

BEEF

IOWA BEEF INDUSTRY COUNCIL 2014 ANNUAL REPORT



It has been an honor for me to serve as your chairman for the Iowa Beef Industry Council (IBIC). During this fiscal year, the Cattlemen's Beef Board (CBB) commissioned an economic study to measure the return on beef producers' and importers' investments into the national Beef Checkoff Program. The results could not have been better as each \$1 invested from 2006-2013 in the Beef Checkoff Program returned about \$11.20 to the beef industry. I can say with confidence that your \$1-per-head beef checkoff investment for promotions, advertising, new product development, foreign markets, consumer and product information is being well managed by beef producers representing you on state and national committees.

Iowa's investment in foreign marketing programs and Iowa Meat Trade Missions are reflected in overwhelming returns of nearly \$280 per head of fed slaughter during this past year. However, our industry has the lowest cattle inventory since the beef checkoff was initiated and is facing tremendous budget challenges. The value of your \$1 investment today versus 1985 is only \$0.43, severely limiting marketing more beef to consumers. We will continue to invest your beef checkoff in demand-building programs.

Roger Brummett, Chair
Bedford, IA

CONSUMER INFORMATION



Kristin Porter, Iowa Girl Eats blogger, shared information she learned on a cattle farm tour on her "Join My Journey" blog. IBIC is a partner in the Iowa Food & Family Project coordinated by the Iowa Soybean Association.

EDUCATION

Family and Consumer Science (FCS) teachers ordered more than 2,000 Basics About Beef booklets and 38 participated in the Beef Grant program which offers funds for the purchase of beef for high school foods classes. Ground beef lesson plans were also distributed to FCS teachers.

NUTRITION

A partnership with Hy-Vee registered dietitians (RDs) resulted in a "Lean Beef and Heart Health" promotion in Hy-Vee stores across eight states. RDs viewed a webinar on the Beef in an Optimal Lean Diet (BOLD) study and then conducted a variety of in-store activities focused on lean beef during February Heart Month.

FOODSERVICE



IBIC collaborated with six other state beef councils to ensure beef had a major presence during the 2014 American Culinary Federation National Conference in Kansas City, MO. The beef checkoff sponsored two sessions during the conference. The first session, titled *Beef Flexible Opportunities*, allowed participants to experience and learn new innovative beef entrees. The second

featured a ranch tour with a producer panel representing all phases of the industry who shared their beef production stories.

ADVERTISING



Enticing consumers to choose beef is the goal of beef checkoff-funded advertising. A variety of media including radio ads, television promotions and social media were utilized to reach consumers with positive beef messages across Iowa during 2013 and 2014.

RETAIL



Sixty-five senior culinary students and their instructors at the Iowa Culinary Institute of DMACC took the opportunity to learn about beef and the beef industry during a day-long beef workshop. A wide range of topics were covered ranging from beef's characteristics and carcass fabrication to modern beef production technologies. Each attendee was provided a Beef Resource Guide. The program communicated how beef is raised and fabricated, equipping culinary professionals to confidently answer consumer questions about beef.

IOWA STATE FAIR



Iowa's largest consumer event – the Iowa State Fair – educated young families about beef and how cattle are raised. Beef messages were found throughout the fairgrounds, including the Agriculture Building, the Animal Learning Center, and Little Hands on the Farm™, during the fair's 11-day run in mid-August.

The Cattlemen's Beef Quarters celebrated its 30th anniversary at the Iowa State Fair. New this year was Schmacon™ (smoked & cured glazed beef bacon slices) for breakfast.

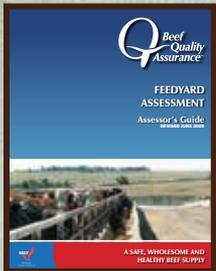
INTERNATIONAL MARKETS



Iowa beef producers went on two trade missions with the Iowa Economic Development Authority. On the Panama and Columbia trip, Dan Cook and Daryl Strohhahn represented Iowa beef producers, and Roger Brummett and Dean

Black represented Iowa on the Meat Trade Mission to China. IBIC also hosted inbound trade teams from Mexico and Russia.

BEEF QUALITY ASSURANCE (BQA)



The Iowa BQA Program has focused on increasing consumer confidence and building beef demand through cattle care handling seminars and providing resources for On-Farm BQA Assessments across the state. This year, between in-person and online trainings, nearly 2,000 beef producers became BQA certified.

MISSION STATEMENT

The Iowa Beef Industry Council is dedicated to expanding consumer demand for beef, strengthening beef's position in the global marketplace and improving producer profitability.

BOARD OF DIRECTORS

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Scott Heater, Vice-Chair.....	Wapello
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Helen Wiese.....	Manning*

*Federation Director

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD REPRESENTATIVES

Dean Black.....	Somers
Cindy Greiman.....	Garner
Kent Pruismann.....	Rock Valley
Brian Sampson.....	Nevada

IOWA BEEF INDUSTRY COUNCIL

Statement of Revenues & Expenses
October 1, 2013 - September 30, 2014

REVENUES:

Assessments	3,379,035
Late Fees	793
Interest Earned	4,104
Contract & Miscellaneous Income	23,224
Governor's Steer Show	229,241
Total Revenues	3,636,397

EXPENSES:

Beef Promotion & Research Board	1,689,914
Federation of State Beef Council	500,000
National Program Investments	1,392
Federation Initiative	-
US Meat Export Federation	108,600
IBIC Contracts with ICA	4,374
Administrative	91,745
Collection/Compliance	26,972
Consumer Communication	67,921
Education	37,852
Health Professional	20,841
Industry Information	111,548
Governor's Steer Show	247,759
Advertising	219,659
General Consumer Promotion	30,538
Retail	28,476
Food Service	95,243
Veal	-
International	53,967
Research	19,541
Producer Communication	128,763
Beef Quality Assurance	62,602
Non-Checkoff Related Expenses:	
ICA Time & Expenses	6,568
ICF Time & Expenses	264
Beef Certificate Time & Expenses	16,388
Total Expenses	3,570,927

Excess of Revenues Over Expenses 65,470

Net Assets:

Beginning of Period	1,017,590
End of Period	1,083,060

Iowa is a beef exporting state, having fewer consumers than the quantity of beef produced. By law, Iowa beef producers send 50 cents of every dollar to the Cattlemen's Beef Board (CBB) for national/international beef promotion efforts. In addition, Iowa contributes another 17 cents of every dollar to national efforts through the Federation of State Beef Councils and U.S. Meat Export Federation (USMEF) for international marketing.

PO Box 451
2055 Ironwood Court
Ames, IA 50014

www.iabeef.org
(515) 296-2305 Phone
(515) 296-4873 Fax



DEAR FELLOW BEEF PRODUCERS,

There's only one measurement that really matters when it comes to your Beef Checkoff Program: Do you get more out of it than the \$1-per-head you put in?

Recent independent research shows you do, with a return of \$11.20 for every \$1 invested in the national program. Although not part of the national study, the programs conducted at the state level can only add to the overall effectiveness of our efforts. Obviously, the efforts we're making as cattle producers are worth it.

Even more exciting, though, is how it was accomplished. Direction of state and national checkoff programs are in the hands of producers themselves, not just purchased "off the shelf." While the return on investment is significant, the success comes about because of producers and importers participation in checkoff-directing boards and committees.

When you combine the return on investment with the process, it's a very impressive result. With increasing sophistication of the process and even more producer input, I hope to see even better returns in the future. Let's keep up the good work.

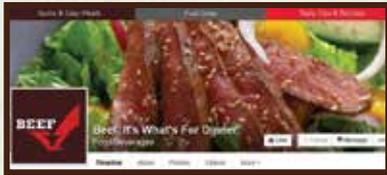
Yours truly,

Cevin Jones

Chairman, Federation of State Beef Councils



NUMBERS DO THE TALKING



Nowhere do the numbers speak more clearly than in the new Beef. It's What's For Dinner digital campaign. Beginning in the spring of 2014, the campaign

differed significantly from mass media, reaching people who aren't immediately seeking beef information using an "under-the-radar" approach. It's a one-on-one communication through a consumer's computer, and aims to direct consumers to the BeefItsWhatsForDinner.com website, which contains recipes, tips, nutrition, safety and other information consumers want and need. Digital elements that drive consumers to the site include:

- **Banner Ads** on sites like AllRecipes.com and MensFitness.com, which inspire consumers to think about tonight's dinner with beef photos, recipes and information;
- **Search Advertising** on engines such as Bing and Google for people proactively searching for information on food;
- **A Beef. It's What's For Dinner Facebook page**, with almost 900,000 fans who receive recipe posts with photos on a regular basis;
- **Collaboration with other established recipe and nutrition-related websites**, such as Martha Stewart.com;
- **Videos** that run before online television shows; and
- **Other "cutting edge" elements in digital marketing** that allow the industry to target millennial consumers.

In just the first four months of the marketing campaign significant results were generated. More than 1.7 million consumers were reached through the campaign's website, and the "no-recipe recipe" videos were viewed more than 5 million times on YouTube and other video online channels.

Furthermore, associated social media sites hosted more than 1

million engagements, such as likes, comments, shares, re-tweets and click-thrus to checkoff resources, such as recipes. Because it's available 24/7, the digital/social media tool is providing continual contact with consumers who are looking for meal solutions.

Unlike other kinds of outreach, almost all of that contact is positive in nature. Research shows that 97 percent of consumers have positive opinions about beef after visiting the Beef. It's What's For Dinner website.

RETAILERS GET IN THE ACT



A new "Go Tasty, Go Lean" toolkit for supermarket retailers was developed to help on-staff dietitians make their stores a health and wellness destination for consumers – and to help sell more beef in the process. Part of a multi-phase research project conducted through the Beef Checkoff Program, the toolkit helped show that beef can provide a significant sales lift for retailers.

In fact, 84 to 94 percent of shoppers expressed purchase intent in the lean beef items they sampled during the test portion of the research, and significant increases in specific beef cut sales during the test were also generated.



The toolkit communicates beef's nutrient benefits at the same time as it generates these bottom-line benefits. The toolkit, developed in partnership with registered dietitians, demonstrates that promoting beef's positive attributes – nutrition, taste and ease of preparation – not only results in higher sales, but enables supermarket dietitians to be able to talk knowledgeably and confidently about beef.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2014 EXPENDITURES

Administration	\$1,609,050	
USDA Oversight*	\$289,631	
Program Development	\$238,943	
Program Evaluation	\$175,274	
Producer Communications	\$1,478,324	
Foreign Marketing	\$7,355,729	
Industry Information	\$1,817,768	
Consumer Information	\$8,366,182	
Research	\$7,927,598	
Promotion	\$9,438,367	
Total expenses	\$38,696,866	

Audited numbers

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

NUTRITION RESEARCH HAS VALUE

More research now shows that a heart-healthy diet that includes lean beef can reduce risk factors for heart disease. A study funded by the beef checkoff and the national Institutes of Health-supported Penn State General Clinical Research Center and published in the June 19, 2014 issue of Journal of Human Hypertension found that a dietary pattern rich in fruits, vegetables and low-fat dairy that includes lean beef – even daily – can reduce risk factors for heart disease, including elevated cholesterol and blood pressure.

According to lead researcher Penny M. Kris-Etherton, “this research adds to the significant evidence, including work previously done in our lab, supporting lean beef’s role in a heart-healthy diet.” Researchers suggested the evidence supports the idea that it’s the total protein intake – not the type of protein – that is instrumental in reducing blood pressure.

A NEW PRODUCT WITH OLD ROOTS



It looks, acts and smells like bacon – but it’s beef. Schmacon™ is one of the latest checkoff-funded development projects that provides beef producers with extra alternatives for beef cuts. The smoked and

cured glazed beef slices received the prestigious 2014 Food and Beverage Innovations (FABI) Award by the National Restaurant Association at their restaurant, hotel and motel show.

Schmacon has less fat and sodium than bacon, and as a pre-cooked product ready for crisping in an oven cooks in a fraction of the time. In winning the FABI award, it was heralded as a product with “bold imagination” and “great potential to help operators capitalize on consumer trends and drive operator success.” The product not only fits into healthy lifestyle trends, it also meets dietary needs of those religious or ethnic groups prohibited from eating pork products.

BEEF EXPORT VALUE ON RECORD PACE



Checkoff-funded efforts in the international arena are focused on some of the world’s most promising markets for U.S. beef, and exports to those markets are growing rapidly. For instance, strong

performances in key Asian markets are putting U.S. beef export value on a record pace in calendar year 2014. Through July, exports totaled \$3.89 billion, up 13 percent from a year ago. Export volume was up 4 percent to 687,752 metric tons.

In 2013, Japan reclaimed its position as the No. 1 international destination for U.S. beef when an increase in the age limit for eligible cattle fueled a large increase in exports. U.S. exports to Japan have been mostly steady this year, while Japan’s imports from other major suppliers such as Australia, New Zealand and Canada have declined.

Hong Kong, South Korea and Taiwan have also been strong growth markets for U.S. beef in 2014. In June, Hong Kong granted full access for U.S. beef for the first time since the December 2003 BSE case.

These results translate into remarkable returns for U.S. cattle producers. Export value per head of fed slaughter was nearly \$300 in June and July, and averaged \$273 for the first seven months of this calendar year. Per-head export value is up 13 percent from a year ago and has more than doubled in the past five years.

Whether promoting beef internationally or providing marketing support for the product in the United States, the Beef Checkoff Program has been committed to programs that build beef demand since 1986. The recent research showing a return of \$11.20 for every dollar invested is a strong validation of that work.