

BEEF
IT'S WHAT'S FOR DINNER.®

JULY 2020

BEEF INDUSTRY UPDATE AND CONSUMER INSIGHTS

This overview highlights current industry trends and consumer insights impacting the beef industry.



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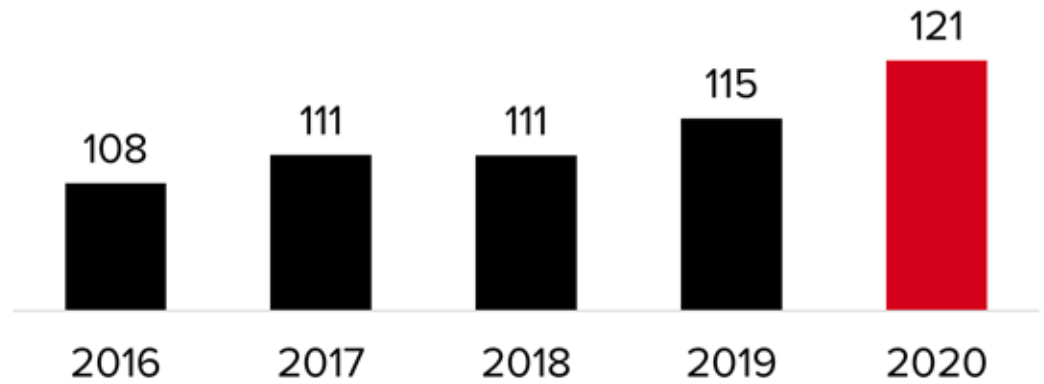
BEEF INDUSTRY UPDATE AND CONSUMER INSIGHTS

Despite the COVID-19 challenges our industry has faced over the past months, beef has continued to be perceived very positively by consumers. As the pandemic spread, consumers responded by stocking up on beef like never before. In fact, weekly consumption of beef has been steadily increasing, even during these trying times. This update provides an overview of how beef continues to be what's for dinner, and calls out key insights about beef's performance, some of its challenges, and how it stacks up to the competition.



Annual US Wholesale Beef Demand Index

US wholesale beef demand remained strong in 2019, with forecasted growth in 2020.

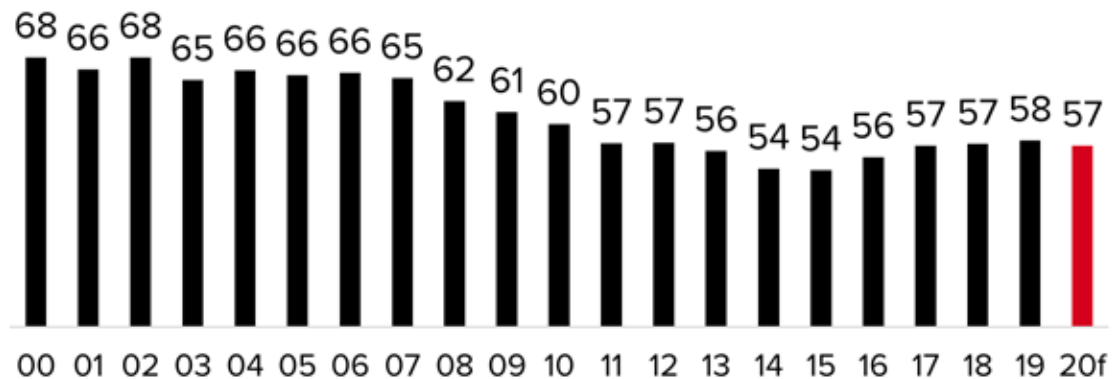


Source: USDA, BLS, K-State, Cattlefax projection in red

Demand Index: 1998 =100

Per Capita Net Beef Consumption (Lbs.)

Although beef demand remains strong, consumption is projected to dip slightly in 2020 due to the supply "back up" issues experienced in the spring.

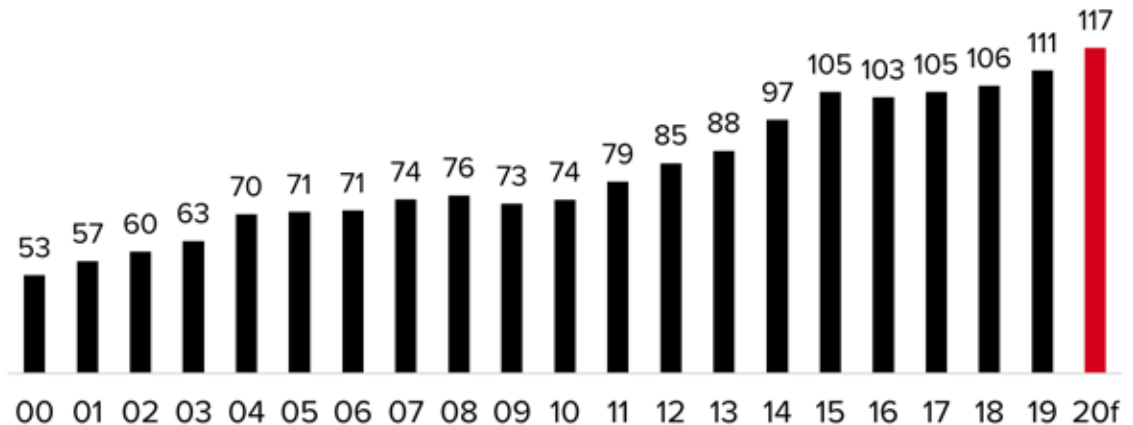


Source: USDA, Cattlefax projection in red

Demand Index: 1998 =100

US Consumer Expenditures – Beef (Billions \$)

US expenditures on beef reached an all-time high in 2019, with continued growth forecasted.



Source: USDA, Cattlefax projection in red



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Dollar sales at **retail** for beef and chicken saw year over year growth, while pork experienced lower total sales.



Meat Sales at Retail

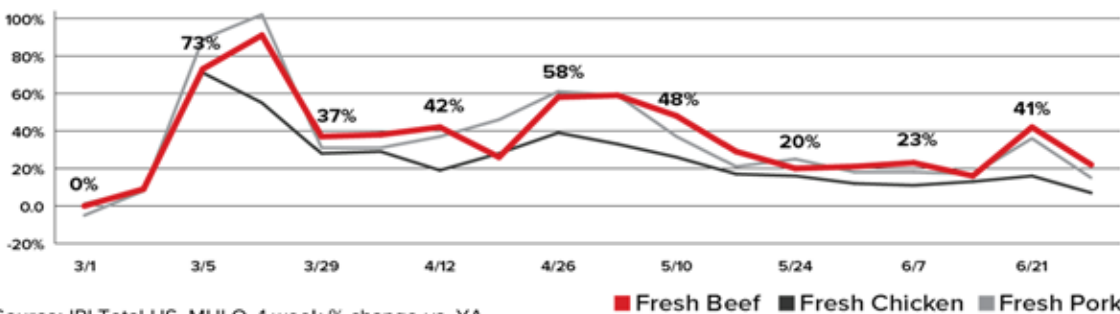
Fresh Meat \$50 Billion in 2019

	\$	Lbs.
	+1.4%	-0.2%
	+1.4%	+0.4%
	-0.7%	-1.6%

Source: IRI Market Advantage Total Store View + Perimeter, Total Meat. L52 ending 12/29/19

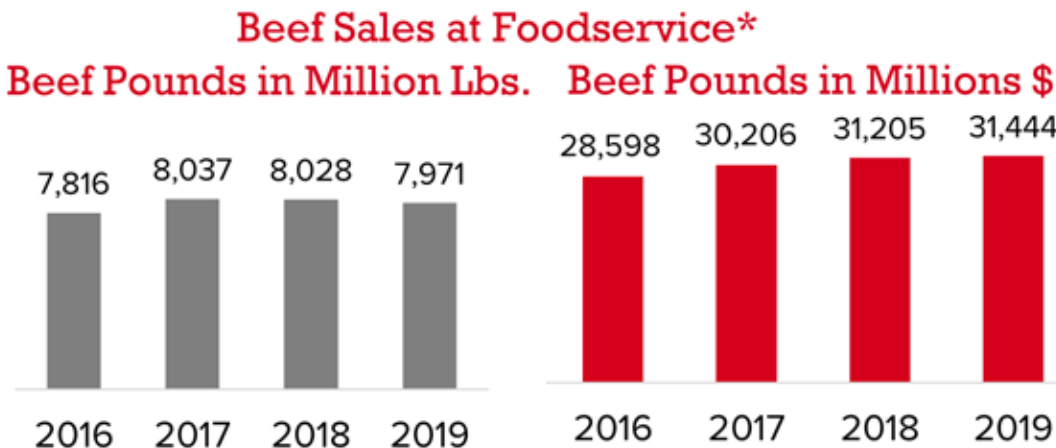
Consumers, in response to COVID-19, stocked-up with meat in the first half of 2020 at **retail** locations.

Retail Growth in \$ Sales vs. Comparable Week in 2019



Source: IRI Total US, MULO, 1 week % change vs. YA

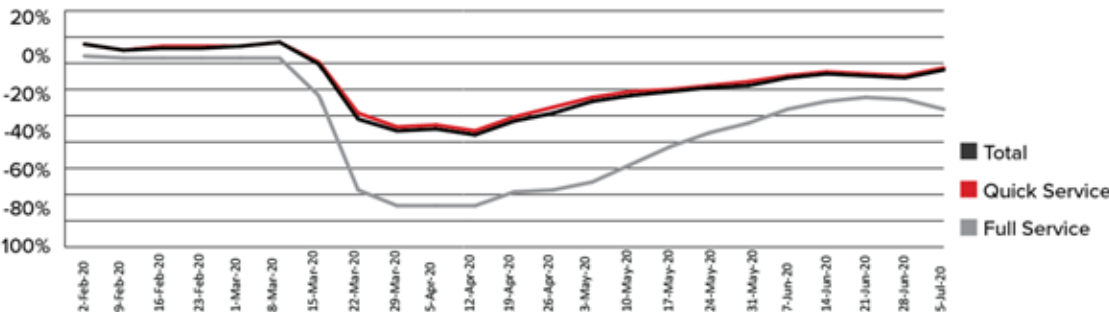
Beef volume at **foodservice** saw a slight decline in 2019, but beef value has steadily increased since 2016.



*At the operator purchase, or distributor sales level.
Source: 2019 Beef at Foodservice Volumetric Study, Technomic, Inc.

COVID-19 had devastating impacts on the **foodservice** industry. In mid-April, weekly restaurant transactions were down over 40% compared to 2019.

U.S. Restaurant Weekly Transactions PCYA



Source: The NPD Group COVID-19 Situation Analysis Summary

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Online Grocery & Meal Behavior

A large majority of consumers are buying groceries or ordering meals online, many as a result of COVID-19.

67% are Grocery Shopping Online 86% are Ordering Meals Online



69%
Just started or increased

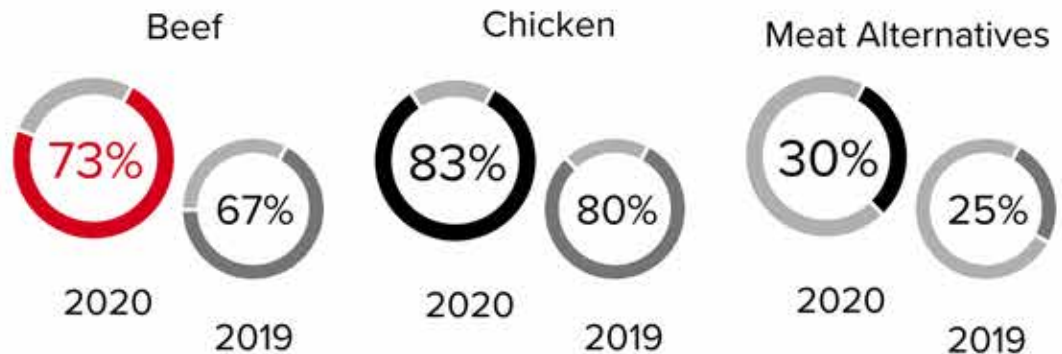


72%
Just started or increased

Source: Online Grocery & Meal Ordering Reports, April 2019

Weekly Meat Consumption Increasing

Weekly consumption for beef has increased since 2019, increasing across other protein sources as well.



Meat Alternatives- refers to foods that have been developed that can be eaten instead of meats such as chicken, beef, turkey or pork in a meal, while having a similar appearance, amount of protein, texture and taste. Consumers often include things such as tofu when defining this term.

Source: Consumer Beef Tracker Jan-June 2020 Data

COVID-19 Stocking Up Behavior

Just over half of consumers have been stocking up on groceries since April, with almost a third of them stocking up on beef steaks and over half on ground beef.

Percent Stocking Up On

58%
Are stocking up on groceries more

Ground Beef



Beef Steaks



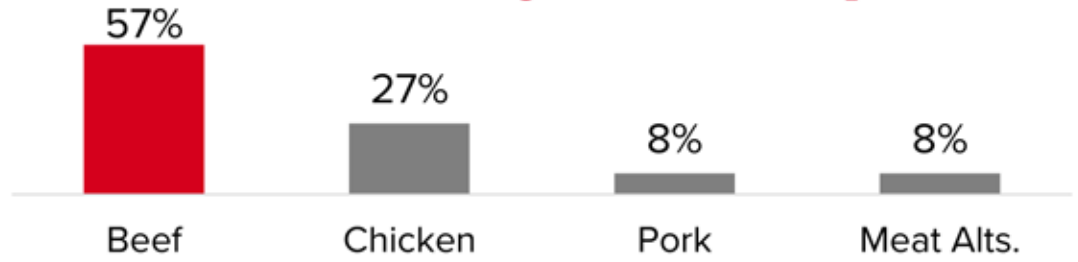
Source: Beef Behaviors and COVID Report, April-July 2020



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Considerably more consumers rank beef's taste ahead of other proteins.

Consumer Rankings of Taste Perceptions

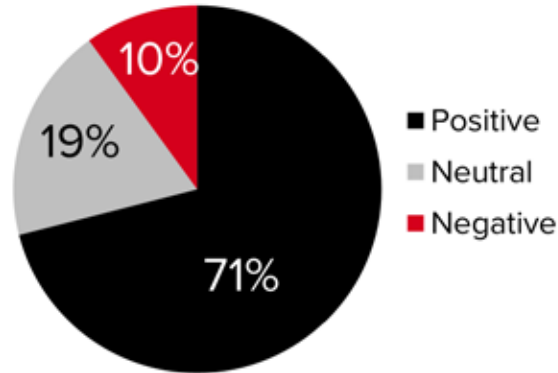


Source: Consumer Beef Tracker Jan-June 2020 Data
% of consumers ranking the protein listed in the chart 1st

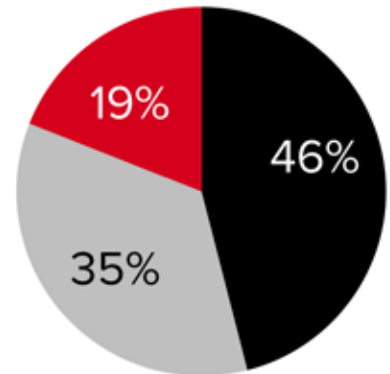
Over two-thirds of consumers have positive perceptions of beef overall, while perceptions of beef production are not as positive.

Perceptions of Beef

Overall Beef Perceptions



Beef Production Perceptions

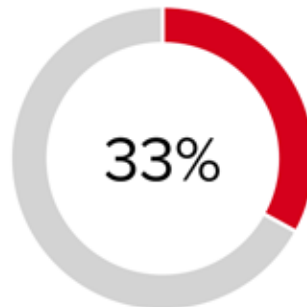


Source: Consumer Beef Tracker Jan-June 2020 Data

While many have lower perceptions of beef production, animal welfare is by far consumers' greatest concern.

Unaided Concerns With Cattle Production

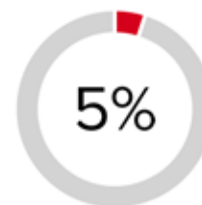
Animal Welfare



Hormones



Antibiotics



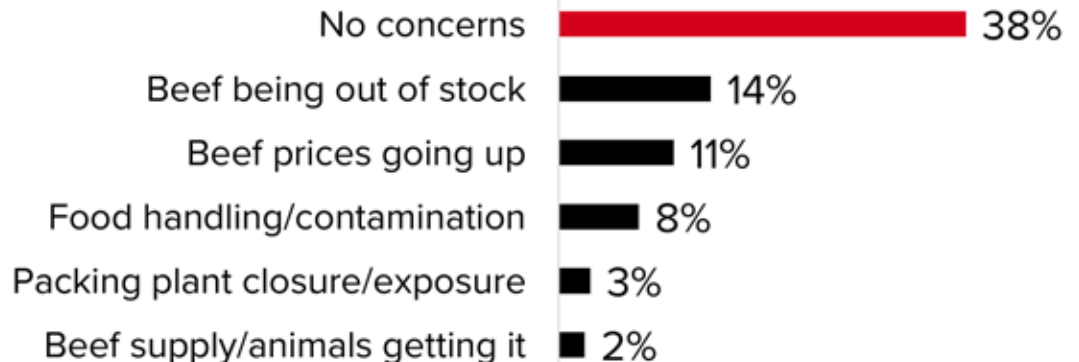
Environment



Source: Consumer Beef Tracker Jan-June 2020 Data; Coded open end verbatims from consumers.

Based on the current COVID-19 environment, many consumers have no concerns specific to beef. There are, however, minor concerns about the availability and price of beef.

COVID-19 Beef Specific Concerns



Source: Beef Behaviors and COVID Report, April-July 2020

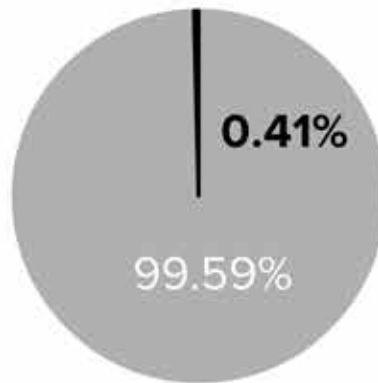


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Market Share of Meat/Beef Substitutes

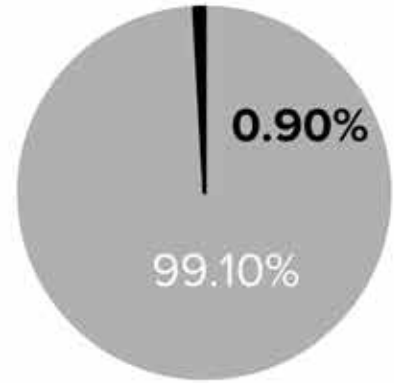
Meat and beef substitutes represent only a tiny fraction of market share at retail and foodservice combined. This has changed very little over the past few years.

Animal Proteins vs. Substitutes



■ All Animal Proteins ■ AP Substitutes

Beef vs. Beef Substitutes

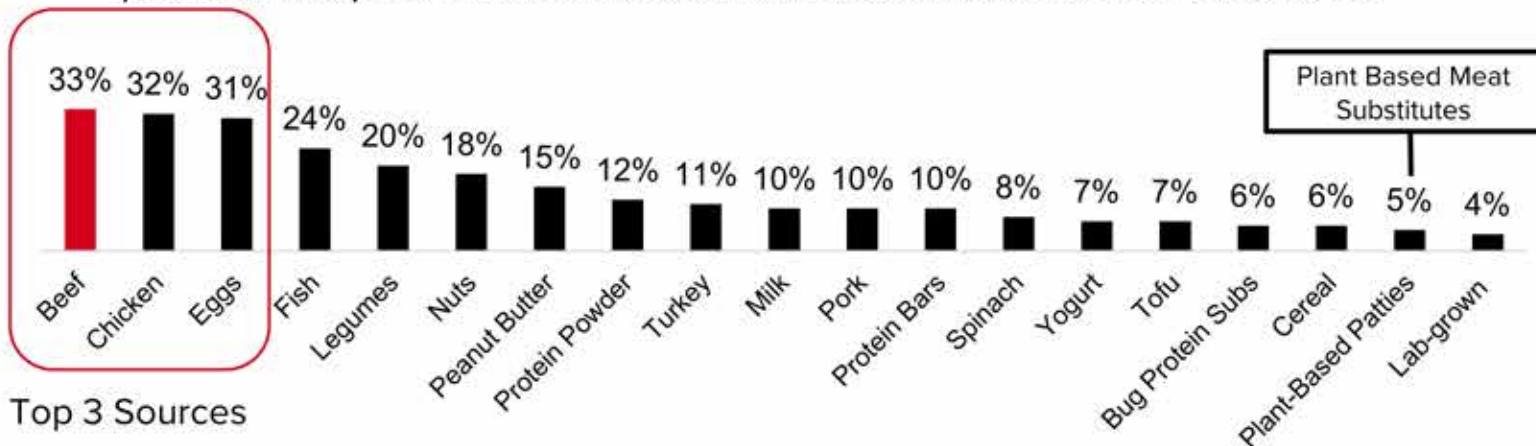


■ Beef ■ Beef Substitutes

Source: Alternative Proteins at Foodservice Study, Technomic, January 2020; Usage and Volumetric Assessment of Beef in Foodservice, Technomic, December 2019; IRI, Refrigerated/Frozen Meat Substitutes, 52 weeks ending 04/21/20; IRI/Freshlook, Total US MULO ending 04/21/20.

Ranking Consumer's Top Three Sources of Protein

Among a long list of proteins, consumers consistently rank beef as a top source of protein, while plant-based meat substitutes are ranked at or near the bottom.



Source: Toluna Protein Survey 2017-2020; Data based on average from 2017-2020



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**For questions about this report or its contents
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For more information and training resources, visit:

<https://www.beefitswhatsfordinner.com/Foodservice>

<https://www.beefitswhatsfordinner.com/Retail>

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