

Montana Beef Council

February, 2018



Your Beef Checkoff Dollars at Work

Cattle Industry Annual Convention~ Phoenix, Arizona

Kristin Laron~ Convention Report

Lots of exciting things learned and experienced at the Cattle Industry Annual Convention held in Phoenix, AZ. I flew out of Phoenix on Saturday and it was eighty-one degrees and flew into Williston late that evening and it was fourteen degrees below zero! Now that is a change in temperature. I was glad to be home, see my family and get right back into our crazy hockey schedule! Only a few more weeks left, and we'll be headed to state tournaments.

Some of the best news of the week is that with our increase of supply fueled by our expansion phase the estimated beef consumption will exceed 58 pounds per capita by end of year 2018! A few years ago, we were at 55 pounds. Beef has remained a good value for consumers as prices have adjusted due to increased supply. For perspective on how beef volume moves through the channels, 2017 shows slightly more beef has been sold at foodservice for several years. In the retail channel, which account for just under half of all beef pounds sold, checkoff-funded research shows that when beef is purchased at the grocery store, those carts produce 44% more sales across the store than carts with chicken. Simply put, when beef is in the shopping cart, consumers tend to purchase other items they might not otherwise select, adding increased sales for retailers. These items might include seasoning mixes, cheeses, marinades, shrimp and produce.

Tenderness is an area beef continues to

excel in which is a good thing as it is a top driver of eating satisfaction. Consumers have shown a willingness to pay a premium for guaranteed tender beef products. Taste is also huge, and we believe beef has the taste advantage.

The Beef Checkoff's goal is to position beef as the top protein across all different groups. So, how do we accomplish this goal? The checkoff-funded BeefItsWhatsForDinner.com website has undergone a massive transformation. Supported by research, this site educates and inspires not only consumers of all ages but also key industry stakeholders like retailers, foodservice operators, packers, producers and more. A vast number of recipes, content about topics such as beef nutrition and beef production are also showcased on this site from whatever digital device they choose, including their mobile phones.

The new Nicely Done Beef Campaign is creative, edgy and is continuing the promotional push from the brand relaunch.

Rethink the Ranch videos have generated well over a half-million video views and counting. These videos are designed to enhance perceptions of beef production and showcase the people and processes behind it. Consumers are continually seeking more information about the food they eat. Beef wants to be at the forefront of giving them the information they are seeking.



I sit on the Export Growth committee and we had a very good discussion about our strategic initiatives. Our group agreed to the following: Adopt Animal I.D. Traceability Systems, Increase Market Access and Promote Unique Attributes of U.S. Beef. We have one contractor in this committee, USMEF, they gave us an update on our export markets. They said 2017 will set a new record for value at \$7.23 billion. We should also see a 7% increase in export growth volume. Japan is still our largest value and volume market. Mexico is our 2nd largest market, with Korea coming in 3rd. Middle East is down mainly due to economic instability in Egypt. An emerging market is Africa with their growing population and increased spending power and overall meat consumption is on the rise. Our committee also listened to the results of a traceability study that was done. 61% of global beef exports come from countries with traceability. Cooperation is needed among all sectors of the US beef industry.

I also co-chair the Investor Relations committee. We met and adopted a new Statement of Purpose which is: "Develop strategies to communicate the structure, process, and program results to build understanding and ownership of the Beef Checkoff Program with checkoff investors."

Kristin Larson report, continued.

We agreed on Engaging Beef Advocates and Motivate Producers & Stakeholders to engage.

Our new Cattlemen's Beef Board Chairman, Joan Ruskamp, started a hashtag for producers #Seek&Share. We encourage producers to become knowledgeable about their beef checkoff program and the projects it is funding to build beef demand. Beef

producers were also encouraged throughout the week to "Walk the Walk" by becoming BQA certified and "Talk the Talk" by going through the Master of Beef Advocacy program. Now more than ever it's important for all of us producers to tell our story in a positive light so more consumers understand how beef is responsibly raised and continue to buy it at retail and order it at restaurants.

I interviewed and was chosen to sit on the National Beef Promotion Operating Committee again this year. I'm excited about this opportunity and look forward to serving another year on this committee.



Andy Kellom~ convention report

This was my first convention as a federation director. I have been to several conventions in the past, so was not totally unfamiliar with what happens. I learned as we went through all the meetings that the winter meeting is designed more to set priorities and direction for the various checkoff program areas. We did not actually look at ARs and decide which should be funded and at what level. That will happen at the summer meeting in August. I was appointed to the Innovation Committee. The main objective from the committee meeting was to review the Long Range Plan and then to determine the top three areas that we felt most applied to the innovation committee. This was discussed at each table of 5-6 and then each table presented their results to the room so that a consensus amongst the entire group could be reached as to the top areas. My table had producers from KS, NM, NE, and ND. It was interesting to me that all the producers at my table were aware of the lawsuit in Montana. I was also quite surprised, but there was actually fairly strong consensus throughout the

room about the top three priorities for the Innovation Committee. They were:

1. Revolutionize (Improve) Beef Marketing and Merchandising.
2. Connect & Communicate Directly with Consumers.
3. Improve our Product & Production Efficiency with Response to Consumer Based Market Signals.

I continue to be impressed with the NCBA Staff that works with checkoff programs. They are truly an outstanding body of knowledge about beef and the various efforts that have been conducted to grow demand for beef. As we listened to the various presentations from them, I gleaned these few tidbits that I found to be very interesting and also applicable that I thought I would share:

- 5 out of 6 people who choose to not eat beef cite health reasons.
- Beef demand bottomed in early 80's. Currently close to 60 pounds per capita in the US.
- Price is still important to consumers but not as important as it used to be.

-Older millennial parent (age 25-34) is the main target for beef education and promotion.

-\$7.5 billion total beef exports in 2017. \$282/hd fed cattle slaughter.

AWESOME NUMBERS! No way would our markets be as good as they are without these strong exports.

-33% of consumers identify beef as the "best" protein source.

-New checkoff logo uses words "Funded by Beef Farmers & Ranchers" – research shows that today's consumer wants to know the people.

Another thing that I really enjoy about attending the convention is the chance to catch up with so many great people that I have met and worked with over the years. There really are some great people in the cattle business and I really enjoy the opportunity to meet more of them and also to catch up with many that I have gotten to know. Thank you for the chance to attend as a federation director this year and I look forward to the summer business meeting in August.

Kathy Creighton-Smith ~ convention report

I had the privilege to attend the Cattle Industry Convention representing the Federation of State Beef Councils. I will confess that the weather was wonderful in Phoenix given the fact that the Hi-Line of Montana has been brutally cold and snowy this winter. The National meeting had over 7400

attendees and it is a great place to network and see folks that you see only once a year. As a Federation member, I sit on the Consumer Trust Committee and the Market Research Working group. The National meeting is where we set our strategic initiatives for 2019. The initiatives that we set forth instruct the Checkoff contractors

what we want to see addressed as far as promotion, research, or education as it applies to the long-range plan. We also heard 2018 program updates from Checkoff contractors. A couple of examples are The Northeast Beef Initiative (Checkoff contractor who promotes beef in the Northeast where there are few cattle and many people);

are ramping up their Team Beef members who then become beef advocates in their communities. The NCBA reported on the development of the “360 video” where you visit the ranch or feedlot with virtual reality headsets. It was very cool and you felt like you were right there with the cows! The Market Research Working groups’ mission is to listen for knowledge gaps in our committees. All of the members sit on different committees and we bring information back to the market research group as to what kinds of “beef” questions are being asked. This information helps identify pertinent research that needs to be done so that the market research group can conduct valuable research to promote beef. Contractors also utilize this information to prevent redundant research that saves Checkoff dollars.

An ongoing discussion at the Cattle Industry Convention is always cattle prices. It was stressed numerous times how vital trade and exports are for beef prices. There is growing global competition and volatility in our trade agreements. Domestic demand continues to hold steady and research shows that the price of beef is still very important but does not influence the consumer quite as much as it used to. Keto and Paleo diets have increased demand.

The consumer is still very interested in how beef is raised and where it comes

from. There was a lot of discussion about traceability. Many feel that the marketplace will determine how traceability evolves with producers wanting to participate in traceability-required programs doing so. If you want to look at the feasibility study that was done go: www.beefusa.org/newsreleases1.aspx?NewsID=6547 This study is a “policy” issue and Checkoff dollars were not used.

Sustainability is also important to the consumer. A positive argument for sustainability is that chicken and pork eat primarily grains that are used for human consumption whereas cattle convert grass to meat, so cattle “up cycle.” Cattle welfare and beef safety through the BQA program is also a consumer concern. Did you know that all pork is PQA? You cannot sell non-PQA pork, whereas out of 700,000 ranches we have only 13,000 BQA beef producers. BQA gives us all a refresher as to how we are supposed to take care of our cattle, but the real value is that the consumer has more trust in our product if you take the time to be BQA certified and that will increase demand.

There is a wealth of information at beefresearch.org and if you have friends that need more information about beef the newly launched Beefitswhatsfordinner.com website is terrific! They have totally revamped the site. Consumers’ reactions were

seen on the computer camera as to how they reacted to certain images. Most consumers were very positive, and the packing plant views elicited neutral responses. It was very interesting work and we can be proud that our Checkoff dollars funded the work and over 100 million folks viewed it in the first 3 months.

One last thought is to encourage folks to attend the Cattle Industry Convention and Trade Show. Normally held in fun cities that have milder winters and you will see folks you know. It is spendy to attend but there are many benefits also. Your registration covers two or three meals a day, excellent speakers and top of the line entertainment every night. The tradeshow is spectacular. You can find every kind of cattle handling equipment and supplies available and be able to talk to the folks who know all about them. The NCBA treasurer told us that this is an expensive convention to put on and there are only seven cities in the U.S. that can handle it. Their intent is to put on a first class event so that folks will enjoy themselves, network and leave with a more positive attitude about the beef industry.

Thank you for allowing me to represent Montana on the Federation of State Beef Councils. Questions, please call me (406) 949-2505.

BEEF
IT'S WHAT'S FOR DINNER®

Lynda Grande (CBB)~ convention report

As one of three Cattlemen’s Beef Board members representing Montana cattle producers, I would like to share some of the information learned in the Export Growth committee during our winter meeting. Our three main priorities for the coming year are to adopt animal traceability systems, increase market access for US beef and to promote the unique attributes of US beef. Traceability is key for increasing our access to export markets. About sixty-one percent of global beef imports come from countries with traceability systems in place, some with almost one hundred

percent compliance. Ireland has complete traceability on all of its beef and is closing in on having it on all of their sheep as well, according to an embassy representative in attendance at the meeting. World Perspectives, Inc., a company commissioned by NCBA, presented a feasibility study to understand the economic opportunity of opening new and expanding markets...and the lost opportunity in the event of an animal disease outbreak. There is a growing recognition that traceability is needed and both states and private entities are beginning to address the issue. One

of the largest obstacles continues to be concerns about data privacy and additional costs from the cow/calf sector but if these issues can be addressed by an industry driven system there is a way forward. This was not a policy discussion.

Positive things for future exports include the fact that global GDP continues to grow and that the US dollar is weaker than in the past two years which makes our beef more attractive to foreign markets. Another positive is record-high beef consumption in Korea, Japan, Taiwan

Lynda Grande cont.

and China in 2017, increasing the demand for quality beef. Higher seafood prices have caused retailers in these markets to focus on “meat bars” where you pick out your cut of meat and they cook it for you. Opportunity for growth of exports into China is enormous. They have disposable income and are willing to pay a premium for quality and food safety. The US also currently has a duty advantage over Australia on exports into China. Another emerging market is Africa where a growing population with greater spending power is leading to more meat consumption.

A major area of concern is the current uncertainty as to where we stand on trade agreements. Eleven countries are moving forward with TPP and will sign the deal in March of 2018. This will lead to the US being at a disadvantage on tariffs compared to the other exporting countries. We are also currently renegotiating NAFTA and KORUS, which could affect our trade with South Korea. Mexico is our second largest export destination (after Japan) and those exports account for about three percent of our total beef production. Canada is our fourth largest export market. Although NAFTA negotiations are

continuing, Canada and Mexico are working together on a plan that does not include the US. Currently, NAFTA gives the US a zero tariff on beef exports into Canada and Mexico, which hopefully will not change.

Overall, US producers are recognized as providing large volumes of safe, high quality that continues to be in demand globally by retail and foodservice sectors. Thank you for allowing me to represent you.

Shane Flowers~ convention report

This being my first cattle industry convention there was a lot to learn. I made sure to attend all meetings possible to help me better understand the whole system which, as we all know, is complex from top to bottom. The Nutrition and Health Committee was what I was assigned to for input from the Montana delegation.

CattleFax was my first meeting other than the general session. It was fascinating to see how much they look at from markets to long range weather patterns and even global scenarios that will affect the way the cattle industry reacts. The next stop was the NCBA Region IV meeting which gave us the opportunity to see what other beef councils are doing in our region. I thought that was great as we pull out of this lawsuit we will be able to draw some of these other ideas to generate some innovative ideas of our own.

There was a two-hour meeting to get an update on some of the national programs before we get to our committee meetings. They spoke about all of the committees so that we could see what was going on across the board and whether there was any overlap between program areas. As a new director this proved to be very beneficial to better grasp the purpose of our responsibilities.

There was a Federation Director ‘meet and greet’ for all new directors, which I thought was a great idea. This definitely gave us the opportunity to understand how our committee would do business the next day instead of going in blind. The committee meeting itself was very organized and well designed. I was seated at a table with five other experienced individuals giving me the opportunity to learn while still being involved. There were two state executives from Indiana and New York and three very well-versed directors from Kansas, South Dakota and California in our committee. We did not all agree on what our priorities should be, but we did get to put in a final vote as individuals. We got to hear from some programs to get us prepared for the Summer Business meeting in August. As a committee these were our priorities at the end of the day.

Beef’s Inclusion in Dietary Recommendations

Research and Communicate Beef’s Nutritional Benefits

Connect and Communicate Directly with Consumers

There was a lot of talk about Defend Beef’s Product Identity, but my personal feeling was that it didn’t fit

with Nutrition and Health. The concern is that the new “fake meat” will be a challenge to the beef industry.

There were several meetings and sessions that I attended that were fun and full of information. Overall there was a great need for unity in the industry knowing that there are many challenges ahead. I think there needs to be constant promotion towards the millennials as they tend to be more challenging to keep them interested in beef. The next wild card is going to be “generation z,” some say they may be less challenging than the millennials, but it is so early that we will have to keep studying their preferences so we can be prepared for their needs. There is a lot of excitement over the export opportunities which will undoubtedly strengthen the market, but the topic of traceability is going to have to stay in the forefront of beef conversations.

This was a great learning experience as well as a reminder of why we need to constantly be promoting the benefits of beef. I think anyone that questions the need for promotion may not fully understand the marketplace. As I relate it to my business there is always a need to make yourself relevant because the minute you become complacent someone or something will take your portion of the market share.

Chaley Harney ~ convention report

A highlight of the Cattle Industry Convention is the Beef Checkoff Update, which includes two hours of rapid-fire information sharing from all of the national Beef Checkoff contractors. Here are a few highlights from the contractors at the 2018 convention:

Cattlemen's Beef Board (Producer Communication)

The Annual Report is now available online at MyBeefCheckoff.com and features interactive design with great information for all producers.

The "Assessing Beef Demand Determinants Study" has also just been released and can be found at MyBeefCheckoff.com. The study summarizes the current knowledge of consumer demand for beef and identifies the best opportunities for the industry to influence demand positively.

A new producer communication campaign has launched, called "open doors." Watch for the new campaign to see how the Beef Checkoff is making sure beef is welcome at the table.

U.S. Meat Export Federation (Foreign Marketing)

The U.S. is leading global beef export growth, but in 2018 there will be a growing competition with Australia, Argentina and Brazil.

U.S. beef exports in 2017 will likely set a new value record of \$7.23 billion.

Our top markets—Japan, Korea and Mexico—are all up in value. The 2017 year-to-date value per head is \$282.34. Some examples of added value can be seen with beef tongue in Japan at \$12.20 added value and beef short ribs in Korea at \$19 added value.

Meat Importers Council of America-Northeast Beef Promotion Initiative (Consumer Information)

The Northeast Beef Promotion

Initiative conducted several interactive tours and presentations with influencers including a HelloFresh Beef Team Tour, a Women's Meat Retreat and a Camp Foodservice presentation.

They continue to encourage and inspire beef education for youth in classrooms nationwide and nutrition influencers as well to communicate beef's nutritional value to groups like the Massachusetts School of Nutrition, the Pennsylvania Family Physicians and the Academy of National Nutrition and Dietetics. Several successful digital campaigns reached hundreds of thousands of consumers through Ibotta and Pandora.

American Farm Bureau Foundation for Agriculture (Consumer Information)

Successful influencer events continue through their "training the trainer" concept to incorporate beef and cattle production into science, technology, engineering and math.

Ft. Worth, Philadelphia and Portland were the targeted cities for health and nutrition educator events to inspire and encourage beef as part of a healthy lifestyle.

Online educational resources continue to be updated, such as My American Farm and Purple Plow.

National Cattlemen's Beef Association (Promotion, Research, Consumer Information, Industry Information)

Digital continues to be a major focus of promotion efforts and they have a goal to reach 20 million consumers each quarter. Artificial Intelligence is on the forefront of consumer technology and beef will be there. Watch for more information about "Chuck Bot" later this summer. In the retail sector, they are

revolutionizing beef merchandising with 15-minute meal kits and videos. The nutritional messaging features, "beef gives me, and those I care about, the strength to be our best selves." This will be used in digital approaches and outreach events.

Beef Quality Assurance has seen an increase in certifications and has updated and expanded with a new transportation module and campaign featuring, "the right way is the only way."

Virtual Reality tours of feedlot life and cattle ranching are rolling out to provide consumers with a real feel for the cattle community.

North American Meat Institute (Promotion, Research, Industry Information)

Processed beef has been continually highlighted through various campaigns such as National Bologna Day, National Pastrami Day, National Hot Dog Day and National Jerky Day.

A new concept of beef sushi launched on February 12 and features fun, creative ways to incorporate beef into menus. A "beef up the lunchbox" promotion will also be launched in August, just in time for the new school year.

The North American Meat Institute also conducts the veal promotional campaigns and the Veal Quality Assurance program.

Continual research is being done in the area of post-harvest beef safety to ensure a safe, quality product for consumers.



AHA Go Red for Women Luncheon~ February 23



Adventures in Umami

Umami. It's pronounced "oo-MOM-ee," and it's such a mysterious sounding word that you might think it refers to an ethnic trend or a spiritual practice in a faraway culture. While umami is a Japanese word, what it represents is quite familiar. Umami is the taste of protein, and it's a bona fide basic taste just like sweet, salty, sour and bitter. This distinct fifth taste characterizes the taste of protein and explains why certain dishes are so savory and satisfying.

In "Aventures with Umami," the Montana Beef

Council showcased how this element makes food so enjoyable. Guests were wowed with a cooking demonstration of a heart healthy umami-packed recipe. During the 2nd half of the show, guests took a tasting journey through some of our favorite umami pairings by sampling cuts of beef enriched with familiar umami-packed flavors. The Montana Beef Council walked guests through the nutritional benefits of adding a robust flavor-profile with umami to your meals. The better your meal tastes, the more satisfied you are.

Leadership Billings ~ February 7 & 14

Lisa presented to Leadership Billings on February 7 & 14. The Billings Chamber Leadership Billings Program offers a venue for individuals to develop and maintain strong community ties which help form stronger community relationships. The theme of the days presentations

was *Billings Businesses*. Lisa presented to the group what the Montana Beef Council is and does along with a checkoff update that included past programs and partnerships we are currently working on. There were about 30 attendees per class.



MATE Show ~ February 15-17

The 42nd Annual MATE show was held in Billings, February 15-17 at the Metra Park. Once again the Montana Beef Council booth was well staffed and attended. Sue Broyles & Lisa Murray represented the Montana Beef Council on Thursday & Friday of the MATE. The T-Bone CattleWomen volunteered to help man the booth on Friday (Anna & Doug Robinette, and Sandra Peck). Saturday, the Yellowstone CattleWomen, prepared and served up 560 samples of a Beef Its Whats for Dinner recipe, "Mini

Meatball Appetizers with apricot dipping sauce". The MATE attendance was up from last year for a total of 18,237. About 6,500 pieces of beef education, nutrition and recipes brochures were distributed. Recipe brochures were very popular at our booth and gave us many opportunities to engage in conversations about beef to producers and consumers.



Upcoming Events:

April:

18-20: MAFCS convention, Ennis

25-26: New Director Orientation, Denver

26-28: MT Meat Processors convention, Forsyth

May:

3: Lake county 4th grade farm fair

4: Ravalli county 4th grade farm fair

12: MT Women's Run, Billings (Team Beef)

June:

6-7: MT Dietetic Association meeting, Helena

12-15: MT Farm Bureau summer meeting, Fairmont

14-16: MSGA summer meeting, Dillon

16: Heart & Sole Run (Team Beef), Billings

19: **MBC BOD Meeting, Helena**

24: Montana BBQ Cook-Off, Absarokee