



2016 NEVADA BEEF COUNCIL ANNUAL REPORT

PROMOTING BEEF IN THE SILVER STATE

Every year, the Nevada Beef Council (NBC) implements a number of programs and campaigns designed to get consumers thinking about – and ultimately buying – beef. Ensuring we are on-target and effectively reaching the right audiences with messages that resonate is critical to long-term success, and is thus an important component of carrying out such programs.

In all of our efforts, the NBC places a focus on reaching the millennial audience – and more specifically, the millennial audience that ranges in age from roughly 18 to 34 years old. This demographic includes young parents who are establishing their own homes and have young children, as well as those who are just out of high school and establishing patterns of independence. Based on consumer data, reaching this audience with messaging that focuses on the ease of cooking beef, meals using fewer ingredients, new recipes, and information on beef cuts helps address areas that they are eager to explore and learn more about.

For the 2015-16 fiscal year, the NBC continued contracting with the staff of the California Beef Council to carry out a variety of beef promotion and education efforts with the additional challenge of a tighter budget. The NBC revenues for the fiscal year were 20 percent lower than FY2015 – the lowest amount in a 10-year period. Despite this challenge, we continued to press forward with programs to help promote positive beef messages throughout the state in an effective, fiscally responsible manner.

For more about the NBC, visit www.nevadabeef.org

TAILGATING THEME TIES IN WITH FOOTBALL SEASON



Fall 2015 was a busy time for the NBC and its promotional partners. From mid-August through late September, a promotional partnership with Reser's Fine Foods, Save Mart Supermarkets and Entercom Radio and Digital combined a favorite American past time, tailgating, with a coupon incentive to give consumers one more reason to purchase beef. During the promotion, shoppers who purchased a "Maxx Pak" of beef and a Reser's 3-pound potato or macaroni deli salad at participating stores could save \$3.00 on their purchase. An extensive digital and social media campaign also brought attention to the promotion.

Campaign elements at-a-glance:

- ✓ Six weeks of broadcast radio
- ✓ Six-week digital and social media campaign
- ✓ Online, tailgating-themed contest to drive traffic to social media and increase engagement
- ✓ In Good Taste full-page magazine ad available at Save Mart check stands
- ✓ Meat case signs promoting the partnership and savings
- ✓ \$3-off instant redeemable coupon

A SEASONAL TRADITION: TAILGATING WITH THE NEVADA WOLF PACK



Also in fall of 2015, the NBC again partnered with 92.1 The Wolf at several Nevada Wolf Pack football games, tailgating prior to kickoff and chatting with fans about beef. The tailgating events not only gave the NBC a chance to connect with football fans about beef, but they also coincided with campaigns involving some of our retail and promotion partners like Save Mart Supermarkets, Raley's Supermarkets, Reser's Fine Foods and Crock-Pot® slow cookers.

BEEF AND CROCK-POT®: MADE FOR EACH OTHER



In October and November 2015, the NBC also completed its second year of a seasonal promotion with Crock-Pot®, Northern Nevada Raley's supermarkets,

and Entercom Radio and Digital. The complementary radio and online ad campaign encouraged consumers to think about savory Crock-Pot® beef dishes while giving them a chance to win one of the popular, small cooking appliances. At the same time, retail partner Raley's offered a \$3.00-off beef coupon, while providing shoppers with NBC recipe cards at the meat case featuring tips for choosing the right cuts of beef when slow cooking. Impressively, the retailer saw an increase of over 1,032 beef pounds sold during the promotional period, when compared with the four weeks immediately prior to the promotion.

Campaign elements at-a-glance:

- ✓ Four weeks of broadcast radio in Northern Nevada
- ✓ Four-week social media campaign, including a Facebook contest with promotional give-away of Crock-Pot® slow cookers
- ✓ E-blasts and digital outreach to radio listeners and digital outreach to targeted millennials in the Reno market
- ✓ In-store recipe cards offering slow cooker tips
- ✓ \$3 savings offered through Raleys.com on beef

EXPLORING CASINO FOODSERVICE

In 2015, the Beef Checkoff Program coordinated a unique learning experience right here in the Silver State for state beef council leadership from throughout the country to learn more about the unique foodservice sector that is the Las Vegas casino. Participants, which included NBC team members, experienced a behind-the-scenes look at the Las Vegas foodservice scene, first touring a participating distributor's meat-distribution facility, beef cut shop, and beef-aging process. This was all followed by a "backstage" foodservice tour of an in-room casino dining business, employee dining facility, and more than 20 mid- to high-end restaurants.

These kinds of educational experiences showcase how beef is used in large casino operations, which helps identify key opportunities for our industry in this specific foodservice segment.

NUTRITION OUTREACH AND EDUCATION

Engaging Nevada dietetic and nutrition professionals is another priority for the NBC. Each year, the NBC presents beef messages and nutritional information to hundreds of dietetic experts, helping inform them of the benefits of beef, and thus giving them the tools to encourage their clients and patients to incorporate beef in a healthy diet. As just one example of this, during American Heart Month in February 2016, the NBC partnered with the American Heart Association (AHA) on its Go Red for Women event held in Reno. The event was attended by over 700 people, many of them women in their mid-twenties to early thirties. Participating gave the NBC an opportunity to share helpful information and resources on lean beef and heart health, BOLD (or "Beef in an Optimal Lean Diet") information, and of course, healthy and flavorful beef recipes.

NEVADA BEEF COUNCIL BOARD OF DIRECTORS

Gary Ward, Chair (Cow-calf, Gardnerville)
Jay Dalton, Vice Chair (Cow-calf, Wells)
Ray Callahan (Cow-calf, Reno)
Ted Christoph (Dairy, Fallon)
John Jackson (Cow-calf, Tuscarora)
Bernard Petersen (Cow-calf, Ely)
Lucy Rechel (Feeder, Yerington)

NEVADA BEEF COUNCIL FY 2016 FINANCIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Programs

Consumer Information	\$24,150
Promotions	\$19,641
Producer Communication	\$ 5,646
Total Programs	\$49,437

Supporting Services

Collection and Compliance	\$24,344
Administrative Expenses*	\$32,579
National Program Investment**	\$13,500
Total Supporting Services	\$70,423

**Includes all costs and overhead expenses associated with contracting with the California Beef Council for full-service staffing and support, as well as audit fees, bookkeeping fees, and insurance.*

***Investment in national programs through the Federation of State Beef Councils, which also assures Nevada representation on the Federation.*

Total Expenses **\$119,860**

MY FELLOW BEEF PRODUCERS,



When you load the truck bed with feed and turn on the ignition in your pickup, there's a good chance you know your destination ahead of time. When you invest in your Beef Checkoff Program, that knowledge of destination is just as important.

The Beef Industry Long Range Plan 2016-2020 provides beef producers an important sense of direction and purpose. Its 2020 Strategic Objective – to increase the Beef Demand Index measure by 2 percent annually over the next five years – delivers a goal that allows industry leaders and the staffs of contracting organizations to measure their progress for the work they are doing. It also gives producers a key tool to help them determine how well their checkoff dollars are working to build demand for beef.

State beef council and national leaders are already working toward the goals it presents. The four areas you will read about below give us focus to deal effectively with the myriad of issues with which we struggle as an industry. They are a thoughtful, serious effort to make sure our work as an industry has tangible results.

As we struggle with limited budgets and increasing needs, this kind of focus is crucial. There's no question that within our states we have varying priorities and different sets of needs. With an eye toward better management of checkoff dollars, though, our Beef Industry Long Range Plan is a way to get everyone headed toward the final destination.

Yours Truly,



Steve Hanson, Chairman
Federation of State Beef Councils



Funded by the Beef Checkoff.

DRIVE GROWTH IN BEEF EXPORTS

Promote unique attributes of U.S. Beef in foreign markets.

Example: With the support of the Beef Checkoff Program, the U.S. beef industry is finding exciting new opportunities in Japan, one of the most important export markets for its products. In fact, the popularity of U.S. beef in Japan is well-illustrated in the 2016 beef export results. June exports to Japan were the largest in nearly two years, up nearly 30 percent year-over-year. January-June exports climbed 12 percent in volume and 5 percent in value. Japan's import data also show a strong rebound in market share for U.S. beef at 38.5 percent – up from 33 percent in the first half of 2015.



One key focus of this effort is to educate retail and foodservice buyers about the wide range of U.S. beef cuts that appeal to their customers. While Japan has traditionally been known as a destination for forequarter cuts and "thin meats," consumers

are responding very positively to high-quality U.S. middle meats as well as barbecue cuts such as brisket, chuck roll and short ribs. The U.S. Meat Export Federation's (USMEF) checkoff-supported Urban BBQ campaign is designed to show Japanese consumers that American-style barbecue meals can easily be prepared without large smokers or other professional equipment. Through the campaign, the organization explains that preparing American-style barbecue is fun and easy, widening the range of U.S. beef cuts that appeal to Japanese consumers.

Beef tongue also continues to be a mainstay item for Japan. About two-thirds of the tongues harvested from U.S. fed cattle go to that country.

PROTECT AND ENHANCE THE BUSINESS AND POLITICAL CLIMATE FOR BEEF

Develop crisis management plans and attract, develop and enable the next generation.

Example: The beef industry faces many issues not of its own making that could have a negative impact on beef producers and their livelihoods. Playing good defense in cases where bad publicity might impact our industry has been recognized as a crucial element of the Beef Checkoff Program.

In the fall of 2015 the World Health Organization's International Agency for Research on Cancer issued a report that identified red meat as "probably carcinogenic to humans," and processed meats as "carcinogenic to humans." Sensational headlines naturally followed, and significant media exposure assured it would be one of the biggest news days in red meat history. What could have turned out negative ended up balanced, however, thanks partly to experienced preparation and management of the issue by the beef checkoff.

Through spokesperson appearances, releases, fact sheets and many other forms of outreach, the industry responded, and these checkoff-funded efforts were combined with consumer reactions and skepticism that resulted in a stunning occurrence – the WHO clarified its position by saying "the latest IARC review does not ask people to stop eating processed meats" and that it was a "shortcoming" of IARC's classification process that led to its original report.

The efforts did not go unnoticed in the agricultural community. In recognition of the beef industry's checkoff-funded work, the Agricultural Relations Council presented the beef checkoff top honors in the Golden ARC Awards, including first place in the Issues Management category and the Golden ARC de Excellence, the organization's highest honor recognizing excellence in agricultural public relations.

PROMOTE AND STRENGTHEN BEEF'S VALUE PROPOSITION

Revolutionize beef marketing and merchandising, research and communicate beef's nutritional benefits, and connect and communicate directly with consumers.

Example: Beef isn't just for lunch and dinner anymore. And the beef industry has research to back up that statement.



Research conducted by Heather Leidy, Ph.D., of the University of Missouri found that daily consumption of a higher-protein breakfast that included two eggs and 1.5 ounces of beef was superior to both a normal protein breakfast featuring milk and cereal or skipping breakfast altogether, in terms of improving appetite control, curbing food cravings and reducing unhealthy snacking in overweight or obese teenage girls who routinely skip their breakfast meal.

The research was featured in both the *American Journal of Clinical Nutrition* and the *Nutrition Journal*.

"Protein at breakfast appears to be a good target to increase protein intake," Leidy says. "A high-protein breakfast seems to reduce food craving-based neural signals, and improve overall diet quality."

Other research funded through the Beef Checkoff Program verifies the benefit of balancing protein intake throughout the day.

This kind of independent research helps the industry promote healthy diets and optimal protein intake and is used in promotions such as the checkoff-funded 30-Day-Protein Challenge provides sound scientific support to encourage consumers to include beef in their meals throughout the day. Thousands of consumers have become active in the Challenge, thanks to both state beef council and national efforts to promote it.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2016 EXPENDITURES

Promotion	\$7,483,378
Research	\$9,755,701
Consumer Information	\$7,279,544
Industry Information	\$3,054,637
Foreign Marketing	\$8,123,678
Producer Communications	\$1,460,199
Program Evaluation	\$203,164
Program Development	\$265,182
USDA Oversight	\$349,024
Administration	\$1,746,258
TOTAL EXPENSES	\$39,720,765

Audited Numbers

*This total also includes CBB's costs associated with Freedom of Information Act requests and legal fees associated with lawsuits.

GROW CONSUMER TRUST IN BEEF AND BEEF PRODUCTION

Ensure beef safety, protect beef's image and engage beef advocates.

Example: The checkoff-backed Beef Quality Assurance program delivers to producers a set of best practices for generating quality beef. It does this by supporting practices that focus on good record keeping and protecting herd health, all the way from raising and feeding through transportation, for both traditional beef and dairy operations.

BQA manuals provide straightforward information to U.S. beef producers and a framework for national consistency. At the same time, BQA is state-administered, allowing individual states to determine the best programs that will meet the needs of that state's producers.

The BQA program also gives consumers positive assurances about the beef they eat. It delivers a positive message about the common sense husbandry techniques, founded on accepted scientific knowledge, used in cattle raising today, and reinforces a message about the already strong safety and wholesomeness of the U.S. beef supply. The premise of the program is that when better quality cows leave the farm and reach the marketplace, the producer, packer and consumer all benefit.

BQA is a widely accepted and broadly adopted routine throughout the beef industry. It's estimated that 90 percent of the fed cattle being raised for beef are produced under BQA management practices.



Throughout the past, year BQA has worked to grow its resources and tools for beef producers, including revisions and updates of the Feedyard Assessment and a partnership with the dairy industry on the widely accepted Farmers Assuring Responsible Management (FARM) program. The updated Feedyard Assessment, originally developed in 2009, brings the industry accepted-document up-to-date and draws producers' attention to industry topics of

importance, including antibiotic stewardship practices. By partnering with FARM the BQA program will now be able to deliver to dairies throughout the United States important husbandry techniques that can improve the quality of beef coming from the dairy sector.

