

Montana Beef Council



March 9, 2015

Your Beef Checkoff Dollars at Work

Cattle Industry Annual Convention Reports, February 4-7

Convention Report, Federation Director-Kristin Larson



This year's convention saw lots of highlights and learning opportunities. There were over 8,200 people in attendance and more than 120 from Montana.

I was able to attend the Market Research Consumer Insights Session and loved all the information given. They talked about the generation differences of the Baby Boomers, Gen X, and Millennials. We are focusing on millennials with our marketing plans because in the year 2020 half of all American adults will be millennials. Ninety percent of millennials are thinking about becoming parents. Ninety-four percent feel it is important their children know they are special or unique. Millennial parents are less authoritative figures and more customer service representatives. They let their kids help make decisions. We are in a time when the children are more technologically advanced than their parents. Millennials band together to create change. Word of mouth is the number one way they make purchases. Millennials will carry the message to other generations. Smartphone applications are their new technology of choice. They are seeking new, different ads each week. Millennials love to cook and prepare food; it is a passion point for them. They are health-conscious but convenience and relevance are of key importance. I think this is all good news for the beef industry—they are in love with protein. However, they do not feel they know enough about beef and do not trust the retailers at the store so that is what we need to work on with checkoff dollars. Millennials are very impatient and they want to have a good eating "experience." The advice from this company was to give them consistent, clear messaging—don't go silent!! Our packaging needs to showcase our families, our care and attention, our story and our process. Overall, it was a great

presentation.

The joint committee I sit on is Global Growth. Our mission statement is: Increase the volume and value of US beef in foreign markets. We got to hear from Phil Seng, Greg Hanes and Dan Halstrom from USMEF. They updated us on each country. A couple of highlights from their updates were that the China/Hong Kong/Vietnam market is on fire and demand is huge. Convenience items are the rage. Australia is the number one supplier to China. Australia is number one in overall exports followed by India, Brazil and then United States. Australia exports seventy percent of their product. USMEF has made six trips to Africa to educate them. They feel this is an important up-and-coming market as their population and economy continue to grow. Japan continues to be a great market for US Beef. We have improved access. The Japanese love the blogs and events and convenience stores are where a lot of beef is purchased. Mexico has always been a price sensitive market but it was not in 2014 so there is change going on there as well. Worldwide exports are up ten percent.

We set FY2016 priorities. Our #1 priority is to increase access to export markets, followed by addressing production technology issues and challenges. This committee is very interesting and I enjoy listening to all that is going on in each country. Contractors will set up Authorization Requests to work within our priorities.

We had an international beef tasting experience where we tasted two Chinese dishes and each dish was prepared using grass fed and grain fed beef and we were asked if we could tell the difference. I do not think anyone picked up on what the difference was; most thought it was seasoning.

We reconvened with all the committees and went over all the priorities. I enjoyed watching as many of them overlapped and

of course covered the Beef Industry Long Range Plan. We also heard a lot about the Memorandum of Understanding and heard how this agreement came to be and the steps that will be taken next. (Draft copy included in this newsletter.) The Federation of Beef Councils unanimously voted to pass it. The groups will meet again in March to see how many of their associations are in favor and then they will work with legislators to draft legislation to change the Act and Order. I encourage all of you to read through this document and call any of us with any questions.

In the opening session we heard from Erik Wahl who is an internationally recognized graffiti artist and bestselling business author. He really hit home with his message about each of us using our own artistry to proactively share our story. He encouraged us to build back in the emotional side of our story to build trust and I thought it was so fitting for where we are at in the beef industry today. We have lots of consumers who are demanding our product and are willing to pay for it we just have to make sure our message is clear and we continue to share our story.

Lastly, I am really looking forward to serving on the Beef Promotion Operating Committee this next year and will have my first meeting March 30th. Thank you to everyone for their support and encouragement. I know I will have a lot to share with you about this great opportunity.

One other thing I wanted all of you to do if you get the chance is listen to the 2015 Beef Industry Scan: Refine and Focus video. We had to listen to this before coming to convention. I encourage all of you to listen to it as well. It takes about 30 minutes but is packed full of some great information about what is going on with market research. To watch the video, go to: www.beefboard.org/jwplayer/2015-beef-industry.asp

Convention Report, MBC Executive Director-Chaley Harney

A record attendance of cattlemen and women came together for the 2015 Cattle Industry Convention in San Antonio for a few very busy days. Montana was well-represented with six of us serving as Federation of State Beef Council representatives on joint checkoff committees.

Serving on the joint checkoff committees were Kristin Larson, Global Growth and Producer Communications; Kathy Creighton-Smith, Beef's Image; Kiley Martinell, Safety; Linda Swanz, Freedom to Operate; Chaley, Convenience; and Jim Steinbeisser, Taste (chairman). Additionally, Montana's CBB directors served on the following: Leo McDonnell, Global Growth, Producer Communications; Lyle Peterson, Beef's Image; and Linda Nielsen, Safety. As a prelude to committee meetings, Federation and CBB members received a checkoff program update and learned what drives consumer demand and how the checkoff supports those efforts. In the Joint Convenience Committee meeting we reviewed our mission statement, "fulfill consumer expectations

for beef selection, preparation and ease of use" and set to work on choosing our priorities. The committee discussed and ranked six priorities through the Beef Industry Long Range Plan guidance and chose the two most important priorities as follows:

- Develop and execute creative communication initiatives (e.g. social media) to improve consumer confidence in and preference for beef (value, taste, health and nutrition, safety and convenience). Increase emphasis on evolution of mobile opportunities.
- Collaborate with industry stakeholders (producers, processors, foodservice and retail) to develop and implement demand generation initiatives based on consumer needs and preferences.

The entire convention was full of education, networking and professional development for the attendees to invigorate passion for building beef demand. Some of the highlights of education and inspiration included a presentation by Chef Mike Erickson on TRUE BEEF: A Culinary Perspective on Beef

Quality, Safety and Transparency which shared a beef documentary being created by the Texas ProStart Program. The Cattlemen's Colleges also provided a full day of interesting topics ranging from the future of beef production to animal and ranch management to business and to customer relations. The opening general session speaker, Erik Wahl, was not a traditional keynote speaker as he is an internationally-recognized graffiti artist, but his messages were valuable and encouraged listeners to "un-think" and take risks for a prosperous future. The other general session speaker was highly-acclaimed journalist and host of Fox News' Special Report Bret Baier, who shared his story and his forecast for the future. A final highlight was the CattleFax U.S. and Global Protein and Grain Outlook. A summary report is included with this newsletter.



Convention Report -Jim Steinbeisser

The beef industry convention was another record breaker with over 8,200 people attending! The Taste Subcommittee set and prioritized the direction for our part of implementing the Long Range Plan for this coming year. We rated them as most important, more important or important.

Most important:

- Develop and execute creative communication initiatives (e.g. social media) to improve consumer confidence in and preference for beef (value, taste, health & nutrition, safety, and convenience). Increase emphasis on evolution of mobile opportunities. Comments: Create tools that increase consumer confidence in choosing beef.
- Education, enable and engage key influencers and opinion leaders (e.g. celebrity chefs, nutritionists, etc.) in communicating the positive health and nutrition benefits of beef. Take advantage of and effectively

communicate beef's nutrient density (e.g. design new nomenclature). Focus on opinion leaders/mediums that most influence Millennials. Take advantage of growing food trends that favor beef (e.g. protein, real food).

Comments: Influencers build credibility and help leverage our message with consumers.

More important:

- Create stronger relationships and more consistent communication with meal-time decision makers. Focus on social media. Comments: Influence mealtime decision-makers with correct and dynamic content.
- Collaborate with industry stakeholders (producers, processors, foodservice and retail) to develop and implement demand generation initiatives based on consumer needs and preferences. Comments: This is the greatest

opportunity to leverage checkoff dollars.

Important:

- Identify and track domestic consumer needs and preferences. Comments: This is important in developing strong plans.
- Beef Industry contractors will use this to guide them in developing their work plans for 2016.

It has been interesting to watch this committee process evolve these past few years. I must say tying our committees so closely to the Long Range Plan has really helped committee members better see their role in the process, and an additional benefit is all of us are really focused on the long range plan. Focused is probably the one word that best sums up where we are on the checkoff right now. With diminishing funds, we are definitely focused.

Convention Report, Federation Director-Kathy Creighton-Smith

I was able to attend the Beef Industry Convention and NCBA Trade show, February 4-7, 2015 in San Antonio, Texas as a member of the Montana Beef Council and Federation of State Beef Councils. There were over 8200 producers in attendance and this was the first time I had attended this meeting.

This was my first meeting as a member of the joint checkoff "Beef's Image" committee. The committee process was interesting. We listened to updates from all of the contractors that had submitted requests for checkoff dollars and are currently carrying out projects. The contractors were professional, intelligent and appeared to be working hard to promote "beef's image." Our committee then determined our "Core Strategies and Strategic Initiatives." What that means is we ranked, by importance as voted on by the Beef Image committee, what our contribution to the Beef Industry Long Range plan should be. It was interesting seeing how the checkoff process works and it is an ongoing process that will be more

straightforward as my involvement continues. I did have the opportunity to sit next to Polly Ruhland, the CEO of the Cattlemen's Beef Board, on one of my flights. She is an exceptionally well spoken woman and she keeps an eye on all of the checkoff dollars. She was very open, answered a lot of questions and encouraged me to email with any questions I might have.

A couple of things that the producers I represent should know: There are many firewalls separating the checkoff dollars from any other funds. The people charged with implementing the checkoff programs appear to be dedicated to doing their job in compliance with the Beef Promotion Act and Order of 1986. The checkoff contractors (folks that get the checkoff dollars) are scrutinized to make sure that they provide the product or service they are being paid for. They do not receive payment until the contract is fulfilled and they only get paid for their expenses to carry out the project, not any profit. NCBA is the major contractor and receives more checkoff

dollars than any other contractor. That being said, NCBA is an excellent contractor with numerous resources and very well equipped to implement checkoff programs. There are other qualified contractors that are now participating in the process which is a positive step.

All in all the meeting was fabulous. The Cattlemen's College had excellent topics and speakers and was well attended. The trade show is amazing and every conceivable product was available. I put my name in to win a tractor, four-wheeler and everything I could, but came home empty handed. The convention center is huge, but fortunately there was someone to help at every turn. The hallways were full, where all of the networking was going on. I met cattle feeders, university students, NCBA and Checkoff staff, seedstock producers and many folks from Montana. Jeff Foxworthy was the closing entertainment and he was hilarious.

I would encourage anyone to attend.

Convention Report, Federation Director-Kiley Martinell

I attended the Cattle Industry Convention Feb. 3-7th, 2015. I was chosen to sit on the Beef Safety Subcommittee that met on Thursday. We reviewed our mission statement "Continually improve consumer confidence in beef" and then went on the listen to three contractors present what they have been doing with their programs.

National Cattlemen's Beef Association: They are doing scientific research to improve the real or perceived safety threats to beef produced today. One focus was on the interaction between antibiotics used in beef cattle and potential foodborne pathogens. Other studies deal with E.coli and salmonella which are responsible for several foodborne illnesses each year. These, in addition to many other food safety research projects, make me realize how amazing the depth of knowledge about specific pathogens they can research in this day and age. We will be reviewing these more at the meeting in July. These projects in particular seem to be very proactive instead of reactive, which is so important in beef safety.

North American Meat Association: This contractor was also performing studies on salmonella in regards to pre-harvest of animals and in particular lymph node contamination. It was found that Salmonella contamination on hides is related to carcass lymph node

contamination. This will help feedlots with high levels of salmonella in water and feed good candidates for salmonella intervention. Bringing data and knowledge to the appropriate audience was a focus and delivered through presentations, conferences and gatherings.

National Livestock Producers Associations: Their primary focus was to educate about animal health and human health. They held a symposium on 20 subject matters in the fields of animal health, animal production, human health and consumer interests. They also engaged in a lot of news and audio releases.

After hearing from the contractors, we picked four areas in the Beef Industry Long Range Plan that we felt were the most important to safety. They are as follows: 1 - *Promote our industry's commitment, ongoing investment and progress in ensuring beef safety.* 2- *Implement and communicate continuous improvement efforts to enhance consumer trust in our product and production practices. Emphasize transparency and sustainability. Simplify complex issues.* 3- *Develop and execute creative communication initiatives to improve consumer confidence in and preference for beef. Increase emphasis on evolution of mobile opportunities.* 4- *Strengthen efforts to proactively anticipate and rapidly respond to attacks on beef and the beef industry. Focus on current and potential consumer concerns with production technologies. Emphasize preparation education*

and communication.

It was really amazing to me the amount of work that goes into all the committees and the people that are involved in them. I find there to be a huge learning curve and really did gain a lot of information at this meeting, however I have so much more to learn and will continue to broaden my knowledge with each meeting I attend. The summer meeting will be a great opportunity to better understand how everything works together.

One other big item as far as the Federation goes is the Memorandum of Understanding (MOU) regarding changes to the beef checkoff. The Federation of State Beef Councils supported this change unanimously. The Beef Checkoff Enhancement Working Group will meeting in March to determine where each organization stands on the MOU. If they are in agreement, the MOU will move forward. If that happens, it proposes to increase the current \$1 by an additional \$1 and producers will have the opportunity to request a refund of the additional \$1. The final step of this MOU process would be a producer referendum to make the official change to the Act and Order. After seeing all the things the checkoff does for our industry, I personally am in support of the increase and think it will only make us stronger! Thank you for the opportunity to attend .

Convention Report, Federation Director-Linda Swanz

As one of four national Federation of State Beef Council representatives from the Montana Beef Council, I attended the Cattle Industry Convention held in San Antonio, Texas, February 2-7, 2015. About 8,200 people were in attendance and there was a very positive attitude about the beef industry among the producers present.

I attended the opening session, the general session, a session on Understanding Beef's Consumer and Checkoff Programs, a combined Beef's Image and Freedom to Operate Committee meeting, the Joint Freedom to Operate Committee meeting, the Federation Forum, a Checkoff Committee Wrap-Up Session, the National Cattlemen's Beef Association Region V Caucus meeting and the National Cattlemen's Beef Association Board of Directors meeting. I certainly learned a great deal of information about what is being done on the national Checkoff level to increase consumer demand for beef! There is so much important work being done for the producer every day.

There are several Federation of State Beef Councils committees and I was appointed to the "Freedom To Operate Committee." There are 30 producer members on this committee. The committee's mission statement is: protect and enhance beef producers' freedom to operate in coordination with the Beef Industry Long Range Plan. Our goal for this meeting was to work on a way to provide the strategic direction we want checkoff contractors to follow when developing their 2016 Authorization Requests. We provided rationale for which strategies and goals we felt were most important. This was a really interesting process and all of the committee

members were very engaged. We were also given 2015 Checkoff Program Updates from four contractors and had the chance to ask them any questions we might have as to how their programs are going up to this point in time. We were also able to provide any input we had from a producer view that might be of help to them. Everyone has a voice and I really do like this committee structure.

A big topic and one that was discussed a lot is the 2015 Dietary Guidelines for Americans. The Dietary Guidelines Advisory Committee has recommended removing lean meat from dietary patterns associated with positive health outcomes. Since the first public meeting of this committee on June 13 & 14, 2014, the Beef Checkoff staff has been fully engaged in this process. They have submitted 12 sets of written comments on the amount of red meat/beef in healthful dietary patterns. They have also given oral testimony on beef's value in today's diet. They stay aware and involved in everything that goes on with this committee every day and they have over the years. This recommendation has not been finalized yet and hopefully it will not come to pass as this would be a real blow to the beef industry. This is just one small example of how the national Checkoff staff is working on behalf of the beef producer.

We were given a report about the Beef Checkoff Enhancement Working Group. The eight groups have been meeting and have formed a "Memorandum of Understanding Regarding Agreed upon Changes to the Beef Checkoff." If the proposed changes to the Beef Checkoff move forward it would probably be 2-3 years before the changes could take place.

We producers were given the opportunity to ask any questions or provide any input we might have about the Memorandum of Understanding among those present. At the National Cattlemen's Beef Association Board of Directors meeting, the Federation of State Beef Councils voted to support the Memorandum of Understanding.

Two things that I feel every producer in Montana should know are:

1. Producer support for the beef checkoff remains high. Three out of four producers support the beef checkoff "while the number who disapproves of the program, at just 11 percent, is the lowest in program history", according to a recent survey of beef and dairy producers nationwide done by a market research firm.

2. As producers we need to do our part to help educate the public about all phases of the beef industry and our beef product. As we all know, the consumer holds our future in their hands. At the convention we were challenged to develop what is called a "Three-minute elevator speech." We need to think of 3-5 of the most important things we want the consumer to know and understand about us and our product. Then, whenever given the opportunity to convey this information we have the facts available and work them into our introduction to new people. Conveying this information might be as simple as sharing it with a neighbor down the road or to someone who is sitting in a doctor's waiting area with you. We need every chance we can get to give a positive message about our product and promote ourselves

MATE-February 19-21, Billings

The 39th Annual MATE show was held in Billings, February 21-23 at the Metra Park. Once again the Montana Beef Council booth was well staffed and attended. The Musselshell CattleWomen (Kathy Wiley & Amber Parsons) along with MBC staff Lisa & Sue worked the booth on Thursday, the T-Bone CattleWomen on Friday (Anna & Doug Robinette, and Sandra Peck) and Lisa. Saturday, Kae McCloy headed up the Yellowstone CattleWomen, and Lisa prepared and provided about 850 samples of "Hot Beef Sundaes". The MATE attendance was up 3,000 from last year for

a total of 17,420. About 6,000 pieces of beef education, nutrition and recipes brochures were distributed.

Lisa was interviewed by Lane of the Northern Ag Network. Lisa talked about how lean beef fits into a heart healthy diet.



MSU Bobcats Basketball

Sue and Chaley attended and manned the booth for the Montana Beef Council during the men's basketball game in Bozeman on February 19, along with help from the Collegiate Stockgrowers and CattleWomen. The MBC gave out "Bobcats Love Beef" swag, recipes and a gift basket drawing.

