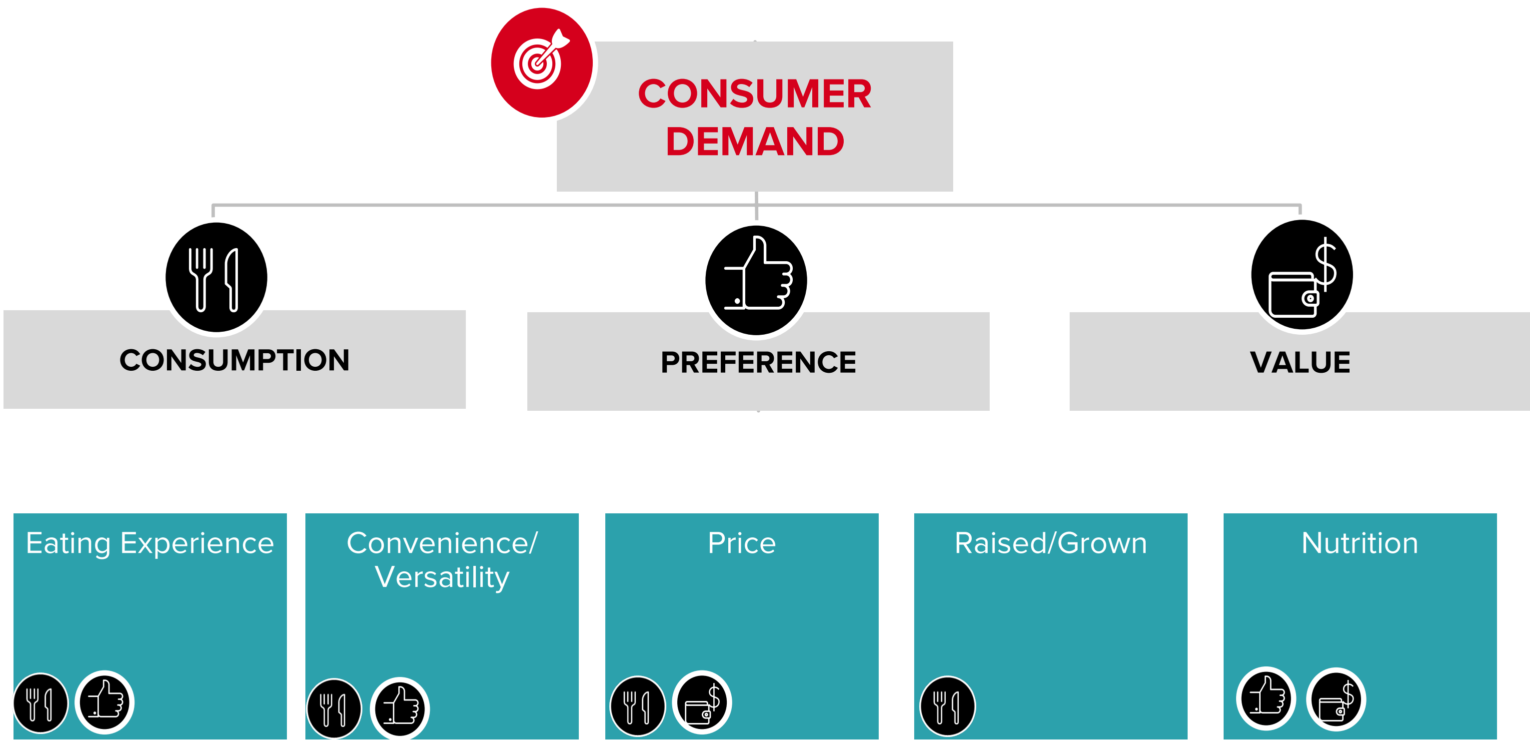
BEEF RESEARCH

BEEF INDUSTRY REVIEW AND CONSUMER INSIGHTS: FEBRUARY 2023 EDITION

In the face of historic price levels, supply chain issues, and general consumer uncertainty about the future, consumers have continued to turn to beef for a reliable and valuable protein source. Demand for beef products has remained strong, and consumers have repeatedly claimed that they will continue purchasing beef, both in retail and foodservice settings.

Consumer Self-Perceived Demand Drivers

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



Source: Directions Research, Demand Drivers Modeling, Final Report, October 2021.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

EFFECTS OF INFLATIONARY PRESSURES ON BEEF CONSUMPTION AND EXPENDITURES

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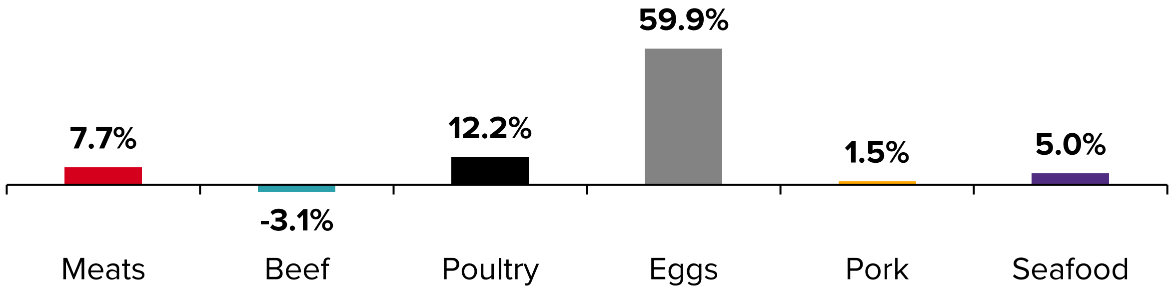
Inflation Levels for Various Proteins: December Percent Change 2022 vs. Year Ago

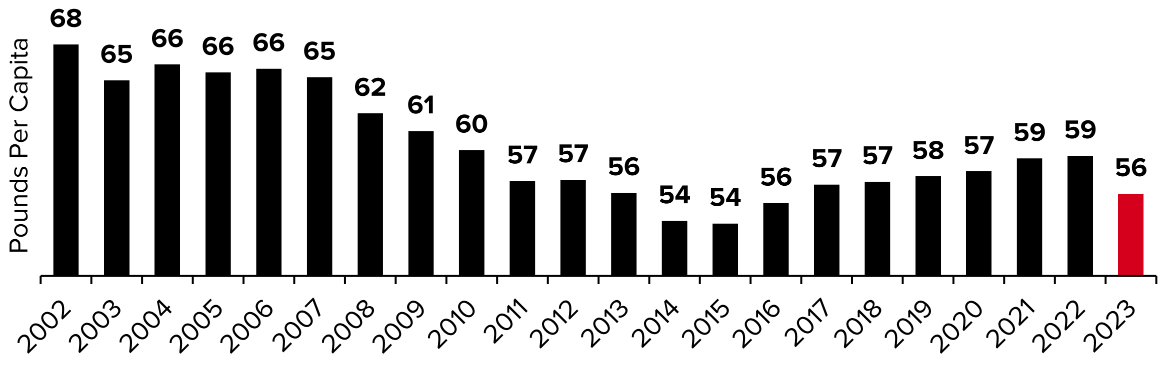
Beef has experienced far lower levels of inflation when compared to other proteins in the Food at Home category.



Source: U.S. Bureau of Labor Statistics, Consumer Price Index, Not Seasonally Adjusted, Data Ending December 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Per Capita Net Beef Consumption (Lbs.)

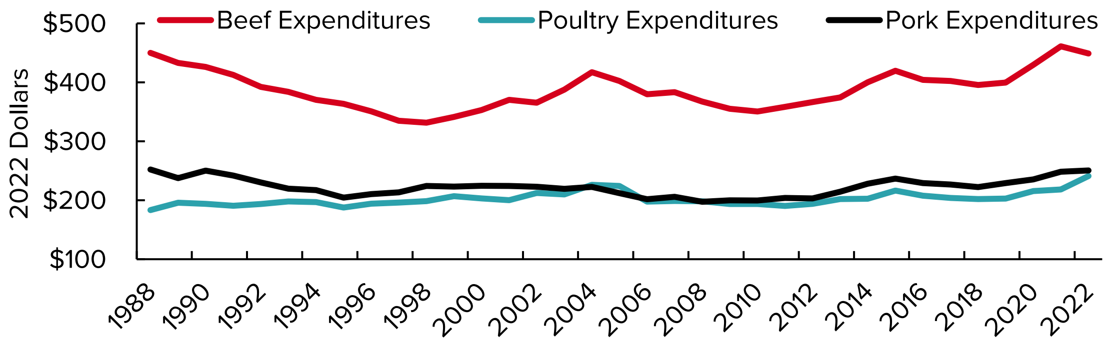
Although beef demand remains strong, consumption is projected to dip slightly in 2023, potentially due to drought related supply issues.



Note: USDA projection shown in red.
Source: USDA, Office of the Chief Economist.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Real Per Capita Consumer Beef Expenditures

2022 beef expenditures saw a 2.6% decrease from the 2021 record highs but are still at second highest level since 1988.



Source: USDA, Economic Research Service, U.S. Bureau of Labor Statistics.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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CONSUMER SENTIMENT AND WILLINGNESS TO PAY FOR BEEF

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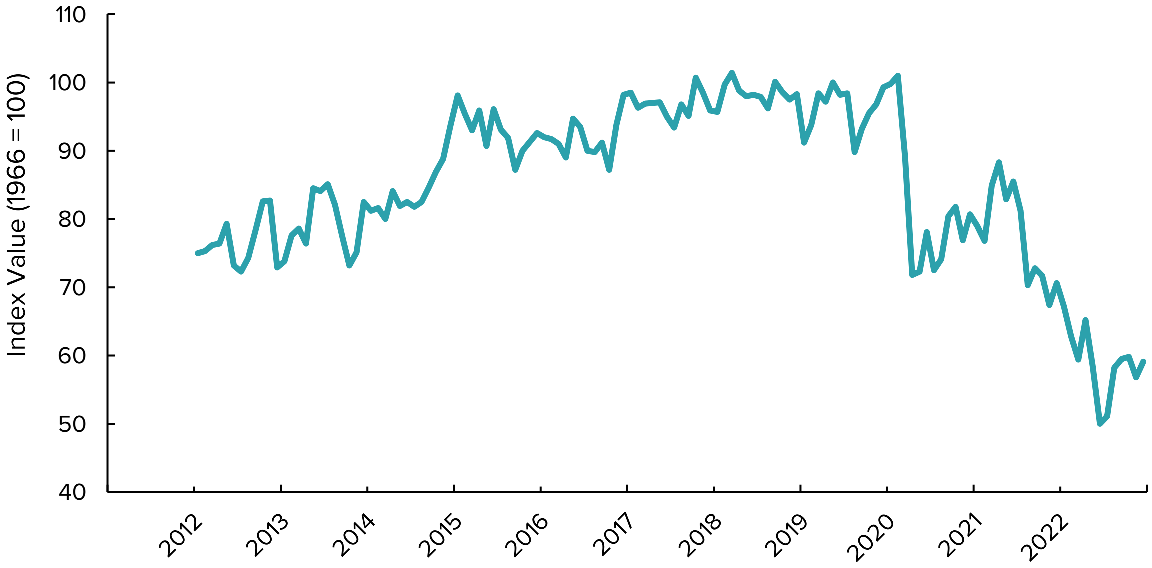
Current Consumer Sentiment

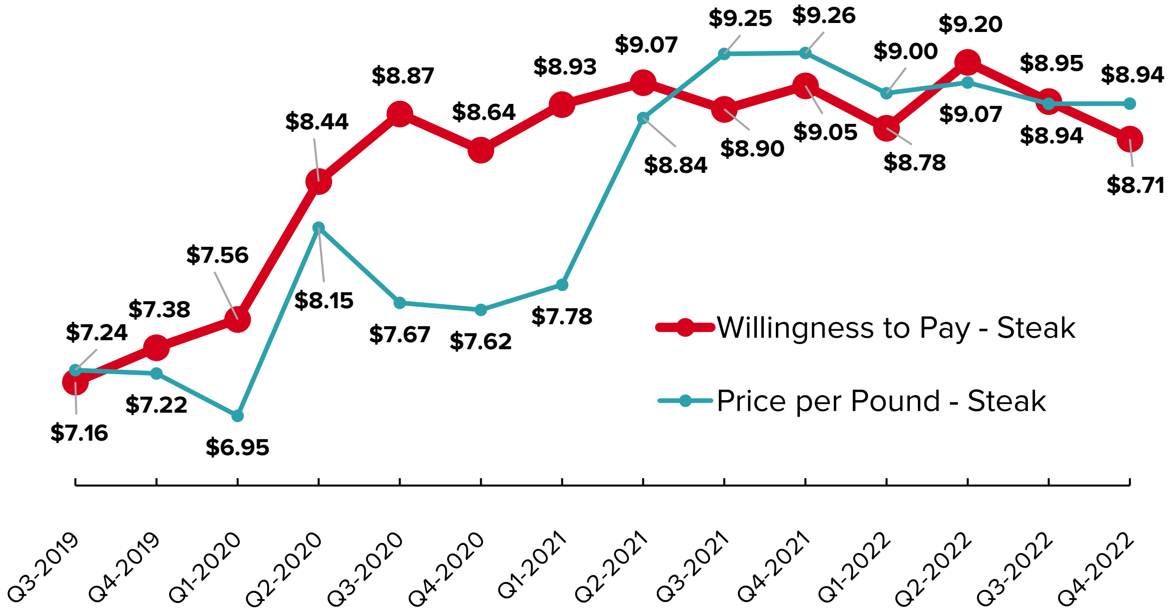
Consumer sentiment (how secure consumers are feeling about the future economy) is still 16% lower than a year ago. However, sentiment scores have been increasing over the past few months.



Source: University of Michigan, Consumer Sentiment Index, 2012 – 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Beef Steak: Willingness to Pay vs. Average Price Per Pound

Willingness to pay has decreased for the previous two quarters in 2022 but remains strong overall.



Source: Consumer Beef Tracker 2019 – 2022, BB6/7/7A; NielsenIQ, Discover, Steak Sales 2019 – 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff

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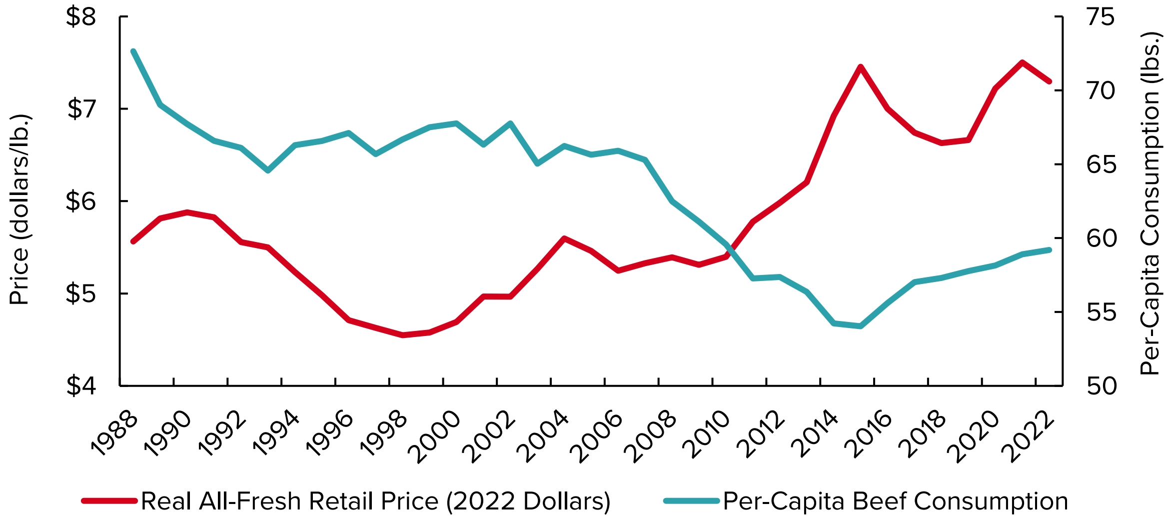
HISTORICAL RELATIONSHIP BETWEEN BEEF PRICES AND CONSUMPTION

Consumption and inflation-adjusted retail prices have been trending up since 2018 indicating that demand is remaining healthy (despite the recent dip in prices from 2021-2022).

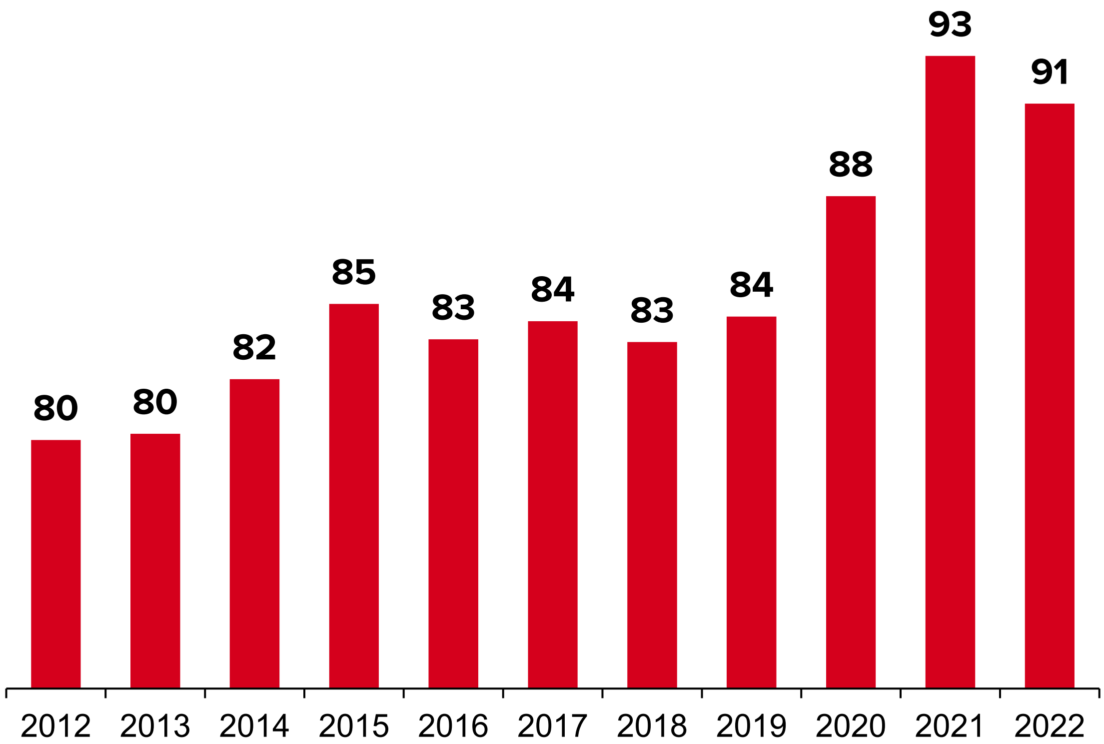
Per Capita Consumption and Inflation-Adjusted Beef Prices (2022 Dollars), 1988 - 2022



Source: USDA, Economic Research Service, US Bureau of Labor Statistics.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Placing various consumption and price data into an index also indicates that beef demand is still strong despite a slight decrease from 2021 - 2022.

U.S. Annual Beef Demand Index



Source: USDA, Economic Research Service, US Bureau of Labor Statistics.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Demand Index: 1988 = 100

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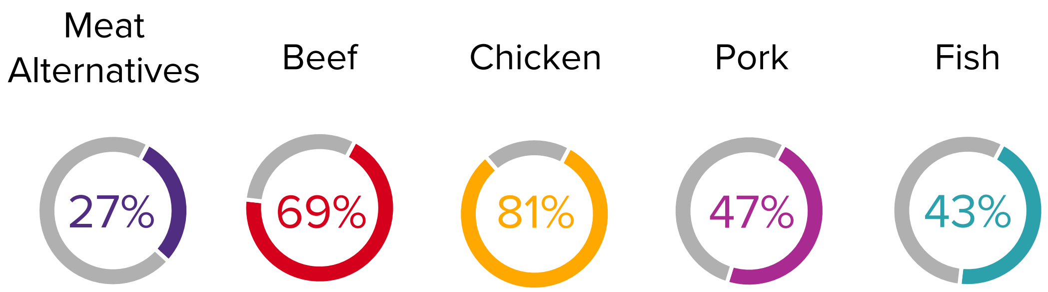
CONSUMER PROTEIN PREFERENCES

Over two-thirds of consumers reportedly eat beef on at least a weekly basis.

Consumption

% of Consumers Eating Weekly or More

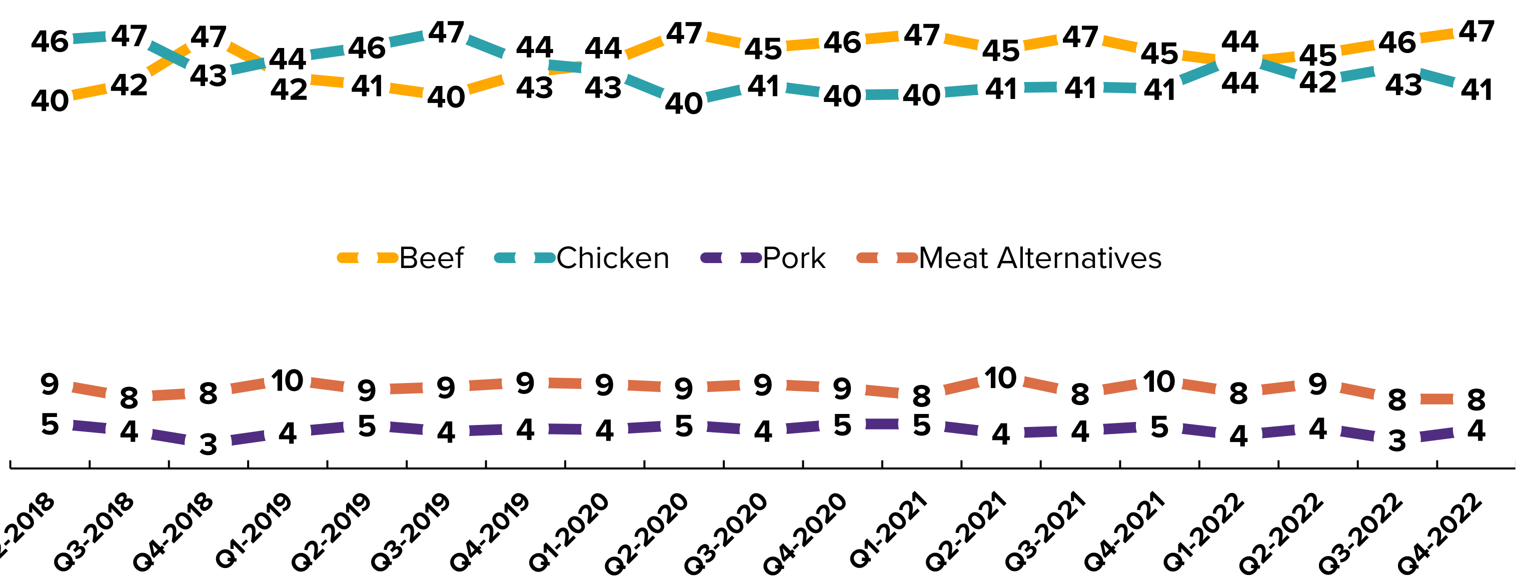


Among Weekly+ Meat Alt Eaters:	72%	84%	60%	68%

Source: Directions Research, Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Consumer Top Protein Sources (Percent Ranked #1)

Among a long list of proteins, consumers consistently rank beef as a top source of protein.



Source: Directions Research, Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

MARKET SHARE OF FRESH MEAT ALTERNATIVES

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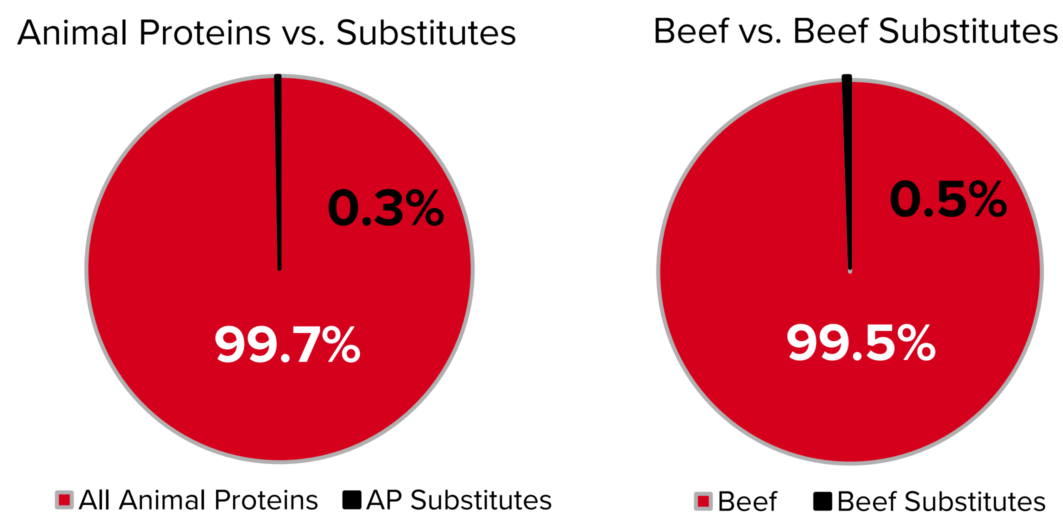
Market Share of Fresh Meat/Beef Substitutes

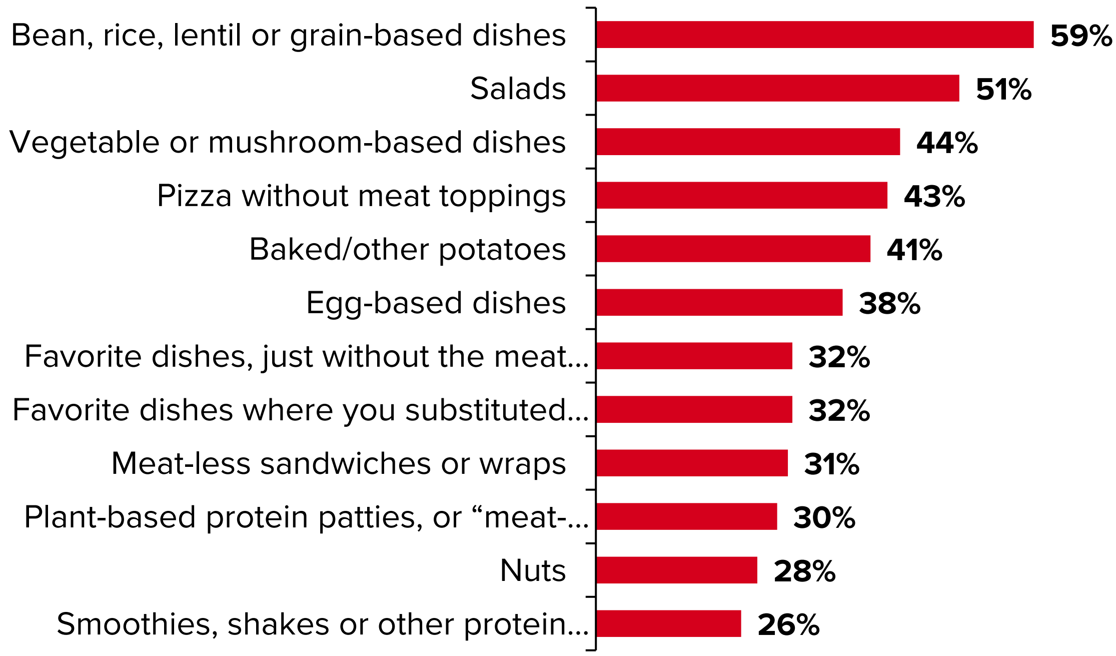
Fresh meat and beef substitutes represent a small percentage of the fresh meat and beef markets. This has changed very little over the past few years.



Note: Beef substitute forms include chubs, ground, patties. Animal protein constitutes beef, bison, chicken, fowl, lamb, pork, turkey, and veal. Only fresh products were included in calculations.
Source: NielsonIQ, Discovery. Retail Protein Sales ending 12/31/2022
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff

Items Consumers Eat Instead of Meat

When consumers are intentionally making or ordering a meal without meat, they aren't replacing with meat substitutes, instead they are having meals that don't traditionally contain meat or simply removing the meat.



Source: Directions Research, Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

CONSUMER BEHAVIOR IN RESPONSE TO PERCEIVED PRICE INCREASES

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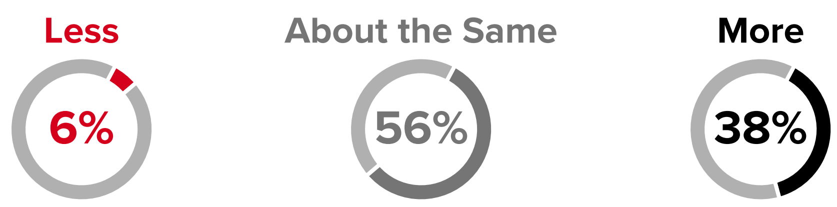
Over three-quarters of meals are being cooked at home and those who are cooking more at home plan to continue doing so.

Meals Cooked at Home

76% of meals cooked at home

94% of those cooking more at home say they will continue to do so

Change in At-Home Cooking Behavior

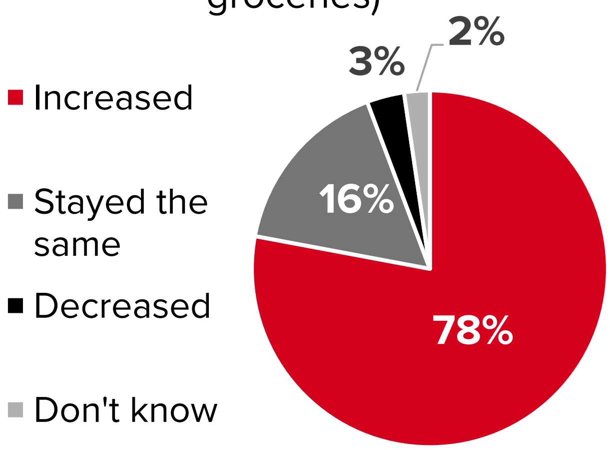


Source: State of Consumer Survey, August 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

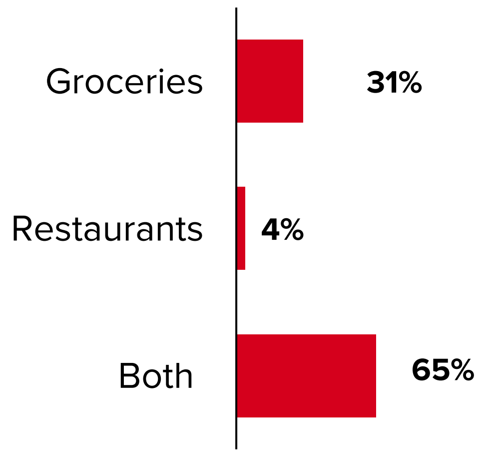
Over three-quarters of consumers noticed a price increase in food with most noticing it in both groceries and restaurants.

Perceived Price Increases in Food

Food (i.e. restaurants, groceries)



Largest Price Increase



Source: State of Consumer Survey, August 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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TRENDS OF ONLINE GROCERY AND MEAL ORDERING

Online Grocery Ordering Behavior

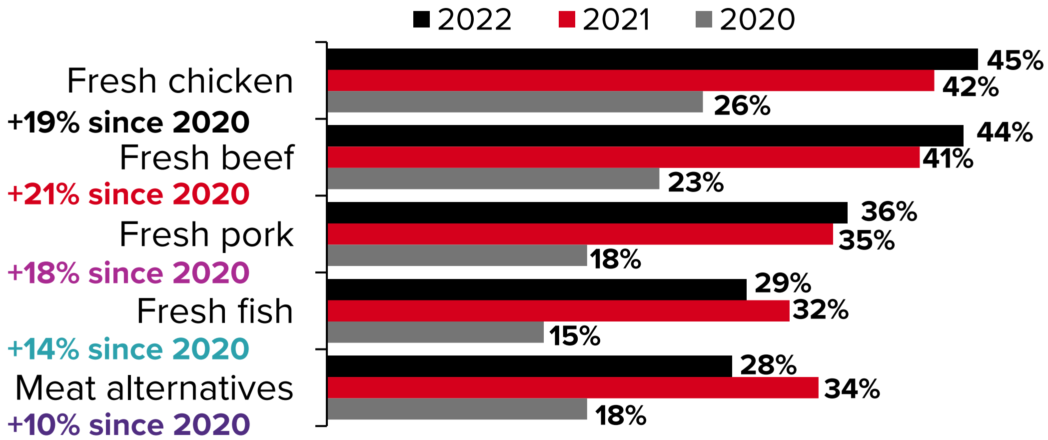
Many consumers continue to purchase groceries online, potentially due to the convenience offered.

64% are Ordering Groceries Online

Top 3 Platforms Used

Store App/Website

instacart amazonfresh



Source: State of Consumer Survey, August 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Online Meal Ordering Behavior

A large majority of consumers are ordering meals online, with many choosing an app to complete their orders.

80% are Ordering Meals Online

Top 3 Platforms Used

Restaurant App/Website

DOORDASH Uber Eats

Categories Purchased for Pick-Up/Delivery

Source: State of Consumer Survey, August 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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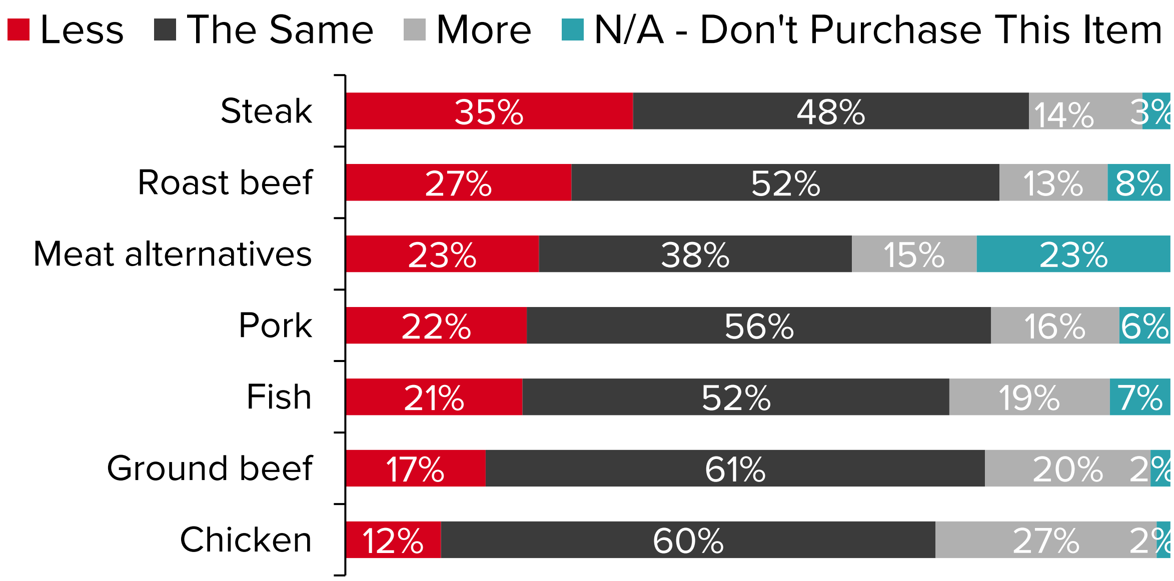
CURRENT PURCHASING TRENDS AND FUTURE BEEF CONSUMPTION

Many consumers are planning on increasing purchases of lower priced items, such as ground beef and chicken.

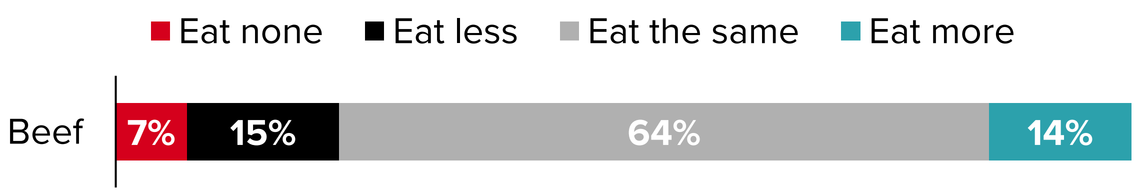
Purchasing More/Less



Source: State of Consumer Survey, August 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Almost two-thirds of consumers plan on eating at least the same amount of beef they currently do.

Future Beef Consumption



Reasons to Eat Less

- Price is too expensive
- Other meats are healthier
- Concerned beef will negatively impact long-term health
- Beef has too much fat
- Trying to eat more plant-based protein

Reasons to Eat More

- You enjoy the taste of beef
- Grilling more often
- A beef meal is quick and easy to prepare
- Adding proteins to your diet
- Beef has become more of a family favorite

Source: Directions Research, Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff

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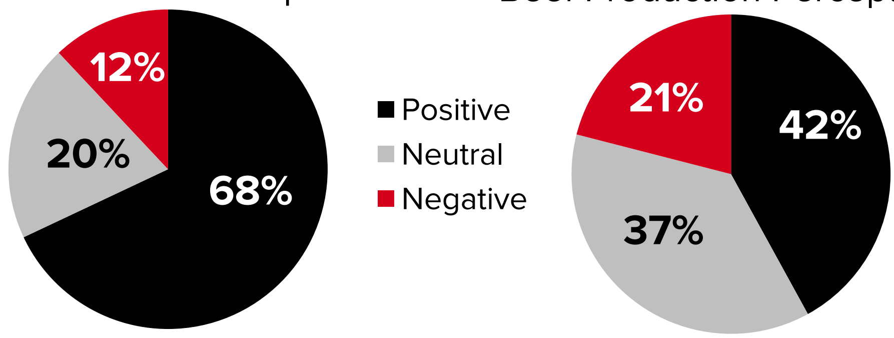
CONSUMER PERCEPTIONS AND CONCERNS

Perceptions of Beef

Over two-thirds of consumers are positive about beef overall and just under half have positive perceptions about beef production.

Overall Beef Perceptions

Beef Production Perceptions



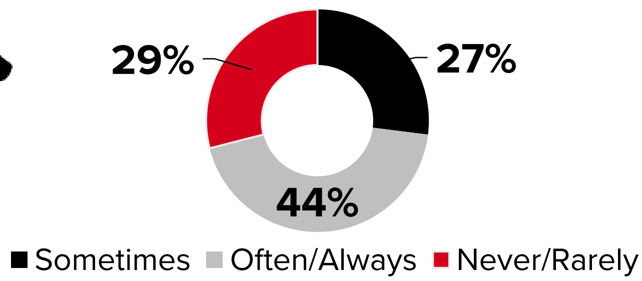
Source: Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Consumer Knowledge

Most consumers are unfamiliar with how cattle are raised but consider this aspect when choosing a protein source.

Familiarity with How Cattle are Raised

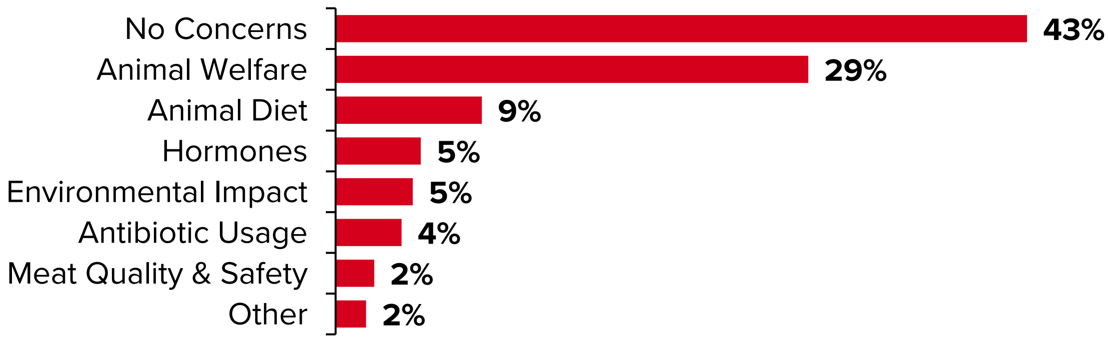
Consider How Food Was Raised/Grown



Source: Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff

Unaided Concerns with Production

43% of responses indicated no concerns. The top expressed concern was Animal Welfare (29%).



Source: Consumer Beef Tracker Jan – Dec 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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PROTEIN PERFORMANCE AT RETAIL

Fresh Meat Sales at Retail

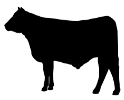
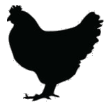
Dollar sales at retail for beef, chicken, and pork saw year over year growth, while volume sales for beef and pork saw decreases.

2022 Retail Fresh Meat Sales

+6.8%
$ sales growth

-1.6%
Lbs. sales growth

Fresh Meat $56 Billion in 2022

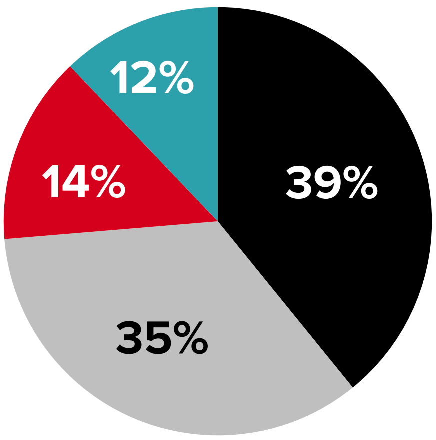
	$	Lbs.
	+3.1%	-3.1%
	+16.5%	+1.3%
	+5.2%	-2.5%

Source: NielsonIQ, Discover, Full-Year 2022 Fresh Meat Sales, Data Ending December 31, 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Fresh ground beef tops sales in both value and volume

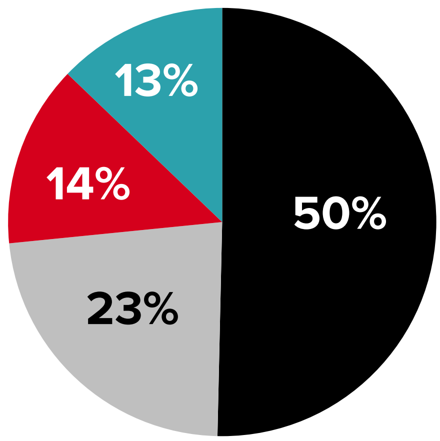
Fresh ground beef has made up most of 2022 retail beef sales, both in terms of value and volume.

Beef Sales ($)



■ Fresh Ground
■ Steaks
■ Roasts
■ Other

Beef Sales (Lbs.)



Source: NielsonIQ, Discover, Full-Year 2022 Fresh Meat Sales by Primal, Data Ending December 31, 2022
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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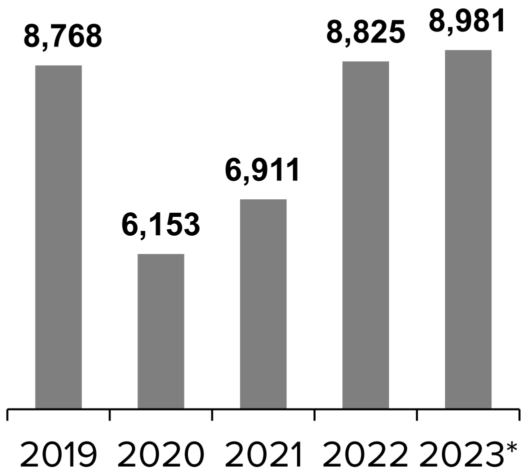
BEEF PERFORMANCE AT FOODSERVICE

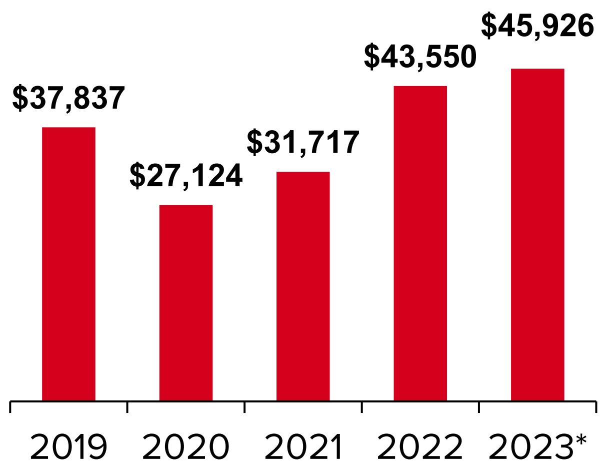
Beef sales by volume and value at foodservice saw a decline from 2019 – 2020 but has since been rebounding to pre-COVID levels.

Beef Sales at Foodservice

Beef Pounds in Million Lbs.



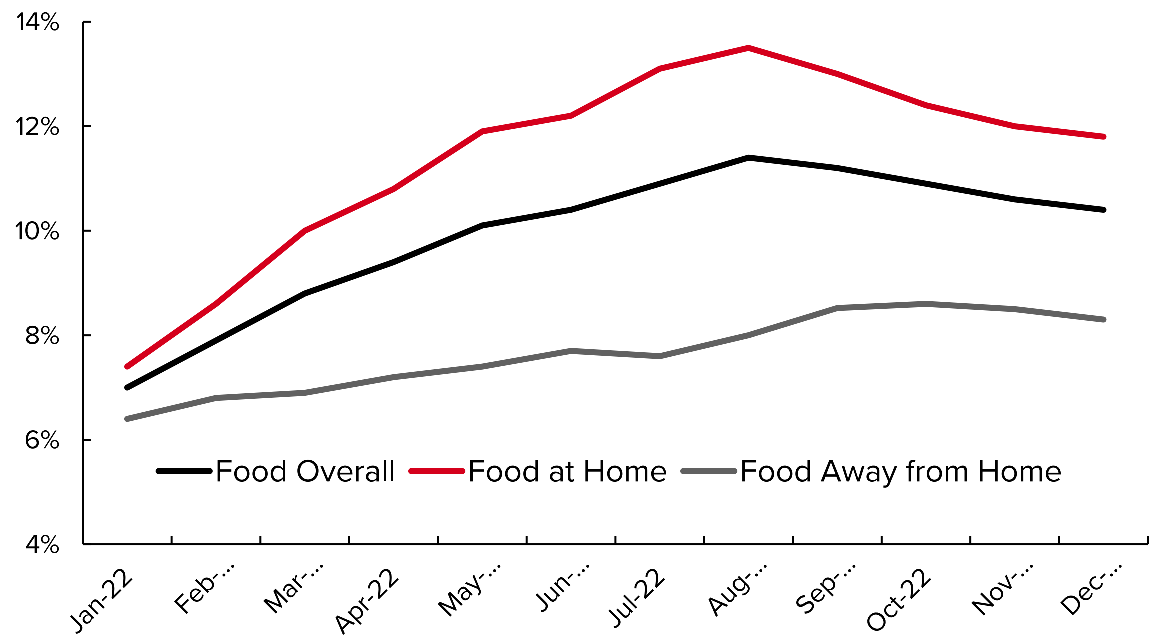
Beef Pounds in Millions $



*Projection
Source: GlobalData, Beef Product by Channel in U.S., 2019 – 2023.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

Throughout 2022, Food at Home (retail) inflation rates have surpassed the Food Away From Home (foodservice) rates.

U.S. Food Inflation Rates (Percent Change vs. Year Ago)



Source: U.S. Bureau of Labor Statistics, Consumer Price Index, Not Seasonally Adjusted, December 2022.
Analysis: National Cattlemen's Beef Association, on behalf of The Beef Checkoff.

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