

DEAR FELLOW NEVADA BEEF PRODUCERS,



For the Nevada Beef Council (NBC), being responsible stewards of your state checkoff dollars has always been of the utmost importance. Both the staff and the producers who serve on the board work hard to ensure the beef promotions and campaigns carried out each year are as effective as possible, and that our checkoff dollars are invested in efforts that make a positive impact on beef demand.

In some years, however, no amount of fiscal responsibility can offset budgetary realities. Unfortunately for the NBC, this was the case for our 2016-2017 fiscal year. Due to the declining number of cattle being sold in Nevada during this timeframe, the dollar-per-head checkoff funds that allow us to carry out important beef education and promotion efforts also declined. And unfortunately, the difference was not a small one – our revenues for 2016-2017 were approximately 30 percent lower than the previous year.

Because of this, we have doubled our focus on those programs that achieve the biggest bang for your checkoff buck. Our long-time partnership with the California Beef Council to provide staffing services and oversight of all promotions and programs has enabled us to continue carrying out high-quality programs without the cost of a full-time staff.

Despite the budgetary challenges of this year, I am proud of the work carried out by the NBC. As you read through this annual report, I'm sure you will enjoy learning about some of the good work being done right here at home, as well as some of the broader national efforts being done on behalf of the beef community.

Thank you for your support, and most of all, thank you for the hard work you put in, day in and day out, to produce high-quality beef for our consumers.

Sincerely,

Chair, Nevada Beef Council

NEVADA BEEF PROMOTIONS EVOLVE WITH IBOTTA PARTNERSHIPS



When it comes to consumer engagement, it's critical to evolve the tactics used to respond to ever-changing preferences and trends. In 2016-2017, the NBC did just that with its integrated retail and consumer promotions.

Like other state beef councils and the national Beef Checkoff Program, the NBC recently began partnering with the popular mobile app Ibotta. One of the most frequently used smartphone apps, Ibotta partners with leading brands and retailers to offer rebates on groceries, electronics, clothing, gifts, home and office supplies, restaurant dining, and more.

The consumer unlocks the qualifying rebate on the app, purchases the item at the store, and verifies the purchase for a rebate that comes in the form of cash or gift card from Ibotta. As an added element, the brands featured on Ibotta can use their placed rebate as an opportunity to engage consumers, either by sharing a short video, asking a poll question, or sharing recipes or other key information.

From April 12 to May 16, 2017, the NBC partnered with Ibotta to provide a \$1.00 rebate on one pound or more of fresh ground beef, which was good at any participating Nevada retailer.

Continued on back



2017 NEVADA Beef Council Annual Report



Funded by Beef Farmers & Ranchers

Over the five-week period, there were over 257,358 total brand impressions for beef through the app, 7,657 consumer engagements and shopping list placements, and 3,771 units of ground beef sold through the promotion. Additionally, the redemption rate of the rebate was 49.3 percent, surpassing the Ibotta industry average by over 26 percent. Drilling down further, we know that the average age of the rebate redeemer was 25-34, with 89.1 percent of them female. Finally, top retailers at which rebates were redeemed included Walmart, Smith's, Albertson's and WinCo Foods.

The campaign also incorporated a broad advertising component, with a four-week digital outreach campaign that targeted the Las Vegas and Reno markets. The result of this campaign was a total of 783,900 total impressions.

The success of such promotions has far surpassed the results of the NBC's traditional retail promotions, which typically involved a specific retail chain that would offer in-store cost savings or on-pack coupons, increase the beef featuring in store ads and circulars, and sometimes include additional elements such as in-store demos. They also have proven to be more cost-effective than the traditional retail promotions, and have a broader reach, as the promotions are statewide and accessible through almost every major grocery retailer in the state, versus being limited to one specific retailer or company.

Ibotta's reach is another key draw. It has a subscriber rate of over 22 million, has paid out more than \$100 million in cash back to its users, and has experienced massive growth – in both size of the company and in numbers of partnering retailers – since its launch in 2012. Here are a few more fun facts about the app:

- 11th most frequently used mobile app
- #1 app for purchase incentives
- 80% of Ibotta users are under age 45
- 79% of Ibotta users are female
- 80% of users have at least one child
- 58% of users rarely/never use coupons
- Ibotta users are using the app 25 times per month

The NBC will continue partnering with Ibotta to bring exciting and compelling promotions that give consumers yet another reason to add beef to their grocery lists!

RESEARCH WITH LAS VEGAS CHEFS HELPS SPUR BEEF INNOVATION

Did you know that your checkoff dollars also fund research and development of innovative beef products? The Beef Innovations Group is a team of meat and food scientists, product developers, chefs, consumer researchers, packaging specialists, and marketers, inspiring beef innovation to launch successful new products into the market.

In fall 2016, one research project executed by the Beef Innovations Group took place right here in Nevada, and involved exploring the potential of a cold smoked fresh beef product – a creative way to wood smoke fresh raw beef while maintaining a specified temperature. The Beef Innovations Group tested the product with a group of culinary and foodservice professionals in Las Vegas over the summer months, to supplement additional research it conducted with consumer groups in Dallas, Texas.

Las Vegas is one of the leading culinary scenes in the nation, and often trends in foodservice can be traced back to this market as their origin, so conducting research on new products in this market was a great fit for the Beef Checkoff Program. Done in conjunction with a major beef distributor in the Las Vegas market, the Cold Smoked Foodservice project provided chefs with the various cuts of cold smoked beef, and then held focus groups to gain their feedback. Products tested included sirloin cap (Coulotte), petite tender (teres major), pot roast, and brisket.

Smoked beef has become an increasingly sought after product, with the landscape including liquid smoke, which tends to have negative results in terms of quality, and high-end on-site smokers, which require a lot of time and attention when it comes to smoking beef. A cold-smoked product could have real potential at both the foodservice and retail levels. Also, since the product is raw, it allows chefs to cook to their (or the consumer's) desired level of doneness, which provides a unique characteristic not found in smoked beef items currently on the menu.

This research, done here in our own state, is just one of a number of exciting examples of product development brought about by the Beef Innovations Group.

NEVADA BEEF COUNCIL FINANCIAL REPORT JULY 1, 2016 – JUNE 30, 2017

PROGRAMS

Consumer Information.....	\$11,060
Promotions.....	\$9,568
Producer Communications.....	\$2,456
Total Programs.....	\$23,084

SUPPORTING SERVICES

Collection and compliance*.....	\$22,000
Administrative expenses**.....	\$26,292
National Program Investment***.....	\$11,278
Total Supporting Services.....	\$59,570

Total Expenses.....\$82,654

*Annual fees paid to the Nevada Department of Agriculture for checkoff collections services.

**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.

DEAR FELLOW PRODUCERS,



Beef and great, unforgettable meal experiences seem to go together. A succulent steak on your birthday, juicy summer hamburger

straight from the grill or wonderful Sunday pot roast with the family not only create immediate and delicious taste sensations, but plant wonderful memories in the brain.

Assuring that the beef in these situations is the best it can be is important. But what beef attributes are most important to consumers when they sit down to enjoy a beef meal? And how do we measure how well we're doing in producing high quality beef for them? How can we make these beef-eating experiences even more memorable?

Those are just a few of the questions we ask ourselves through the Beef Checkoff Program to assure that we're not just meeting consumer expectations for wonderful beef experiences, but exceeding them. This report shows how the checkoff helps provide measurements for beef quality that are quantifiable, guidelines that are reasonable and consumer insights about quality that are helpful and valuable. You will also learn about some of the tools we're using to communicate quality and value to consumers.

The pursuit of quality is never-ending, but at the same time satisfying and rewarding. Beef is a great product that already fills a consumer want. Making it better is the icing on the cake.

Yours truly,

Jerry Effertz, Chairman
Federation of State Beef Councils



Funded by Beef Farmers & Ranchers

THE QUALITY EQUATION

When they sit down for a meal, more than anything else consumers want food that tastes great. Beef producers have a product that both tastes good and is good for them. What should the beef industry do with this fact?

Through its checkoff program, a wealth of knowledge about beef and beef eaters becomes the foundation for research, education and promotion programs that establish benchmarks for beef quality, while providing guidelines for delivering even more of those beef qualities that consumers want. Obviously, it starts at the beginning.

THE 2016 NATIONAL BEEF QUALITY AUDIT



What cattle producers do to raise beef has an impact on quality. Every five years since 1991 the beef industry, through its Beef Checkoff Program, has provided a set of guideposts and measurements for cattle producers and others to help determine quality conformance of the U.S. beef supply. Results from the National Beef Quality Audit have helped lead to improvements in cattle and beef production through the years, including reductions in carcass blemishes and fewer lost opportunities related to branding and other practices.

Reported in 2017, results from the 2016 NBQA, conducted for steers and heifers as well as cows and bulls, show that the industry continues to improve the quality of its product, and identifies where improvements can still be made. Among the findings was a significant increase in USDA Choice and Prime carcasses, and a high mobility score for cattle entering packing plants, which shows an improvement in animal handling. The number of blemishes, condemnations and other attributes that impact animal value remain small.

Improvements can still be made, however. The NBQA for steers and heifers identified lost opportunities in hitting optimum carcass yield and grade targets and reducing offal condemnation rates, particularly for livers, while among other issues the cow and bull report identified opportunities to make progress by implementing measures to eliminate carcass bruising on the farm, in transport and at the packing facility.

To help tell the positive beef story, the checkoff-funded Beef Quality Assurance Program, managed by NCBA as a contractor to the Beef Checkoff Program, helps beef producers understand the do's and don'ts of raising high quality beef.

Consumers can learn more about how beef is produced through many checkoff-funded programs that tell that story. The multiple efforts to connect with consumers about issues have been highly successful. For example, research conducted by IPSOS Public Affairs in 2016 showed that over 80 percent of consumers graded fresh beef an A or B for safety.

Safety isn't the only beef attribute on the radar. The checkoff-funded Consumer Beef Index (CBI) shows that more than 70 percent of consumers consider beef to be a good balance of taste and nutrition.

A TRAIL TO TENDERNESS

The checkoff-funded National Beef Tenderness Survey demonstrates tenderness has improved significantly since 1990. In fact, there has been a 34 percent improvement in beef tenderness over that time.

Improvements in beef tenderness have remained fairly steady over the past five years despite drought and other challenges that could have derailed its progress. The 2015/2016 survey found that beef is delivering a good eating

experience to consumers. It also suggested the industry is keeping its eye on the ball when it comes to protecting the improvements in tenderness it has made.

Most steaks surveyed were considered tender. While cuts from the round have a wonderful flavor profile they remain an industry tenderness challenge. Increased efforts to optimize aging practices and checkoff-funded consumer education on proper cooking for cuts from the round and other primals will help provide greater consumer satisfaction with tenderness.

AN EVOLVING CONSUMER

Knowing what the consumer wants, and how they go about purchasing it, is at the heart of beef checkoff consumer research and marketing efforts. The research is conducted by the checkoff's market research team using a variety of surveys and data-driven consumer behavior and attitude research tools.

For instance, CBI research shows that beef performs well on key quality attributes important to consumers. Almost 90 percent of consumers say beef is great tasting as well as a great source of protein. A checkoff-funded steak satisfaction tracker supports this, showing in a current survey that 90 percent of consumers say they were very satisfied with their recent beef eating experiences.

Consumers who say they are planning to consume more beef give their reasons as:
 They prefer the taste (85 percent);
 They want to add protein to their diet (77 percent);
 They believe there is better availability of cuts (76 percent);
 and They say beef is more of a family favorite (73 percent).

REACHING BEEF'S FINAL STOPS

The beef checkoff's Masters of Beef Advocacy (MBA) program had acquired 10,000 graduates by 2017, providing consumers with a link to producers who put quality beef on their tables. Started in 2009, this group of beef and dairy producers – along with chefs, teachers, doctors, dietitians and others in the beef community – are equipped to engage with consumers and encouraged to participate in advocacy efforts.

MBA graduates have put their skills to use in many ways, from providing a rancher's perspective for a magazine article to promoting an MBA campaign. The Top of the Class, a next-level advocate training program, regularly taps its members for media interviews, speaking engagements and other national opportunities.

Building on the program's initial success, a new set of MBA lessons were released in 2015, and an interactive app for iPhone and Android introduced in 2016, giving MBA graduates access to beef information at their fingertips.

Consumer beef marketing efforts use digital media that include social and entertainment platforms such as Facebook, YouTube, Instagram, Hulu and others. The Beef. It's What's For Dinner Facebook (www.facebook.com/BeefItsWhatsForDinner/) page has more than 1 million

followers, and the BeefItsWhatsForDinner.com website has circulated more than 1.4 million recipes.

The beef checkoff will have had more than 40 million video views in 2017. This past year Facebook Live, for instance, hosted a "Be Your Own Butcher" from the checkoff's Culinary Center that provided hands-on cutting demonstration by a meat cutting expert, reaching nearly 140,000 consumers.

OUTSIDE OUR BORDERS



Whether working to expand high-end chilled beef exports to Asia, or helping find new destinations for beef livers, the Beef Checkoff Program's international marketing efforts are boosting global demand for U.S. beef. In the first six months of 2017, U.S. exports totaled 606,876 metric tons (mt) – an increase of 12 percent over the first half of 2016. Export value increased 15 percent to \$3.35 billion, which equates to about \$270 for every fed steer and heifer slaughtered – up 8 percent year-over-year.

Beef exports to leading market Japan exceeded last year's pace by 23 percent in volume (150,812 mt) and 28 percent in value (\$905.8 million). Exports to South Korea were up 13 percent in volume (83,357 mt) and 21 percent in value (\$527.7 million). Chilled beef exports to Japan and Korea were up 40 percent and 83 percent, respectively, as the U.S. captured more than 50 percent of both countries' chilled beef market.

The beef checkoff will also play a major role in reintroducing U.S. beef to meat buyers in China, which in June reopened to U.S. beef for the first time since 2003.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2017 EXPENDITURES

Promotion	\$7,871,078
Research	\$9,102,863
Consumer Information	\$7,913,258
Industry Information	\$4,180,808
Foreign Marketing	\$8,140,797
Producer Communications	\$1,498,613
Evaluation	\$202,832
Program Development	\$292,090
USDA Oversight	\$465,853
Administration	\$1,796,725
TOTAL EXPENSES	\$41,464,917

Unaudited Numbers

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