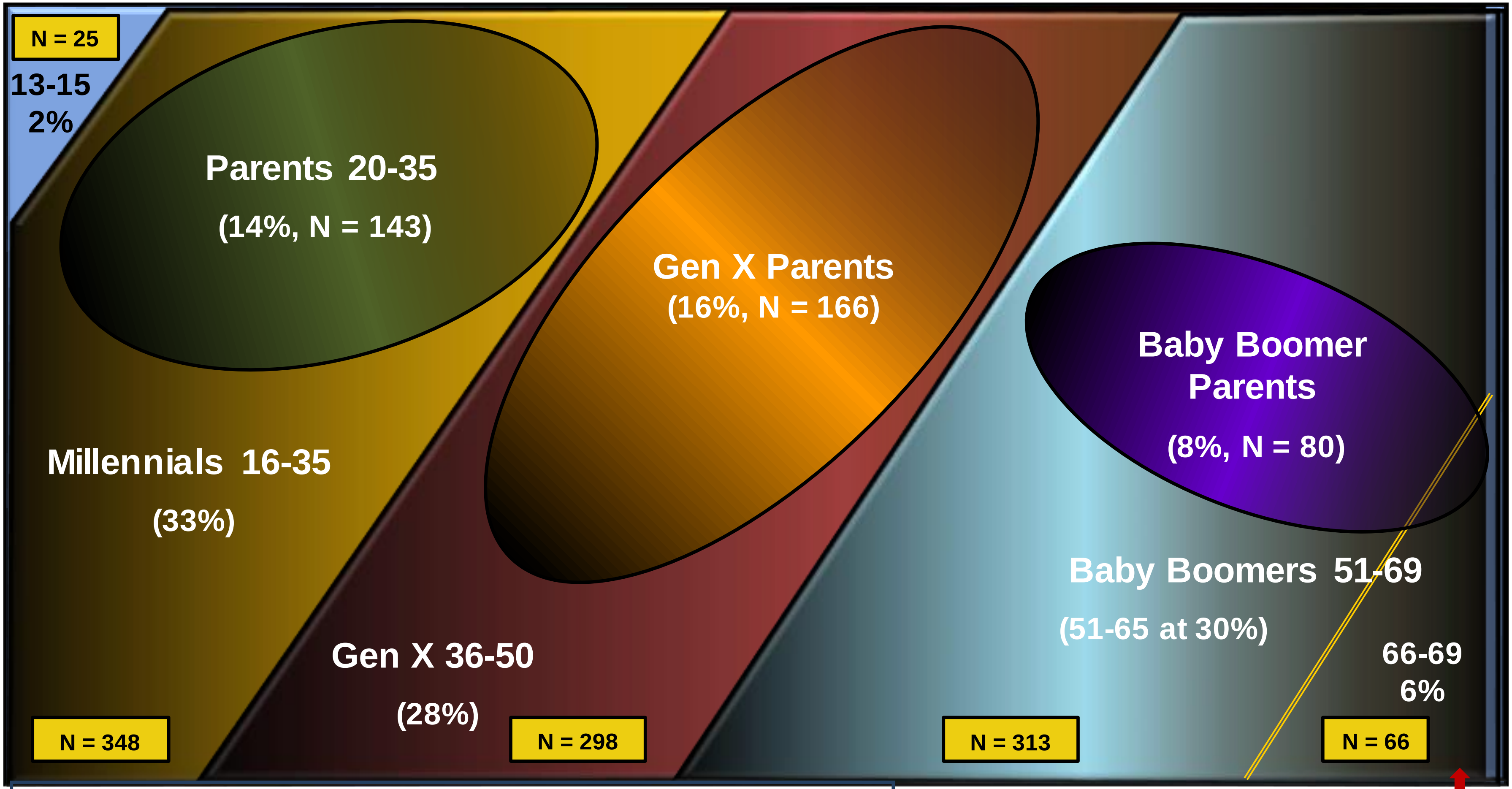
- Consumers 66-69 year old have been included to better track generational differences between Baby Boomers and younger cohorts.

- For continuity, however, only the core 13-65 year old consumers (N=985) from this second 2016 wave are included in tracking comparisons to the previous 19 waves.

2016 CBI Segments

Those 13-15 are not part of Millennials, but are included in the on-going base of 13-65 year old U.S. consumers tracked since 2007 (Total N = 985 in current wave 20).

July 2016



Total sample of 13-69 Year Old U. S. consumers = 1,051
(On-going base of those 13-65 (N=985), plus the 66-69 older Baby Boomers (N = 66))

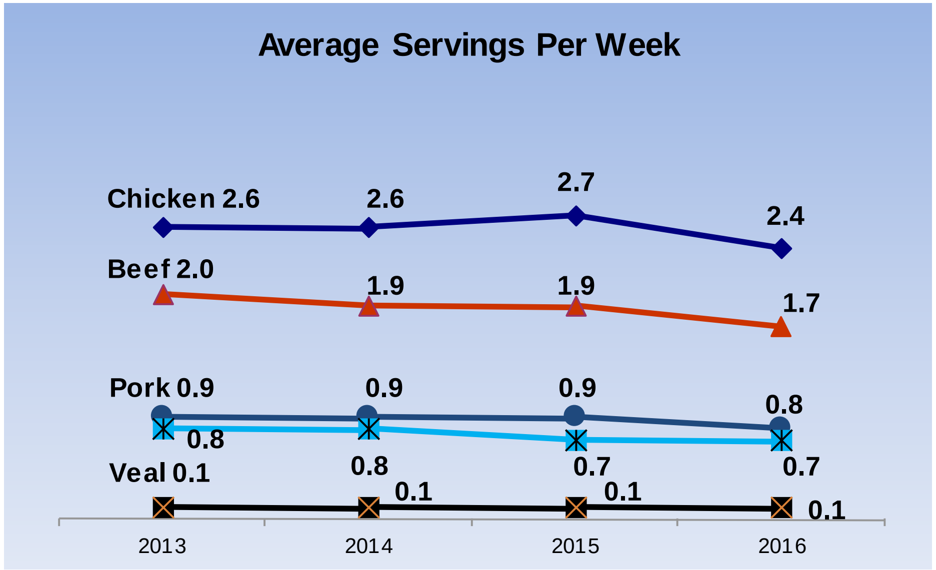
These 66-69 year-olds are included in generational analyses, but not in the on-going comparisons of those 13-65.

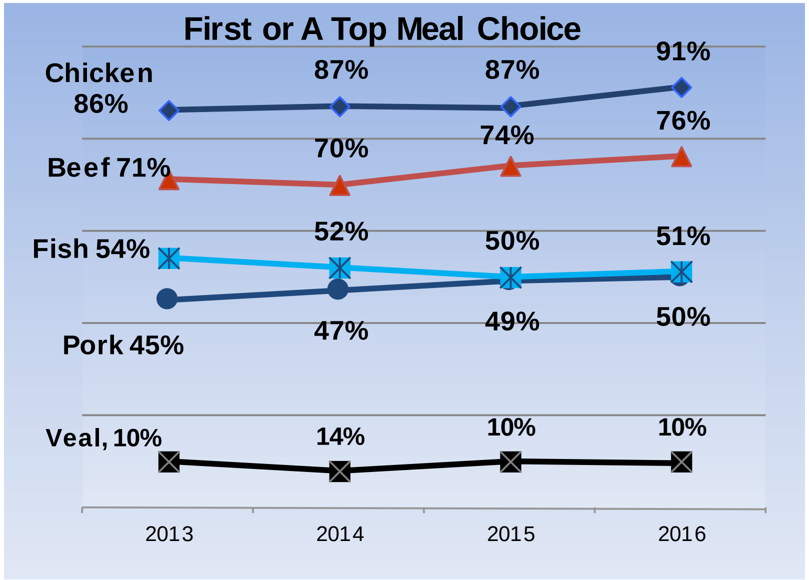
Executive Summary

Executive Summary & Conclusions

Meat continues to be an American mainstay, especially in consumer's attitudes and meal choices

- Chicken is the most frequent go-to choice (2.4 servings per week), followed by beef at 1.7 servings per week for 2016.
  - Americans still love meat, especially beef, even while eating it less often.
  - American cooks *intend* to eat more fish, but in almost a decade of tracking have failed to actually do so.

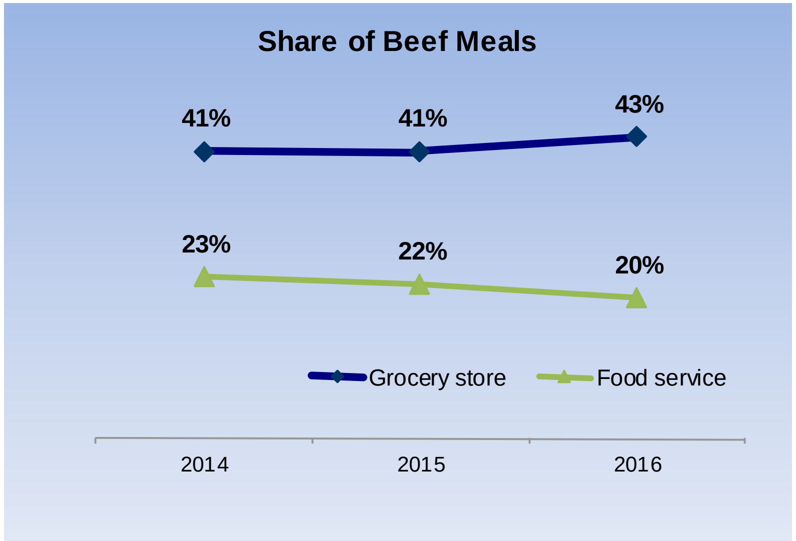


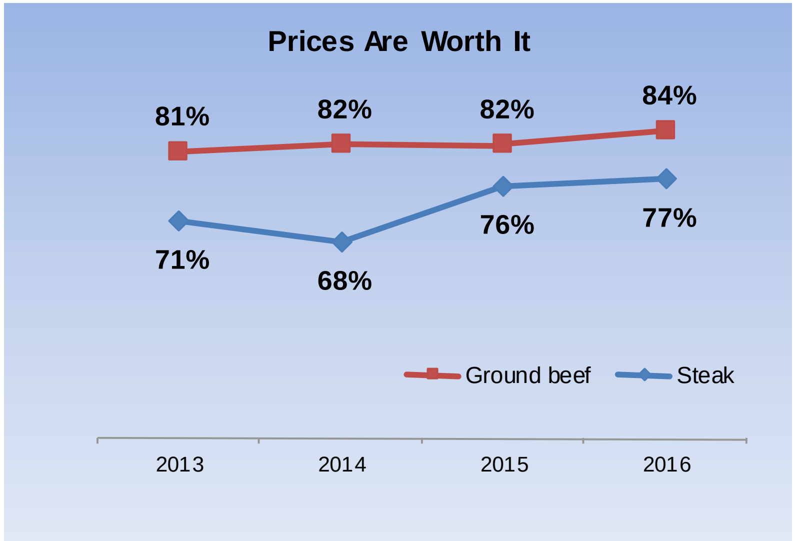


Executive Summary & Conclusions

Having most beef meals at home is still the general trend

- Consumers are also eating **fewer fast food meals** that include beef and are **diversifying** their main dishes beyond traditional meat-based proteins.
  - Those motivated to eat more beef are driven by a desire for **meal enjoyment** and because they find beef **easy** to make.
  - Those intending to eat **less** beef are cutting back for **health reasons**.
- This year, consumers are finding **ground beef** and **steak** more **affordable**, which should reflect in higher beef sales at restaurants and retail.





Executive Summary & Conclusions

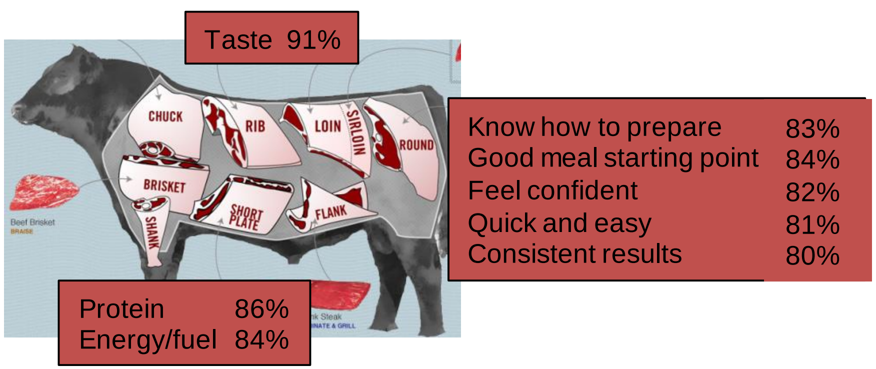
July 2016

Taste continues to be beef's most compelling attribute, with beef also seen as versatile, easy to make and a good source of protein

- American consumers' primary consideration when selecting a main dish is **taste**.
  - Beef (and chicken) perform **exceptionally well** on this dimension, with beef increasing significantly in taste performance at restaurants.
- **Safety**, **value** and **consistently good results** are next most important.
  - Beef's **safety** and meal **results** are **improving** at home and its **value** is increasing at **restaurants**.
- While important, **nutrition** is *part of* the meal equation – home cooks are looking for the right ***balance* of taste and nutrition** – more so at home than when dining out.
  - Beef does a good job here, but remains weaker on this attribute than chicken.

Extremely/very important	At Home	At a Restaurant
Great taste	93%	94%
Safe	87%	84%
Value for the money	84%	84%
Consistent results	79%	83%
Balance of taste/ nutrition	76%	68%

Agreement About Beef for Home Use

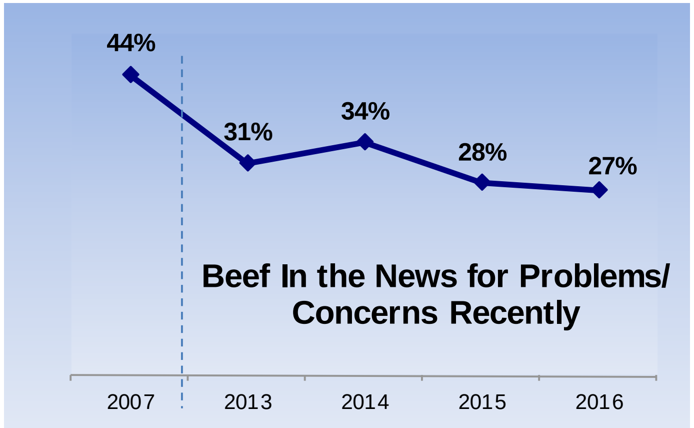


Executive Summary & Conclusions

Public perception of production issues has improved

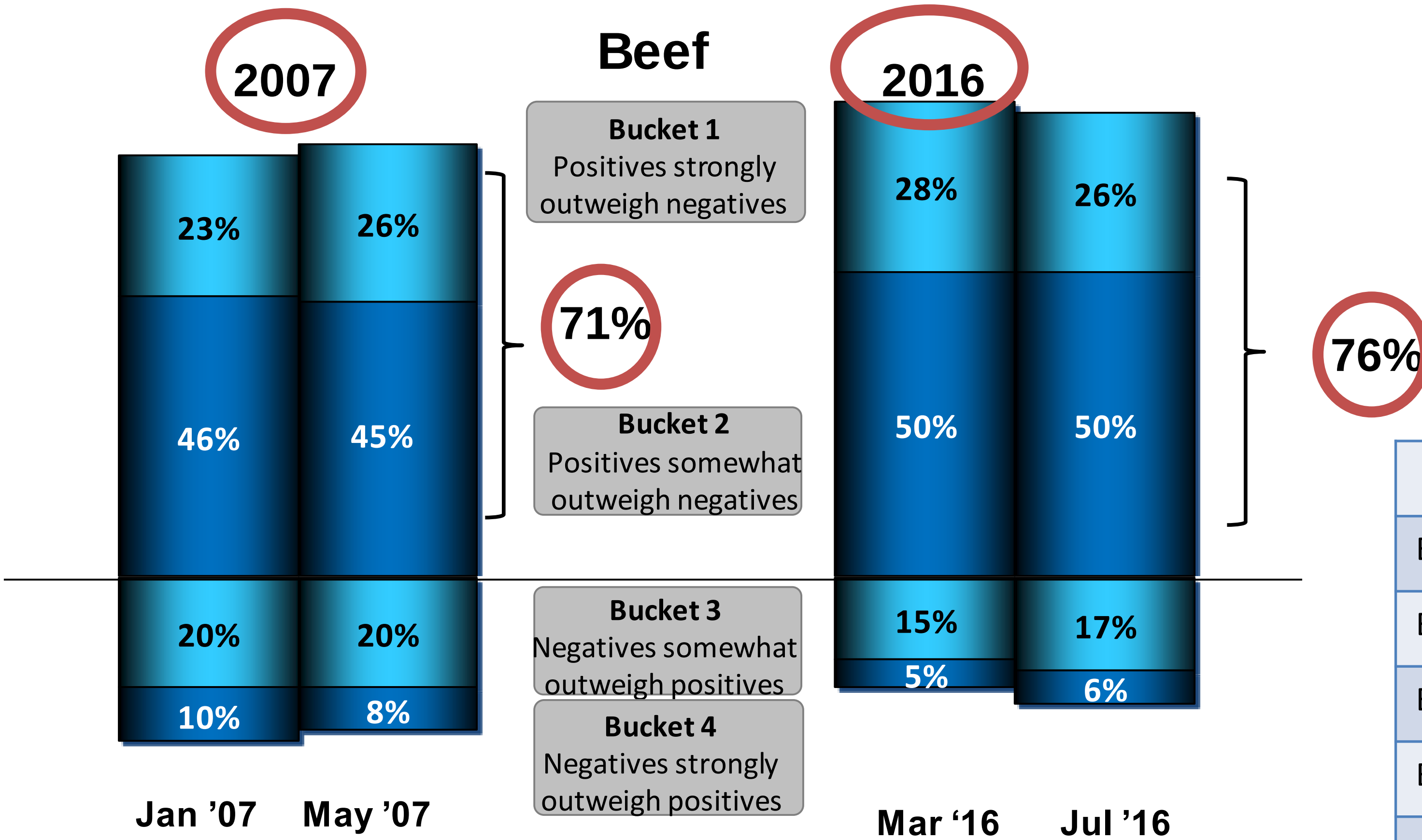
- Beef is largely out of the news, with **very few stories** about disease or illnesses, and improving perceptions of the industry's **responsible use** of **antibiotics** and **hormones** and care for the **environment**.
- The public's **trust** of the beef industry has improved significantly in 2016 versus a year ago.
  - Almost 2/3 of Americans feel that "the **positives outweigh the negatives**" of beef **production practices**.
  - Although **Millennials** generally have maintained good trust levels regarding the beef industry, they are less inclined than consumers overall to trust that the industry is ensuring that the beef they buy is "**nutritious**" or "**healthy**."

Both beef and chicken are increasingly being seen as being responsibly produced.



Overall Consumer Perceptions of Beef

Positives of beef strongly or somewhat outweigh the negatives



Weekly Beef Occasions

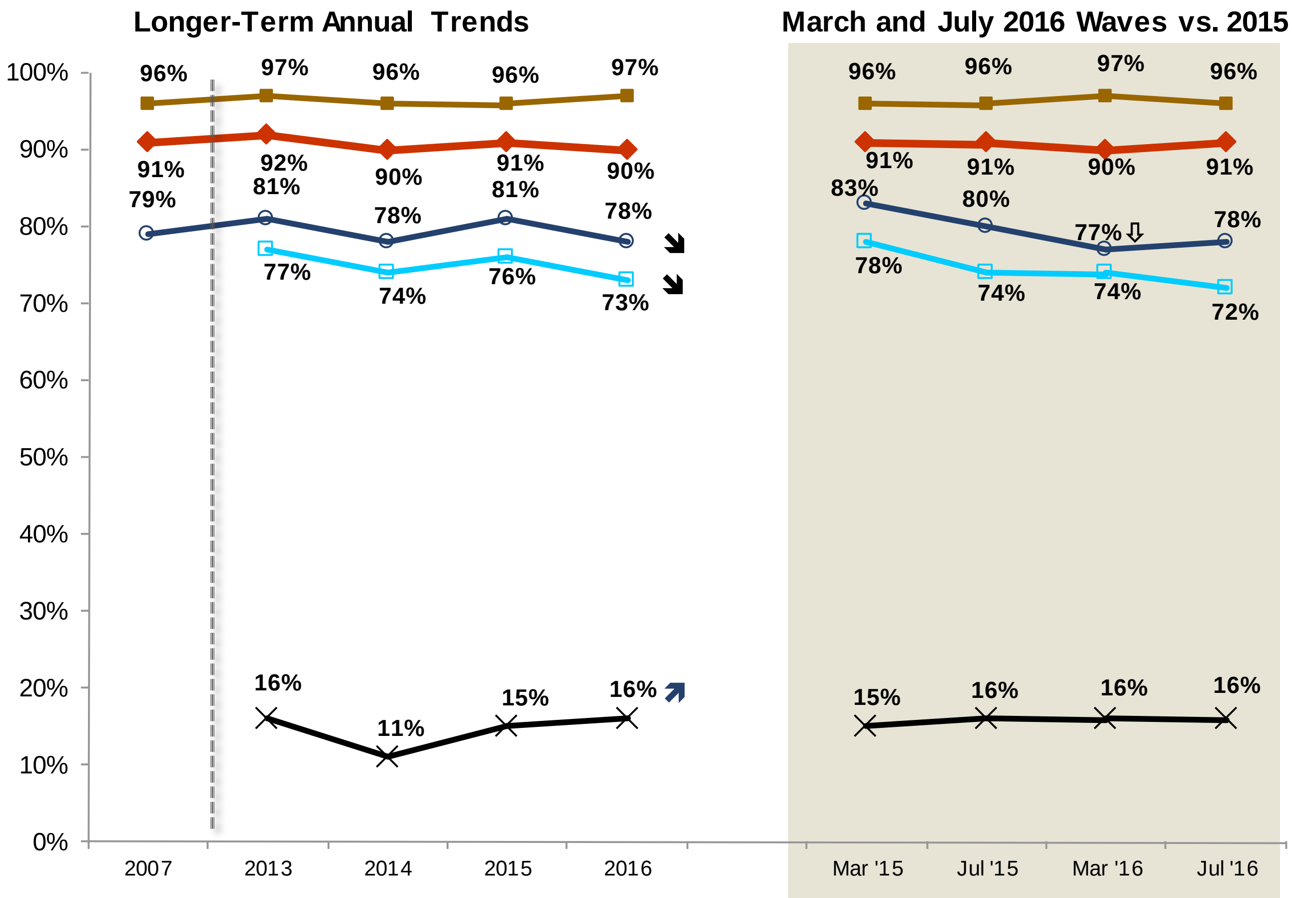
	2016
Bucket 1	2.4
Bucket 2	1.8
Bucket 3	1.1
Bucket 4	.7
Average	**1.7**

Base: Total (N = 1,000+ per wave)

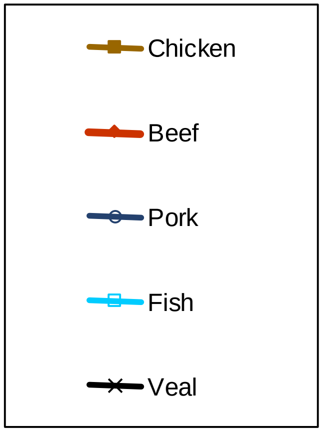
Q.35: Considering all you know about beef, would you say the positives of beef outweigh the negatives or do the negatives of beef outweigh the positives? Q.36: Considering all you know about chicken, would you say the positives of chicken outweigh the negatives or do the negatives of chicken outweigh the positives?

Source: Consumer Beef Index, July, 2016

Consume At Least Monthly



	Millen-nials	Parents (20-35)
Beef	89%	94%



Key: Significant change in longer-term annual trend (**⬈⬊**) and/or year-ago wave differences (⇧⇩)

Base: Total (N = 2,000+ per year)
Q.19: Thinking about all of your meals – breakfast, lunch, dinner and snacks – both at home and away from home, how frequently do you eat each of the following types of food?

Consumption Frequency
– Past Week Servings Average (Mean) –

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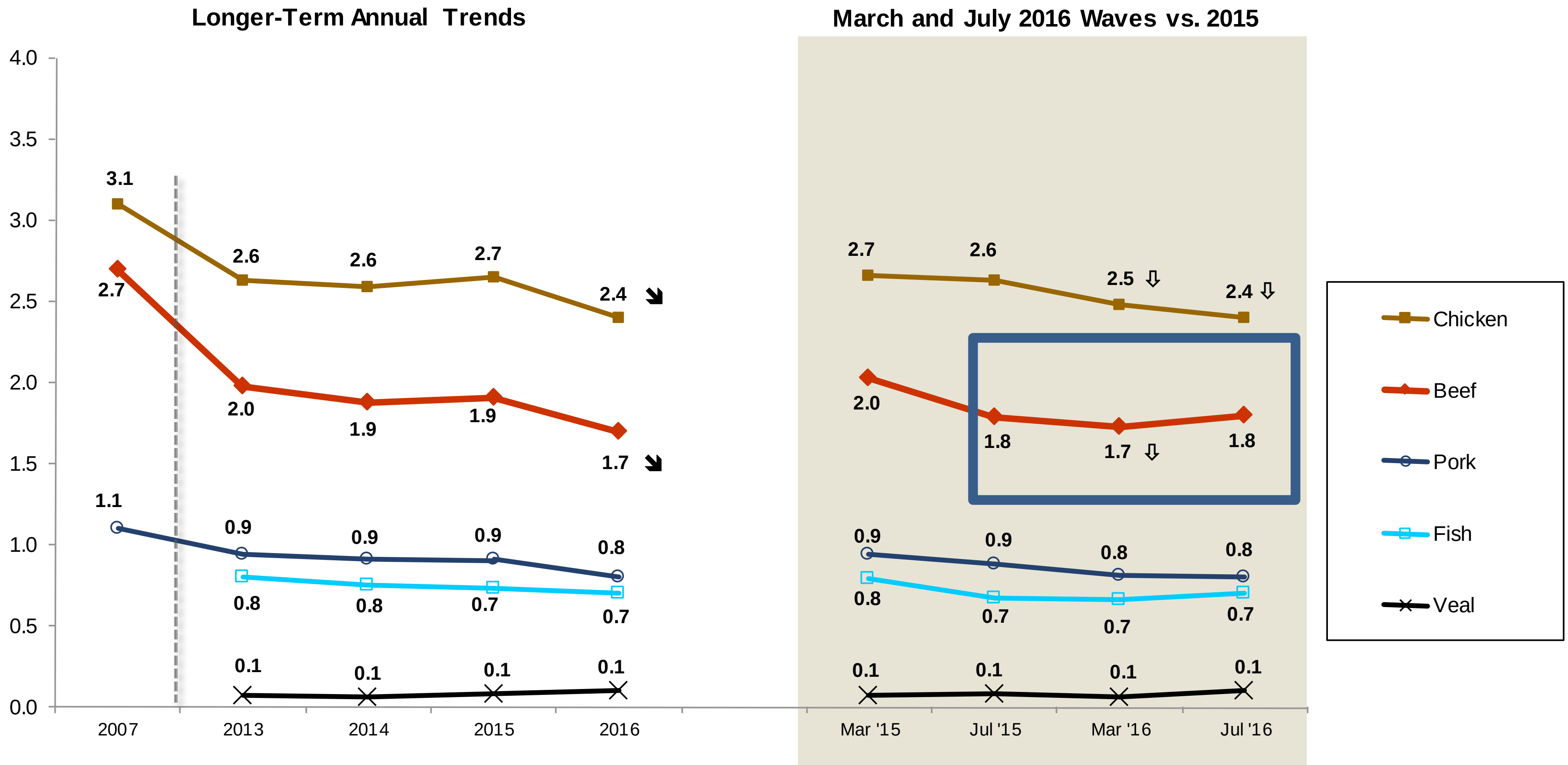

Key: Significant change longer-term annual trend (**↗↘**) and/or year-ago wave differences (⇧⇩)

Base: Total (N = 1,000+ per wave)

Q.19: Thinking about all of your meals – breakfast, lunch, dinner and snacks – both at home and away from home, how frequently do you eat each of the following types of food? Q.20: How many times did you eat this type of food in the past week?

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