

# HISTORY CREATES BASE

## for Proven Checkoff Program

When we learn from the past, we build a foundation for the future. In fact, that's how progress is made.

The national Beef Checkoff Program is a good example. The current mandatory checkoff was initiated in the mid-1980s and can claim many successful programs. But it has its roots in demand-building efforts by the beef industry that began back in 1922, when agriculture's first checkoff effort was created in the National Live Stock and Meat Board. Adding to that foundation are state beef councils around the country, which were started as far back as the mid-1950s.

The first checkoffs were voluntary and collected at processing facilities. The assessments on producers were 10 cents per train

carload – an amount that was matched by progressive processing companies that participated in the program.

At the time, most farmers were more diversified than today, so Meat Board promotions initially focused on red meat (beef, pork, lamb and veal). However, in 1963 the organization created species divisions that would help provide additional focus to individual meats.



### Third Time is a Checkoff Charm

The Beef Checkoff Program passed by producers in a 1988 referendum by an almost 4-1 margin wasn't the first beef industry effort to create a uniform national assessment for demand-building programs. In 1977, a program was proposed that would have assessed 2/10<sup>th</sup> of one percent of an animal's value at slaughter to fund a top-down organization – with a minimal role for state beef councils. That idea was voted down by producers.

In 1980, a similar proposal was overwhelmingly defeated. After that defeat, the industry went back to the drawing board with a survey to determine what kind of program the majority of producers wanted.

The survey found that producers sought a program that was jointly controlled by a state and national effort; a program that utilized existing organizations (like the BIC and United States Meat Export Federation) to conduct programs, without creating new or separate promotion or research organizations; and a program that used a method of collecting a set amount at the time of sale.

The \$1-per-head assessment and the Beef Checkoff Program were the result. Surveys conducted on a regular basis by an independent research firm show that producers remain supportive of this effort. In the last survey conducted in July 2012, 74 percent of producers supported the beef checkoff, and eight of 10 said they thought the checkoff had helped contribute to a positive trend in beef demand.

### What's In a Name?

As you travel around the country, you will find state beef commissions here, beef councils there, beef boards in some and beef associations in others. You may wonder why different state beef promotion governing bodies are called by different names.

The easy – and accurate – answer is that the bodies are controlled by grassroots producers in each state, who establish all aspects of how beef promoting efforts will be run. Many of these organizations were created before the national Beef Checkoff Program was instituted in 1986.

Regardless of their name, beef promotion entities in 45 states are considered Qualified State Beef Councils, and authorized by the USDA to collect the full \$1-per-head national checkoff assessment, remitting half to the Cattlemen's Beef Board for national and international promotions, as well as research and information programs. The other 50 cents remains under the control of the state's board of directors for investment in qualified demand-building programs in-state or in national and international efforts.

It's the producer's choice. Individual producers who get involved in all aspects of the decision-making process assure grassroots control – something all beef producers can support.



### Did You Know...

- Because of its independent nature, the Meat Board was asked in the late 1920s to help develop criteria for a national beef grading system, and the U.S. Department of Agriculture would base its grading program on those standards;
- When it was determined in the 1970s that consumers were confused by different names for the same cut of meat in different parts of the country, a Uniform Retail Meat Identity Standards program was created by the Meat Board that helped make cut names more uniform nationally;
- In the 1960s and 70s, the BIC worked every year with the American National CowBelles (now the American National CattleWomen) on a "Beef For Father's Day" promotion across the country. Millions of consumers were reached through the campaigns;
- Television advertising was invented before the mandatory checkoff got started. In fact, in 1965, 67 television advertisers used BIC-produced television spots in 98 consumer markets;
- A consumer boycott of red meat in the Spring of 1973 highlighted the value of a checkoff-based industry response to societal issues (and underscored the need for more resources). The industry joined forces in a "Beef Steak Strategy" through the BIC to reach out to consumers, helping educate them through media outlets such as *The New York Times*, *The Wall Street Journal*, *Time*, *Newsweek*, and NBC-TV's *The Today Show*.

# THE CHECKOFF IN 2012

Today, aggressive checkoff-funded programs are helping reach their target audiences with positive messages about beef. These programs include...

**Nutrition Research**, such as the Beef in an Optimal Lean Diet (BOLD) study that demonstrates eating lean beef every day can be good for heart health by improving cholesterol levels;

**Safety Research**, which searches for solutions to industry safety challenges, or conducts programs like the Beef Industry Safety Summit, where the industry comes together to discuss progress made in beef safety and how the industry can further enhance its safety efforts;

**Health Professional Education**, which extends scientific research about beef nutrition to the country's leading health professionals through organizations like the Academy of Nutrition and Dietetics;

**Advertising**, which takes advantage of consumer recognition of the checkoff's "Beef. It's What's For Dinner" campaign, including print, radio and online video advertising to draw attention to beef;

**Foodservice Promotions**, such as a new BEEFlexible for Foodservice campaign to promote the value and versatility of steak, which motivates foodservice operators to offer beef on their menus;

**Retail Promotions**, with a refreshed version of the BeefRetail.org website that makes it easier for retailers to access information in support of beef sales at the meat case;

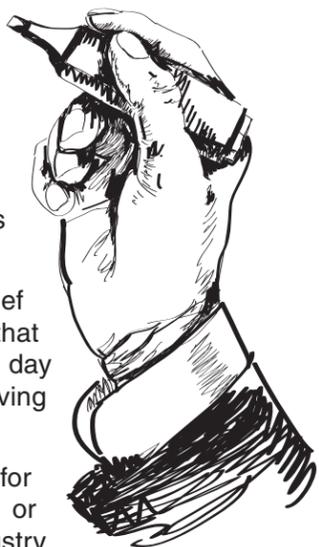
**Issues Management**, which helps protect the industry against unfounded attacks and provides accurate information on such issues as Bovine Spongiform Encephalopathy (BSE). To help debunk myths about beef, a FactsAboutBeef.com website was created with information about animal care, the environment, nutrition and safety;

**Beef Quality Assurance (BQA)**, where producers are encouraged to adhere to guidelines that encourage better beef production. Released in 2012, the 2011 National Beef Quality Audit provided more industry guideposts for improving the U.S. beef supply;

**Information**, with booklets like Basics About Beef, a full color, 24-page booklet designed to help consumers get optimal value when buying beef;

**Veal Promotion**, with a Facebook summer grilling photo contest generating awareness of veal options and a Twitter handle posting local veal specials in retail and foodservice; and

**International Promotions**, which are helping raise awareness of beef's value in dozens of countries around the world.



# GETTING A GRIP ON THE FUTURE

*It doesn't take a crystal ball to know the beef industry has plenty of marketing changes in store over the next 50 years. Beef Checkoff Market Research provides a glimpse into the future as follows;*

## New merchandising options.

One- or two-person households now represent 62 percent of the total households in the U.S. Retailers are going to need plenty of merchandising options as they reach out to these consumers. A recent beef checkoff study found strong consumer interest in packages of small, 4-5 ounce expertly trimmed steaks in the meat case.

## Technology drives decision-making.

Millennials – those 80 million consumers born between about 1980 and 2000 – use social media to make many of their decisions, share information with friends, and to increase their knowledge base. Social media is becoming an important element of marketing and beef has to be a player in that arena.

## Ethnic shifts change the marketing landscape.

Hispanics will grow from 16 to 30 percent of U.S. households from 2010 to 2050 and the percentage of Asian consumers in this country is expected to nearly double, from 5 to 9 percent. Not only will culinary tastes shift, but the beef industry must be able to meet the needs of increasingly diverse consumer palates.

## More beef cuts for the budget-conscious.

The beef industry has developed several new beef cuts (Denver Cut, Flat Iron Steak) that have helped make steak-eating more affordable, and increased the value of the carcass to the beef industry. Today, about half of U.S. households are at low to moderate income levels and these consumers are typically higher frequency beef eaters. Innovation is needed to find affordable beef options for all income levels.

## More convenient beef products.

Nearly one-third of consumers think 40 minutes from start to table is too long to wait for their meals; 70 percent say an hour is too long. In addition, 70 percent of women now are working,

so convenience is paramount. While ground beef has been the "fall-back" product for the time-conscious; more convenient whole muscle cuts, including microwaveable roasts, could boost demand.

## Turning "trust me" into more than a slogan.

Scandals, product recalls, pyramid schemes, bank meltdowns... it's no wonder consumers today are cynical. How does beef develop a trusting dialogue with those who are pessimistic but love our product? Connecting with consumers involves creating trust in how beef is produced and assurance that beef is a safe, wholesome and sustainable food.

## Health care issues and societal choices sharpen the 'good' food vs. 'bad' food debate.

According to a recent report, if obesity rates continue on their current trajectories, by 2030, 13 states may have adult obesity rates above 60 percent, 39 states may have rates above 50 percent, and all 50 states may have rates above 44 percent. Employers are increasingly embracing wellness programs to foster healthier lifestyles, lower health care costs and reduce worker absenteeism.

The University of California, Davis *Food Foresight* trends analysis report states that food providers would be poised to capitalize on the newly appreciated health effects of high protein foods if they can show their products are indeed 'muscle healthy' – an aim of the checkoff's nutrition research program.

## Summary

It has been said that the future is what you make it. Obviously, no one can predict the future; however, it makes sense for the beef industry to take action today to manage what we see coming down the road tomorrow.

# CATTLEMEN'S BEEF BOARD

## Fiscal Year 2011 Expenditures

