Letter from the Editor

Date: March 30, 2015

Our first Beef Issues Quarterly of 2015 contains articles on a number of important topics currently impacting the beef community, such as dietary guidelines, millennial trends and beef demand, among others. It is a busy season in the beef industry, and we hope that spring is a productive and rewarding time for you.

by Nikki Richardson, Associate Director, Reputation Management, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Dear readers,

Our first Beef Issues Quarterly of 2015 contains articles on a number of important topics currently impacting the beef community, such as dietary guidelines, millennial trends and beef demand, among others. It is a busy season in the beef industry, and we hope that spring is a productive and rewarding time for you. As always, make sure to share this issue with friends, family and colleagues, and encourage them to sign up for the electronic version.

This publication wouldn’t be possible without the leadership and foresight of the BIQ Trends Advisory Panel. They identified a wide variety of timely content related to research, updates on current issues and new resources for beef producers. Members include: Jason Ahola, Ph.D., Colorado State University; Jude Capper, Ph.D., Livestock Sustainability Consultant/Washington State University; Mandy Carr, Ph.D., NCBA*; Richard Gebhart, Esq., University of Tulsa; Rick Husted, MBA, NCBA*; Duane Lenz, CattleFax; John Lundeen, NCBA*; Shalene McNeill, Ph.D., R.D., NCBA*; Mike Miller, NCBA*; Michele Peterson Murray, NCBA*; Season Solorio, NCBA*; Josh White, NCBA*; and Daren Williams, NCBA*.

Please contact us any time to let us know what you think about BIQ and to share your ideas about specific topics you would like to see addressed.

*NCBA is a contractor to the Beef Checkoff

Tags: Beef Issues Quarterly, Letter from the Editor, Spring 2015
Do consumers still want beef? You bet they do. Consumer demand for beef is strong. In fact, even with higher beef prices, demand for beef increased nearly seven percent in 2014, and beef brought more sales for foodservice and retail operators than any other protein.

**Summary**

Do consumers still want beef? You bet they do. Consumer demand for beef is strong. In fact, even with higher beef prices, demand for beef increased nearly 7 percent in 2014, and beef brought more sales for foodservice and retail operators than any other protein\(^2,3\).

When it comes to price, consumers say beef is worth it. According to the Beef Checkoff’s Consumer Beef Index, 70 percent say steaks are worth the price, and 83 percent feel this way regarding ground beef.\(^20\)

The signal is clear: Consumers want beef. Nothing delivers a satisfying meal quite like beef, and consumers remain willing to spend more for the beef they want, even more so than for other proteins.\(^4\)

Cattle farmers and ranchers have felt these positive signals and herd expansion is underway.

**Discussion**

The U.S. Department of Agriculture (USDA) expects the 2015 beef supply to remain near the same level as last year. That is likely why wholesale beef prices in 2015 aren’t expected to experience the same increases as they did in 2014.\(^5,6\) According to USDA’s January cattle report, inventory numbers increased 1.4 percent over the previous year. And for 2016, industry analysts are forecasting continued herd expansion, as long as Mother Nature continues to cooperate.

![U.S. Total Cow Inventory](source USDA Projected 2016-2017)

Retail: Beef is the Cornerstone of the Meat Case

Another indication of strong demand is the increase in retail beef sales. In 2014, retail beef sales increased more than six percent from the previous year to $23.47 billion, which is clear evidence of shoppers’ willingness to pay for this high-quality, premium protein. While it’s taken much higher prices to
ration the available supply, beef sales dollars are up because consumers find beef to be “worth it.”

According to Oklahoma State University’s Food Demand Survey, consumers have indicated an increasing willingness to pay more for steaks and burgers, while their willingness to pay for chicken breasts has been flat and actually declined for chicken wings.  

Beef also put more dollars in retail registers than any other protein, accounting for 49 percent of fresh meat dollar sales in 2014 and growing 6 percent over the prior year.  

According to USDA, overall, beef production per animal has increased 2.6 times since the 1950s. Ninety-six percent of foodservice operators included beef on the menu in 2014, which is on par with prior years. 

Additionally, burger orders climbed by 3 percent in 2014 — with nearly 9 billion servings in total, the largest number of servings since 2011 — while grilled chicken sandwiches fell by 9 percent, according to the NPD Group. 

Dinner checks that included steak in the casual dining sector were more than 34 percent more valuable in 2014 compared to the previous year. The same study from Information Resources Inc. shows beef shoppers spend 44 percent more across the store than shoppers who buy chicken. 

Foodservice: Beef’s Significant Value on the Menu

Leading foodservice analyst Technomic reported restaurant sales of beef (in wholesale dollars) rose more than nine percent in 2014 compared to the previous year. 

Steaks turned in a strong performance on the menu in 2014, with dollar sales up nearly 3 percent. Additionally, burger orders climbed by 3 percent in 2014 — with nearly 9 billion servings in total, the largest number of servings since 2011 — while grilled chicken sandwiches fell by 9 percent, according to the NPD Group. 

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Dinner checks that included steak in the casual dining sector were more than 34 percent more valuable
than those with chicken and were more likely to include side dishes, salads and desserts. This is echoed in the fine dining segment, where dinners with steak rang up 33 percent more dollars than dinners with chicken, and were again more likely to include sides, salads and desserts, as well as adult beverages.  

Foodservice operators’ continued placement of beef on the menu is another signal of strong beef demand: 96 percent of foodservice operators included beef on the menu in 2014, which is on par with prior years.  

Conclusion

Food retailers and restaurants can have confidence offering consumers the beef they want and are willing to pay for, in anticipation of increasing beef supplies as cattlemen and women rebuild the herd.

Ninety-one percent of U.S. adults eat beef once or more per week, and 53 percent report eating beef 3+ times each week. Beyond wanting beef, it is worth noting these consumers can feel good about choosing beef. Beef delivers 10 essential nutrients, such as protein, iron, zinc and B-vitamins, in 170 calories per serving on average. Overall, beef production per animal has increased 2.6 times since the 1950s. For Americans who want to know they are making a sustainable choice with beef, an independent life cycle assessment showed farmers and ranchers have made a seven percent improvement in environmental and social sustainability measures such as emissions, water and energy use and farm safety from 2005 to 2011.

Additional Resources

1. Annual All Fresh Retail Beef Demand Index, Dr. Glynn Tonsor, Kansas State University, 2014
3. CREST Steak and Burger Trends, NPD Group, 2014 “Disclosed with permission of The NPD Group solely for the purpose for which it is being provided by NCBA (a subcontractor to the Beef Checkoff). The reproduction, dissemination, or use of this information for any other purpose is strictly prohibited without NPD’s prior written consent.
4. Food Demand Survey, Oklahoma State University, February 2015
5. CattleFax, January 2015
6. Food Price Outlook, Consumer Price Index, USDA, March 2015
7. IRI/FreshLook data categorized by the VMMEAT® System, 52 weeks ending December 28, 2014
8. Food Demand Survey, Oklahoma State University, February 2015
9. IRI/FreshLook data categorized by the VMMEAT® System, 52 weeks ending December 28, 2014
11. Usage and Volumetric Assessment of Beef in Foodservice, Technomic, 2014
12. Usage and Volumetric Assessment of Beef in Foodservice, Technomic, 2014
13. CREST Steak & Burger Trends, NPD Group, 2014 “Disclosed with permission of The NPD Group solely for the purpose for which it is being provided by NCBA (a subcontractor to the Beef Checkoff). The reproduction, dissemination, or use of this information for any other purpose is strictly prohibited without NPD’s prior written consent.
14. CREST Steak & Burger Trends, NPD Group, 2014 “Disclosed with permission of The NPD Group solely for the purpose for which it is being provided by NCBA (a subcontractor to the Beef Checkoff). The reproduction, dissemination, or use of this information for any other purpose is strictly prohibited without NPD’s prior written consent.
15. Usage and Volumetric Assessment of Beef in Foodservice, Technomic, 2014
Beef also put more dollars in retail registers than any other protein, accounting for 49 percent of fresh meat sales in 2014. Retail: Beef is the cornerstone of the meat case.

Additionally, burger orders climbed by 3 percent in 2014 compared to the previous year. And interestingly, beef shoppers are more valuable than the average shopper; a retail purchase transaction that includes beef averages 1.85 times greater than an average shopper basket.

According to Oklahoma State University, shoppers who buy chicken increased more than six percent from the previous year to $23.4 billion. Another indication of strong demand is the increase in retail beef sales. In 2014, retail beef sales increased nearly 7 percent compared to the previous year. That is likely why wholesale beef prices in 2015 aren't increasing as they did in 2014.

Food retailers and restaurants can have confidence offering consumers the beef they want and are willing to pay for. Beef is the quality, premium protein. While it is worth it.

Do consumers still want beef? You bet they do. Consumer demand for beef is strong. In fact, even with higher beef prices, demand for beef increased nearly seven percent in 2014, and beef brought more sales for foodservice and retail operators than any other protein.

When it comes to price, consumers say beef is worth it. According to the Beef Checkoff Program’s Consumer Beef Index, 70 percent say steaks are worth the price, and 83 percent feel this way regarding ground beef.

Strong Beef Demand Signals Opportunities for Beef Industry, Retailers and Foodservice Operators

Date: March 29, 2015

Tags: Beef Issues Quarterly, Spring 2015, Trends Analyses
What defines the character of a generation and how does each generation develop its unique identity? We’ve all heard one or more of the current generational monikers: The G.I. Generation, The Silent Generation, Baby Boomers, Generation X and, most recently, The Millennials. Are there substantive differences between each of America’s generations, or is this all a lot of hot air?

by Dan Coates, President, Ypulse

Summary

What defines the character of a generation and how does each generation develop its unique identity? We’ve all heard one or more of the current generational monikers: The G.I. Generation, The Silent Generation, Baby Boomers, Generation X and, most recently, The Millennials. Are there substantive differences between each of America’s generations, or is this all a lot of hot air?

Background

Since 2004, Ypulse has studied members of the millennial generation — a generational appellation coined in the year 1992 by Neil Howe and Bill Strauss in their book “Generations”, defining those born between 1982 and 2004 as ‘Millennials’ for the simple reason that their earliest members would graduate from high school at the turn of the Millennium.

In studying this generation, we’ve witnessed firsthand how and why generations develop the way they do. Ypulse was founded in the year that the last batch of millennials were born, studying them from the year when their youngest members were still in diapers to a time when 7,500 millennials become parents each and every day in the year 2015.

In order to understand millennials, you have to understand their parents. In order to understand the parents of millennials, you have to understand the parents of the parents of millennials. History is a powerful predictor.

Discussion

Children born in the year 1982 were mostly born to Boomer parents. As with all other stages and phases of their journey through history, the Baby Boomer generation reinvented parenting as an expression of what they didn’t like about their own childhood. Boomers were parented largely by the G.I. Generation who were strong advocates of order and hierarchy, so Boomers often heard phrases like “children should be seen but not heard” and “children should speak when they are spoken to” as they grew up. Boomers rejected this authoritative mindset and vowed that as they themselves became parents, they would ensure that their children were given central, meaningful roles within the family structure. In fact, in their attempts to create a flattened family structure, some Boomers put their kids in charge of the household, relegating themselves to the role of customer service representative dedicated to satisfying each and every whim of their precious offspring.

While the 60s and 70s represented a time of great change and upheaval in America, the 80s marked a significant shift toward stability and security. Children went from living on the periphery to being centrally important and a number of cultural moments showed that a special generation of children had made their way onto the scene. The founder of Safety 1st, Michael Lerner, was inspired in 1984 to create the ‘Baby on Board’ sign when he had to drive his baby nephew home in busy traffic and found that other vehicles were aggressively passing him. While the rapid spread of this yellow sign in the windows of cars piloted
by proud Boomer parents was literally the first sign that things were changing, there were others as well: the demonic representation of children within movies from the 70s (e.g. Rosemary’s Baby, Beyond the Door, The Omen Series) ceded to an angelic representation in movies in the 80s (e.g. Three Men and a Baby and the Look Who’s Talking series). Children were precious and to be sheltered, inspiring a multitude of laws created to protect them (e.g. Megan’s Law and Amber Alerts).

The 80s were also the beginning of a sustained economic boom that many of us wistfully remember today. Americans prospered and in their prosperity had children. While Baby Boomers had children a little behind schedule in the 80’s and 90’s, Generation X had children a little ahead of schedule in the 90’s and early 00’s, creating a generational doubling down on childbirth – everyone was doing it. This sustained 22-year period of reproductive production is what has made Millennials the largest generation in American history – currently 99 million strong.

Many of the core characteristics of the millennial generation stem from this time of great affluence: they are confident and optimistic and see their lives’ journeys as meaningful and imbued with a higher purpose. They seek out solutions that are inherently ‘win-win’ and cite the greed of a few individuals as the root cause of the Great Recession. Not since the days of President Franklin Roosevelt’s New Deal has a generation of youth been more inclined to solutions that work for everyone. They are environmentally aware, societally conscious, and expect companies and brands to reflect their values by making the world a better place as they pursue profits.

Institutions groaned under the stress of shepherding this massive generation through the system and the individualistic perspectives of Boomers and Generation Xers gave way to a much more team-oriented spirit. While Generation Xers were wary of authority figures and had uneasy relations with law enforcement, millennials were taught that society and social institutions were in their corner, looking to help and protect them. They worked in team environments throughout their academic years and bring a consensus driven approach to their relationships.

The most notable societal shift that has defined millennials is the rapid rise of digital media. Millennials soaked up new technology during their childhood, becoming proficient and savvy users of a myriad of media formats. As children, they were granted the title of Chief Technology Officer of the household, deciding what technologies and tools would best meet the family’s needs and expected to unbox the latest Xbox and connect all the cords as their parents watched in awe and amazement.

As the oldest of the millennials enter their early 30s they become the emerging parent class, with more than 70 percent of the nearly 4 million children born in 2014 having millennials as parents. It is in this newfound role that millennials become most relevant to the beef industry. While they had opinions and an influential voice when they lived with their parents, they’ll determine the fate of a number of food products as they form their own households. We’ve been diligently studying the thoughts and attitudes of millennial parents within our work with the Beef Checkoff, and the good news is that millennials are on the lookout for healthy, natural and high protein solutions, crediting beef with a number of positive attributes.

**Conclusion**

In addition to forming new households, more than 10,000 millennials join the workplace each day, reshaping the way we work as well as the way we live. As they ascend the corporate ladder, millennials will supersede Boomers in their economic power by the year 2017 and already lead spending in many product categories today. By the year 2020, one-third of all American adults will be millennials and while we have already had a taste of their political power in the last two presidential elections, they will come to dominate the political landscape after the 2020 presidential election. By the year 2025, millennials will be fully in charge of the American experience, bringing with them a positive, team-oriented and family-friendly approach to solving the future challenges of our nation.
Additional Resources

- Ypulse website

Tags: Beef Issues Quarterly, Spring 2015, Trends Analyses
Charting the Course for 2015 with Beef Industry Insights and Planning

Date: March 27, 2015

The Beef Industry Scan was held on Jan. 6, 2015. The focus of the scan was to provide beef industry leadership with a comprehensive and current update on the key challenges and opportunities facing the industry. The intent was to provide industry leadership with data driven insights to support development of checkoff priorities for fiscal year 2015.

by Rick Husted, MBA, Vice President, Strategic Planning and Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The Beef Industry Scan was held on Jan. 6, 2015. The focus of the scan was to provide beef industry leadership with a comprehensive and current update on the key challenges and opportunities facing the industry. The intent was to provide industry leadership with data driven insights to support development of checkoff priorities for fiscal year 2015. Insights from the scan, detailed below, also supported modifications to the Beef Industry Long Range Plan.

Background

The Beef Industry Long Range Plan (LRP) sets the overall strategic direction for the industry. Developed in 2011 by a task force of industry leaders across a number of sectors, the LRP outlines six core strategies intended to provide the industry with a clear focus. The Beef Checkoff concentrates its efforts in four of these areas:

- Improve Domestic Consumer Preference for Beef
- Capitalize on Global Growth Opportunities
- Strengthen the Image of Beef and the Beef Industry
- Protect and Enhance Our Freedom to Operate

Because the LRP covers a five year span, and to ensure it remains relevant, an annual review, or scan, is conducted to provide new information that could potentially impact the LRP direction. The 2015 industry scan was presented to checkoff committee leadership in preparation for priority setting at annual convention in February. The LRP Advisory Group, comprised of five original task force members, was also in attendance to recommend potential revisions to the LRP. Scan insights and checkoff committee priorities will also inform beef checkoff contractors as they plan for fiscal year 2016.

Discussion

Industry Scan Overview

This year’s industry scan included a focused overview of areas deemed to have the greatest impact, positive or otherwise, on beef demand. The basis for much of this insight was a study commissioned by the Cattlemen’s Beef Board in 2013 titled, Beef Demand: Recent Determinants and Future Drivers. The focus of the study was to identify the best opportunities to positively influence beef demand. The most impactful beef demand determinants were summarized into seven broad categories:

- Food Safety
- Nutrition
- Health
- Product Quality and Form
In addition to the emphasis on these criteria, the scan also provided robust insight into the need for sound science, the importance of focusing on the right consumer target, and global opportunities for beef.

Key Insights from the Industry Scan

- The Importance of Sound Science – Speculation is not good enough, and emphasis was placed on the importance of developing and maintaining a solid foundation of scientific evidence and understanding that the modern scientific process is more dynamic than ever, requiring ongoing diligence and focus. Rigorous application of standards is also required throughout the scientific research process -- from study design, to the number of studies ,to maintaining consistency across studies -- all of which help to ensure that the most accurate and comprehensive data is being captured and then considered by key decision makers.

The Millennial Target – It should come as no surprise that the millennial generation -- those now between about 14 and 34 years old -- is the clear target for the checkoff’s beef messages, for a variety of reasons. Over the next few years, millennials will outnumber baby boomers and will impact the economy and food industry significantly as they continue to reach new life stages – such as getting their first jobs, getting married, buying their first homes and having children. Millennial parents are of particular importance as they will set the stage for the next generation of beef eaters. These millennials have a great affinity for food and expect fast, simple solutions and beef can play a leading role in meeting these expectations.

Embracing the Digital World – Research and experience with millennials tells us that we must reach them where they live – and millennials live on their mobile devices and social networks. In fact, almost 70 percent of millennials say they go to the internet first when they need information about anything -- including things related to beef – and their level of online activity related to food is considerable and increasing. Opportunities abound, from increased reach and engagement capabilities to becoming more top of mind when food related decisions are being made.

Demand Drivers: Safety – It is clear from the scan and other research that confidence in the safety of our product is paramount to consumers, and we need to remain vigilant in our research on pathogens like E. coli and Salmonella. Aside from being a cornerstone of our industry, beef safety is also crucial when we look at how quickly misinformation about our product can travel – particularly given the corresponding surge in use of social media.

Demand Drivers: Health and Nutrition – Health and nutrition are two related demand drivers of particular interest to millennials. Key components in these areas include the importance of nutritional content -- like protein, iron and zinc – in addition to an intense focus on health-related factors, such as fat content, cholesterol, carcinogens, calories, diabetes and obesity. Consumers want to eat healthy and stay healthy and are more focused than ever about what they put in their bodies and the need for protein, where beef excels, continues to be a trend.

Demand Drivers: Product Quality and Form – To consumers, product quality means a number of things including, taste, juiciness, consistency, package/portion size, color/appearance, ease of preparation and tenderness. All of these attributes combine to make up what consumers consider a quality product. Beef has varying levels of success hitting these marks, so it’s important that we maintain the positives and address those areas where we need to improve. It is also important for beef to respond to varying trends like the fact that restaurateurs are ratcheting down portions to help control costs.

Demand Drivers: Social Aspects – Social aspects include things like animal welfare, so-called “factory” farming, and use of antibiotics and growth promotants – all of which impact consumers’ perceptions of our product and how they can be misrepresented by anti-meat activists. Many companies and industries have come under fire for production practices that can be wrongly or unfairly represented
and beef needs to remain diligent in its efforts to communicate the facts.

**Demand Drivers: Sustainability** – This is a broad and complex issue, but the bottom line for consumers is whether or not the food they consume is being raised in what they consider an environmentally sound manner. While the issue of beef’s sustainability has yet to become a top issue for the majority of consumers, we recognize – as do many food companies – the potential implications that sustainability represents and are keeping a close eye on these developments.

**Demand Drivers: Price Value** – Beef prices have risen steadily in recent years and, as of January 2014, were at an average price of more than $5 dollars per pound – almost two and a half times the price consumers are willing to pay for chicken. It’s important to keep in mind that strong prices for beef are a good thing; it means that consumers are getting their demands met with our product to the extent that they are willing to pay more for it when tight supplies combine with consumer satisfaction to drive those prices up.

**Global Growth** – As global consumption of beef continues to grow, it is apparent that the opportunities abroad are considerable. We also know that the majority of the world’s population lives outside our domestic borders and that the rest of the world is slowly becoming middle class and better able to afford to put protein at the center of their plates. Key to this is the fact that the U.S. owns the grain-fed beef market and demand is starting to outpace supply…timing is excellent.

**Conclusion**

**Industry Scan Impact on the Long Range Plan**

The theme of the 2015 industry scan was “refine and focus.” Here are those areas of recommended refinements:

- Engage industry stakeholders to inspire innovation that creates consumer experiences that drive consumption of beef.
- Increase access to export markets by emphasizing both production and processing technologies (e.g. carcass wash).
- Proactively tell the story of U.S. beef production in foreign markets to highest opportunity customers (e.g. countries, companies, buyers).
- Increase focus on effective communication of key research and science outcomes to consumers and industry stakeholders.
- Place urgency on understanding and effectively communicating the antibiotic resistance issue.
- Immediately coordinate industry-wide effort to address the threat of potential dietary guideline outcome.

**Additional Resources**

- [2015 Beef Industry Scan Video](#)

**Tags:** Beef Issues Quarterly, Spring 2015, Trends Analyses
Consumers Share Insights about Production Practices: 2014 Update

Date: March 26, 2015

The checkoff-funded 2014 Consumer Image Index indicates that consumers are somewhat more positive about beef the product than they are about beef production practices. While consumer knowledge of production practices, be it cattle, chicken or hogs, is relatively limited, certain segments are more likely to seek out information.

by Rick Husted, MBA, Vice President, Strategic Planning and Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The checkoff-funded 2014 Consumer Image Index indicates that consumers are somewhat more positive about beef the product than they are about beef production practices. While consumer knowledge of production practices, be it cattle, chicken or hogs, is relatively limited, certain segments are more likely to seek out information. For many consumers, concerns about beef production include things like antibiotic/hormone use, inhumane treatment, crowded conditions and cattle diet. The study also found that while many consumers, and especially parents, are very favorable toward beef producers, others are less comfortable with the use of science to alter the genetics or body composition of cattle. From an overall industry perception standpoint, the term “factory farming” is not strongly associated with beef production. In fact, that phrase is associated more with chicken production and the confinement and treatment of chicken.

Background

It is always important to understand how consumers view your product. For beef, one way that is achieved is through the checkoff funded Consumer Beef Index, which includes importance and performance measures on a number of beef-specific attributes. It is also important to understand perceptions of how beef is produced and those areas of greatest interest and/or concern to consumers. To address these important issues, the checkoff launched the Consumer Image Index (CII) study in 2011, using results and insights to help set image-related strategic direction for the checkoff and to support the long range plan core strategy to “strengthen the image of beef and the beef industry.”

Discussion

Consumer Image Index Approach

The Consumer Image Index was benchmarked in 2011 and then launched in 2012. The most recently completed 2014 measure marked the third consecutive year the final study has been fielded. The CII study is an annual online survey of approximately 1,200 consumers, typically conducted in the fall, taken from a nationally representative sample balanced for gender, age and ethnicity. Respondents are further screened to be:

- 18-65 years old
- Involved in household grocery shopping and meal decisions
- Within standard security screening (i.e., not involved in industries or professions that could unduly bias the results)

Additionally, target segments were identified to provide insight into how the more progressive, socially conscious and millennial consumers relate to beef and the beef production process.
Conclusion

Overall, chicken is perceived more positively than beef and the gap has not narrowed over last year
• However, consumer perceptions of beef and chicken production are much more similar.

In 2014, a shift in targeting was introduced into the beef industry image discussion to better understand perceptions among some key segments of the population

• Socially Conscious Proactive Consumers – The most receptive segment and a strong conduit to other consumers (69 percent of the population)
• Socially Conscious Millennials (18-34 non-parents) – “Average” socially conscious consumers (27 percent of the population)
• Socially Conscious Parents (20-34) – Strong advocates for beef and beef producers (11 percent of the population)

Socially conscious proactive consumers are engaged and knowledgeable about meat production.

• These consumers differ from others, not only in their awareness of the issues, but in their willingness to take action on them.
  o They care more than other segments about:
    • Beef safety and recalls
    • Use of drugs and hormones on cattle
    • Humane, ethical treatment of cattle
    • Factory farming
    • Environmental impact of beef production
    • GMOs used in cattle feed
  o They engage more than other segments in:
    • Weekly meatless meals (almost 2:1)
    • Learning about meat industry practices

Socially conscious millennials are a less distinct group.

• These consumers are knowledgeable, aware and concerned, but are neither quite as engaged/active as proactives, nor decidedly positive toward the beef industry as parents.
  o Their attitudes and actions reflect their social consciousness.
  o They feel good about the beef industry’s sanitation and safety practices, as well as animal health and treatment.
They are characterized by their heavier use of chicken than older consumers.
They are more likely than non-millennials to obtain meat industry information from:
  - TV talk shows
  - YouTube
  - Social networks
  - Blogs
  - School
  - Meat industry websites

Socially conscious parents want the best for their families.

- They are:
  - Heavy beef users (30 percent versus 25 percent for the total population)
  - More likely than other consumers to see value in spending more for better quality food
  - Likely to continue, and even increase, their beef usage
  - Very favorable toward the beef industry, particularly its sanitation and food safety standards
  - Very favorable toward beef producers

Producers are generally appreciated and respected by target consumers, especially by parents.

- Everyone in the beef production chain, from ranchers to restaurateurs, receives more esteem from target consumers than from the general public, which is less opinionated about those who raise cattle for food.
  - In particular, the mention of cattle being raised in “grass pastures for their entire lives” generates an overwhelming favorable response from target consumers.
- Language and messaging that seemingly debases the animal (i.e., “diet delivered three times a day in feeding troughs,” “for all but the last few months of their lives”) causes a significant drop in support.
  - Likewise, targets are uncomfortable with the use of science to alter the genetics or body composition of cattle, perhaps because they are uncomfortable thinking of the animals as “products for consumption.”
- Language that individuates and conveys respect for the cattle as living beings (i.e., “check on the health of each animal”) increases support for the industry.

Several industry-related issues were explored in-depth this year and offer insights for messaging.

- The issue of “factory farming” is not strongly associated with beef production.
  - The phrase is more likely to be associated with chicken than beef production.
  - And it is thought to be more of a negative with respect to the confinement/treatment of chickens versus cattle.
- With respect to fresh beef, consumers see ground beef as somewhat more risky than steaks or roasts.
  - Certain target consumers tend not to be concerned about the beef they order at restaurants; they worry more about the fish and seafood they order.
- Science and technology used to improve the safety of beef for consumers is strongly endorsed by target consumers.

**Additional Resources**

- [2014 Consumer Image Index](#)

Tags: Beef Issues Quarterly, Research Findings, Spring 2015
getting a read on great beef flavor

Date: March 25, 2015

Beef taste is primarily made up of three components – flavor, tenderness and juiciness. Since taste is the most important factor the consumer uses in choosing a dinner entree improvements in any one of these three variables is critical to optimizing the value of beef, and in keeping beef competitive with other proteins.

by John Lundeen, Senior Executive Director Market Research and Bridget Wasser, Executive Director, Meat Science Technology, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

Beef taste is primarily made up of three components – flavor, tenderness and juiciness. Since taste is the most important factor the consumer uses in choosing a dinner entree (Source: Consumer Beef Index) improvements in any one of these three variables is critical to optimizing the value of beef, and in keeping beef competitive with other proteins.

The industry has made great strides in delivering more consistent levels of tenderness and continues to keep an eye on this important beef attribute. Now, it’s pertinent to focus the same attention on beef flavor, which is much less understood. Over the last two years, the checkoff’s product quality and market research teams have been looking at the attributes of taste, and what separates a great steak dinner from a merely average one. What follows is a summary of that journey and our current understanding of where the checkoff can focus attention to drive demand based on delivering great taste.

Background

Can you describe the taste of a great steak? Consumers use words like mouth-watering, delicious or more savory. But how does the checkoff turn that into action and work to turn every steak experience into a great steak experience? And, how we do overcome a bad beef taste experience?

Discerning beef’s flavor makeup – or its flavor chemistry – is a complex science. Step one is exploring beef’s natural flavor chemistry and developing a library of descriptive terms (called a lexicon) that can be used to describe beef’s specific flavor notes. Step two is to document current flavor delivery and determine just how many steak experiences rate as an A or B, or fall short as a C, D or F. And, more importantly, we must determine if the consumer can tell us what happened during the beef selection or preparation process that might have caused a high or low grade.

Discussion

Flavor is equally as important as tenderness to consumers when measuring beef eating satisfaction. However, beef flavor is not a single attribute as it has often been viewed and measured. To better understand beef’s complex flavor equation, the product quality program has initiated checkoff research projects to examine beef’s chemical makeup for flavor-inducing compounds. Simultaneously, trained sensory panels have been engaged to develop a consistent beef lexicon to document positive and negative flavor notes that differ in beef based on cut, fat level, cooking method, degree of doneness and individual consumer preferences. For example, the flavor of marbling in beef has been described as a buttery beef fat flavor, and that flavor contributes significantly to beef’s sensory or eating experience.

Following development of the beef lexicon, research continues to understand which compounds in beef are responsible for the specific flavor notes identified in this lexicon. This information can ultimately be
used to enhance or reduce specific flavor compounds to optimize beef flavor. Additionally, work is ongoing to understand which of the flavor notes identified by trained sensory panelists in the beef lexicon are positive and negative to non-trained beef consumers. Consumer perceptions of flavor are variable – some prefer certain flavor notes more than others – which results in consumer population segments based on flavor preferences. For example, some consumers prefer the grilled or charred flavors of more well-done beef while others prefer the irony/serumy or metallic flavors of less well-done beef. And, beef flavor notes aren’t present individually; they are present in combinations that are specific to individual eating experiences based on the chemistry of the cut, how it was cooked, etc. The industry needs beef products that work for all consumers and that presents a moving target that this type of science can help us narrow in on.

Market research conducted an online survey of 1000 consumers in October 2014. Only those who noted having eaten a steak in their homes in the prior three days were qualified to participate. Each noted the process they followed in selecting the steak, preparing and then cooking. The consumer answered a battery of questions about their confidence in the cooking method they used, their preferred doneness for a steak (and actual doneness for the steak prepared), and cut purchased. A subset of consumers with the best or worst experiences were immediately routed into a dialogue with a live interviewer who captured further richness about their perceptions of that steak.

First, confidence in a cooking method really matters. In prior research, respondents noted how they had to “learn their grill” and just how to achieve a great steak outcome. Those who scored their steak an “A” were very likely to have a high level of confidence in their cooking method.

![Confidence in Typical Cooking Method](image)

Hitting preferred doneness is critical, and the largest negative impact is related to overcooking a steak. Successful steak cookers also were more likely to understand the benefits of “resting” the steak before cutting into and eating it.

![Actual Doneness vs. Preferred Doneness](image)

When asked to affix responsibility for a “C” to “F” outcome, 30 percent noted the cut itself. While this is a relatively small percentage, this was still the most likely answer given for the “what” behind a sub-satisfactory experience.
Is there room for improvement? Absolutely. In this first in-depth foray into measuring steak satisfaction, a very large majority noted a highly satisfactory “A” or “B” experience – backing up the discussions encountered in research where consumers rhapsodize about the taste of beef. But industries today are striving for zero tolerances and the beef industry has a ways to go to hit that standard.

**Conclusion**

Ongoing improvements in taste delivery are likely to require a process by which the industry finds out how to minimize the outliers – the steaks that deliver a gristy or flavorless experience. It will also require learning more about the subtle nuances of a great steak – with sensory panels and flavor chemistry leading the way in unraveling the combination of beef flavors that give a diverse group of consumers just what they are looking for.

Additionally, it will require communication programs that help the consumer understand the nuances of beef cookery – getting spice levels or marinating techniques right, cooking to a preferred doneness, and understanding how to let a steak “rest” after cooking. Luckily, today’s consumer takes joy in discovering the art of great cookery and is hungry for just this type of information. Bon appetite’.

**Additional Resources**

- [Steak Taste Experience Recall Report](#)
- [Consumer Beef Index](#)
- [Chemistry of Beef Flavor Research Executive Summary](#)

**Tags:** Beef Issues Quarterly, Research Findings, Spring 2015
Coming Up to Speed on Beef Demand

Date: March 25, 2015

Anyone who has listened to a CattleFax presentation in the previous 12 months will recognize the confluence of factors that were deemed to be the market’s “perfect storm”. Prices for beef, pork and poultry were elevated due to tight per capita supplies and stronger demand.

by Marcus Brix, CattleFax

Summary

Anyone who has listened to a CattleFax presentation in the previous 12 months will recognize the confluence of factors that were deemed to be the market’s “perfect storm”. Prices for beef, pork and poultry were elevated due to tight per capita supplies and stronger demand. Intuition would say higher prices should lead to demand destruction, yet since all of the competing meats were facing limited supplies, customers were willing to pay more for what was available. Retail beef demand increased 7 percent year over year in 2014 with a record-high annual average all-fresh retail price of price of $5.60 per pound. Fed cattle prices averaged $154 per hundredweight in 2014, which was up substantially from $126 in 2013. CattleFax estimates the feedlot sector made profit of roughly $200 per head at this price level. While both supply and demand were very supportive to profits last year, there is still an important piece missing from this discussion.

Background

Cattle feeding is a margin business. The concept of cattle feeding is simple: buy a young steer or heifer, provide a high energy ration to grow them in size, and sell them when they’re at or close to slaughter weight. The cattle feeder is a price taker when selling their fed animals because of their location on the demand chain. The primary demand level in the beef industry is the consumer, they make the decision how much beef gets eaten and therefore how much beef the retailer needs to stock. The retailer demands product from the packer at the wholesale level. The beef processor’s need for supply becomes fed cattle demand and the feedlot is their supplier. It can be a tough market as there are a very limited amount of processors with which to negotiate price. There is limited amount of profit that can be squeezed out of the supply chain, and whoever has the leverage can collect a greater portion of that profit. In 13 of the last 25 years, poor leverage has actually lost the cattle feeder money, sometimes more than $5 per hundredweight on closeout prices. Very tight supplies of fed cattle typically lead to a strong leverage position for the cattle feeder, and this past year was a perfect example.

Discussion

Leverage can be observed as a ratio of fed cattle price minus the drop credit, divided by either the beef cutout or retail beef price. Expressed as a percentage since 1990, the cattle feeder has received 22.4 percent of retail beef price for fed cattle. In the last year that ratio stretched to near record levels, averaging 24.7 percent. An additional 2.3 percent may not seem overwhelming, but on a per hundredweight measure that means $11.21 of the $28 per hundredweight year-over-year increase can be attributed to the cattle feeder holding more leverage. To put that in perspective, demand for fed cattle was up 16 percent in 2014 and the demand contribution to fed cattle prices only totaled $10.06 hundredweight.

As mentioned earlier, tight cattle supplies are favorable to the cattle feeder’s leverage position. In 2014, steer and heifer slaughter declined by 1.3 million head, the largest single year decrease since 2004 and the last case of bovine spongiform encephalopathy (BSE). The current forecast for slaughter in 2015 is
down another 350,000 head with the largest declines in the first half of the year. It’s not until 2016 that slaughter should begin to increase year-over-year, thus a more established expansion. Thanks greatly in part to favorable weather in the plains regions, 2014 was a strong beginning to the expansion phase. The beef cycle, which historically peaks every 10 years or so, has entered the transition into a larger beef cow inventory. CattleFax data on beef cow slaughter, heifer retention, and the steer to heifer slaughter mix were the first signals that markets had entered expansion. The most recent USDA cattle inventory data released in January 2015 confirmed our beliefs and showed an increase of 600,000 beef cows, similar to the rate of expansion during the start of the 1990s expansion era. In the upward transition years, our current stage in the cycle, feedlot profits become larger. As the cow herd declined from 2010 to 2013, cattle feeders lost about $32 per head annually, then recovered losses in 2014. As the expansion nears its peak, feedlot profits slow to a neutral level.

Beef production will remain lower in the early years of the expansion phase. Current forecasts for annual beef production in 2015 totals 260 million pounds, a 1.1 percent decline. Our estimate for total meat production, however, is higher by 2.1 percent due to rapid production gains on the competing meat side. Both pork and poultry producers underwent their own expansion in 2014, and expansion in those industries greatly outpaces expansion in the cattle industry. This year’s forecasts are placing pork production up 2.4 percent at 540 million pounds and poultry production up 3.7 percent at 1.6 billion pounds. CattleFax also estimates, per capita, U.S. residents ate 199 pounds of red meat and poultry in 2014. That number is expected to increase to 204-206 pounds in 2015. With leftover trade disruptions from the resolved west coast port strike, and China/Hong Kong banning U.S. poultry imports, there is a lot of excess competing meat volume that the market will need to absorb, potentially between 500 and 950 million pounds. Stable demand for pork and poultry would result in deep price discounts for those meats. The cross-price elasticity for beef suggests price cuts for competing meats affects the price of beef very little, yet as the price ratios get too far out of balance the substitution effect must eventually come into play.

**Conclusion**

CattleFax currently estimates retail beef prices to average around $5.90 per pound in 2015 and fed cattle prices to average slightly higher year-over-year at $155 per hundredweight. With slaughter projected lower again this year, the cattle feeder should remain comfortable from a leverage position. The ratio thus far in 2015 suggests we will average around 24.2 percent of the retail price, down 0.5 percent from last year. Lastly, even with very large meat supplies from competing industries, expect fed cattle demand to remain stable throughout this year.

**Additional Resources**

- [CattleFax](#)

Tags: Beef Issues Quarterly, Issues Updates, Spring 2015
Dietary Guidelines Advisory Committee Report Update

Date: March 24, 2015

The 2015 Dietary Guidelines Advisory Committee (DGAC) submitted its scientific report to the Secretaries of Health and Human Services (HHS) and the United States Department of Agriculture (USDA) on Feb. 19, 2015.

by Shalene McNeill, Ph.D., R.D., Executive Director, Human Nutrition Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The 2015 Dietary Guidelines Advisory Committee (DGAC) submitted its scientific report to the Secretaries of Health and Human Services (HHS) and the United States Department of Agriculture (USDA) on Feb. 19, 2015. This report is based on the Committee’s review of the evidence over the past 18 months, including their discussions at seven public meetings, on dietary habits to promote health and reduce risk for disease. The 500+-page report included several references to red meat and beef. Most importantly:

- As indicated at its final meeting in December, in a historic move, the Committee removed lean meat from its list of foods that are associated with dietary patterns linked to positive health outcomes. This decision is a departure from previous DGAC reports and more than 30 years of nutrition guidance and research on lean meat.
- The Committee did include a small footnote in its explanation of healthful dietary patterns that stated “... lean meats can be part of a healthy dietary pattern.”
- The Committee highlighted recommendations related to building more sustainable diets and noted that a diet “lower in animal based foods is more health promoting and is associated with lesser environmental impact.”
- In the “Healthy US” and “Healthy Mediterranean-Style” dietary patterns outlined by the DGAC, lean red meat was included at weekly serving recommendations that are consistent with the dietary patterns in the 2010 Dietary Guidelines for Americans (DGA).

Therefore, while red meat was noticeably absent from the Committee’s recommendations on healthful dietary patterns, lean meat was included in a footnote and lean meat serving recommendations did not change from 2010. This report presents challenges and opportunities for the beef community, and the Beef Checkoff team is working to: ensure scientific evidence on the role of lean beef in health is provided to the teams at HHS and USDA that are now developing the 2015 DGA; and fuel a steady pipeline of good news about lean beef’s positive benefits in healthy dietary patterns among nutrition influencers, researchers and thought leaders.

Background

Updated every five years, the DGA is a set of evidenced-based recommendations detailing healthy eating patterns and nutrition practices for all Americans aged two years and older. The DGA is a statement of national nutrition policy that controls all federal government nutrition assistance, education and labeling programs; influences domestic health voluntary and international dietary guidelines; and serves as a reference for private sector consumer marketing and education. This nutrition policy affects millions of Americans as its standards are incorporated into efforts such as the Supplemental Nutrition Assistance Program (SNAP) and the National School Lunch Program. Additionally, the DGA identifies gaps in nutrition research and aids in establishing research agendas for federal agencies and organizations, and they provide guidance on the development of nutrition-focused consumer marketing and education programs, including those created by the Beef Checkoff.
The 2015 DGAC, which comprised 14 nutrition researchers, met seven times since its charter was outlined in 2013. The recently submitted 2015 DGAC scientific report outlines the Committee’s recommendations that will now be reviewed by teams at HHS and the USDA Center for Nutrition Policy and Promotion (CNPP), as they develop the 2015 DGA policy document. Health and Human Services is leading the development of the 2015 DGA policy recommendations, with input from CNPP, and is expected to release the final 2015 DGA by the end of the year. The CNPP is likely to release an updated version of MyPlate, incorporating the 2015 DGA recommendations, at or around the same time.

As an immediate next step, HHS is hosting a public meeting on March 24, 2015, to address any questions and hear comments on the 2015 DGAC’s scientific report from the public. In addition, the public is invited to submit written comments to HHS and CNPP until April 8, 2015, and the Beef Checkoff will participate in this process, as we have done in the past, to ensure published scientific evidence on lean beef’s role in health is available.

Discussion

Throughout the DGA process, the Beef Checkoff submitted 12 sets of comments coupled with independent nutrition researchers and thought leaders who have submitted additional comments to advance the evidence on lean beef’s role in health. In addition, the Beef Checkoff team continues to communicate to nutrition researchers and influencers to ensure a steady drumbeat of messages and materials reaches them with up-to-date information on the evolution of lean beef and current lean beef consumption, as well as the latest science on lean beef benefits. As these audiences are asked by media and others to comment on the 2015 DGAC scientific report and because they will apply the final DGA to future research and consumer education, it’s critical they have the latest messaging. Key points being addressed in this outreach include:

- Scientific evidence clearly shows that choosing lean beef as part of a healthful diet is associated with improved overall nutrient intake, improved overall diet quality and positive health outcomes.
- Lean beef is an excellent source of six essential nutrients (protein, zinc, vitamin B12, vitamin B6, niacin and selenium) and a good source of four essential nutrients (phosphorous, choline, iron and riboflavin). A 3-oz serving of lean beef provides 154 calories and 2 grams of saturated fat, on average.
- With more than 30 cuts of beef that meet government guidelines for lean, it’s easy to build great-tasting and satisfying meals with lean beef. Today, 66 percent of beef cuts sold at retail are lean (when cooked and trimmed).
- Americans are already eating red meat at levels that are consistent with the 2010 DGA. The fact is that protein and lean meat consumption is the only category from the 2010 DGA that Americans are consuming within the recommended amounts.

Conclusion

As a cornerstone of federal nutrition policy, the DGA offer a critical opportunity to communicate the role of lean beef in human health. The 2015 DGAC scientific report presents challenges and opportunities for the beef community, and the Beef Checkoff is working to ensure evidence is now considered by the teams at HHS and CNPP, as the final 2015 DGA consumer messages are developed. Scientific evidence clearly demonstrates how today’s lean beef fits within currently recommended dietary patterns – and how, along with whole grains, fruits, vegetables and low-fat dairy, lean beef can be enjoyed as part of a healthy dietary pattern that is consistent with the 2010 DGA and other recommended eating patterns such as the Dietary Approaches to Stop Hypertension (DASH) diet.

Additional Resources

- [Beef and the 2015 Dietary Guidelines for Americans: A Timeline](#)
As indicated at its final meeting in December, in a historic move, the Committee removed lean meat. The Committee did include a small footnote in its explanation of healthful dietary patterns that stated: "Scientific evidence clearly shows that choosing lean beef as part of a healthful diet is associated with..." Lean beef is an excellent source of six essential nutrients (protein, zinc, vitamin B12, vitamin B6, niacin and selenium) and a good source of four essential nutrients (phosphorous, choline, iron and riboflavin). A 3 oz serving of lean beef provides 154 calories and 2 grams of saturated fat, on average. Therefore, while red meat was noticeably absent from the Committee's recommendations on healthful dietary patterns in the 2015 report, lean meats can be part of a healthy dietary pattern.

The 2015 Dietary Guidelines Advisory Committee (DGAC) submitted its scientific report to the Secretaries of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA). The Advisory Committee comprised 14 nutrition researchers, met seven times since its charter was outlined in 2013. The recently submitted 2015 DGAC scientific report outlines the Committee's recommendations on healthful dietary patterns for all Americans aged two years and older. The DGA is a statement of evidence-based nutrition research and aids in establishing research agendas for federal agencies and organizations, and they provide guidance on the development of nutrition policy. The DGA is a set of evidenced-based guidelines that is used as a reference for private sector consumer marketing and education. This nutrition policy affects millions of Americans as its standards are incorporated into efforts such as the Supplemental Nutrition Assistance Program (SNAP) and the National School Lunch Program. Additionally, the DGA identifies gaps in nutrition research and aids in establishing research agendas for federal agencies and organizations, and they provide guidance on the development of nutrition policy. The DGA is a statement of evidence-based nutrition research and aids in establishing research agendas for federal agencies and organizations, and they provide guidance on the development of nutrition policy.

The Committee highlighted recommendations related to building more sustainable diets and noted that protein and lean meat consumption is the only category from the 2010 DGA that Americans are meeting within the recommended amounts. The Committee's recommendations on healthful dietary patterns in the 2015 report are consistent with the Dietary Guidelines for Americans (DGA) released in 2015. The DGA is based on the most recent research and data, and it is intended to guide individuals in making informed decisions about their diets. The DGA provides recommendations on a variety of topics, including protein intake, saturated fat consumption, and added sugar intake. The DGA is updated every five years to reflect the latest research and data.

The 2015 DGAC report includes several references to lean beef and its nutritional benefits. The Committee notes that lean beef is an excellent source of protein, iron, zinc, and other essential nutrients. The Committee also highlights the environmental benefits of lean beef production, including reduced greenhouse gas emissions and improved water and land use efficiency. The Committee's recommendations on lean meat consumption in the 2015 report are consistent with the latest research and data, and they are intended to help individuals make informed decisions about their diets.

The Committee's recommendations on lean meat consumption in the 2015 report are consistent with the latest research and data, and they are intended to help individuals make informed decisions about their diets. The Committee highlights the nutritional benefits of lean beef, including its high protein content, iron, zinc, and other essential nutrients. The Committee also notes that lean beef production is environmentally sustainable and benefits the health of the beef community. The Committee's recommendations on lean meat consumption in the 2015 report are consistent with the latest research and data, and they are intended to help individuals make informed decisions about their diets.
New Feedyard Assessment Database Resource Available for Beef Industry

Date: March 23, 2015

The cattle industry has been on a course of continuous improvement in the areas of cattle care and handling to increase beef quality for many decades. Training, certification and assessment tools have been developed to provide industry-wide guidelines and measurements for cattlemen to ensure they are utilizing the most effective and scientifically-proven management practices available.

by Josh White, Executive Director, Producer Education, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The cattle industry has been on a course of continuous improvement in the areas of cattle care and handling to increase beef quality for many decades. Training, certification and assessment tools have been developed to provide industry-wide guidelines and measurements for cattlemen to ensure they are utilizing the most effective and scientifically-proven management practices available. The Feedyard Assessment Database, based largely on the Beef Quality Assurance (BQA) Feedyard Assessment, is a new tool available to provide cattlemen an opportunity for verifying their feedyard is using the latest management practices and employees are properly trained in cattle care and handling.

Background

Beef Quality Assurance is widely recognized as the flagship cattle care and handling program in the cattle industry. Funded by the Beef Checkoff, the BQA program began in the 1980s as an initiative to correct management related carcass quality defect issues, principally injection site lesions and violative drug residues. The program has expanded, through the use of a Hazard Analysis Critical Control Point (HAACP) approach, to include training based on best management practices and sample standard operating procedure templates for each of the major segments of the cattle industry. Beef Quality Assurance has continually sought to bring the consumer perspective to the top of mind for cattle farmers, ranchers and feedyards with a goal of providing a high quality, safe beef product.

Discussion

Beef Quality Assurance Assessments for the cow-calf, stocker and feedyard segments were developed and published during the past decade. Assessments were designed to be completed by the owner/manager, a second party assessor (collaborative partner in farm, ranch or feedyard such as veterinarian, extension agent or nutritionist) or a third-party assessor (professional assessor not affiliated with the operation). Each assessment has an accompanying assessor’s guide to aid in the completion of the assessment. The guide provides tips and suggestions for the assessor including sample best management practices and standard operating procedure templates. The assessment is a very practical on-site educational tool that may be used by owners or managers to benchmark animal care and handling, record keeping methods, best management practices, facilities design and equipment maintenance. Periodic re-assessment will allow farm, ranch or feedyard management to evaluate progress and set goals for systematic improvement.

The most recent National Beef Quality Audit, published in 2011, identified several “Barriers to Continued Progress” in the beef industry including:

- Low level of written protocols
- Lack of trust between industry segments
- Lack of common language between segments
• Poor job of telling our story to consumers

Additionally, consumers continue to rate animal care very highly in the Beef Checkoff-funded “Consumer Image Index” (CII). The CII is conducted annually to better understand how consumers view aspects of beef production, the importance consumers place on each aspect and the degree to which social consciousness affects consumer perceptions. The most recent CII completed in the fall of 2014 showed that 79 percent of consumers felt it extremely/very important that cattlemen be committed to the health and welfare of our animals. This consumer concern consistently ranks near the top of the CII along with food safety concerns.

Creation and industry use of the Feedyard Assessment Database (www.feedyardassessment.org) is a proactive step in addressing the barriers identified in the 2011 NBQA as well as current consumer concerns. The Feedyard Assessment Database follows the national BQA guidelines. To be listed on the database, feedyards must complete the following requirements:

Employee Training – Employee training will be accomplished by utilizing one of the following: the online BQA training platform supported by the Beef Checkoff (www.animalcaretraining.org), face-to-face meetings, on-site training at the feedyard, or other means of training that meet the BQA training requirements as determined by the national BQA standards and state BQA program. The following training requirements must be met for feedyard listing on the assessment database:

• Manager/key employee BQA training/re-training and certification every three years.
• All employees receive training in their respective area of work, prior to conducting job duties in an unsupervised capacity.
• Certification and/or documented training record must be maintained in state or national BQA database.

Feedyard Assessment – The feedyard must have the BQA Feedyard Assessment (or an assessment/audit that contains all the components of the BQA Feed Yard Assessment) conducted once every three years by the feedyard management/staff member, consulting/staff veterinarian, consulting/staff nutritionist, university/extension personnel, industry auditor, or an accredited third-party auditor.

Finally, the feedyard authorizes its state BQA coordinator to provide the following information to the national Feedyard Assessment Database: feedyard name, city and state.

As with all BQA-based programs, success of the Feedyard Assessment Database is largely dependent on state BQA coordinators extending the information to feedyards and providing them with tools to become eligible for inclusion on the database. Audiences who will have access to the password protected database are BQA coordinators, national BQA program staff, and designated cattle procurement and cattle welfare specialists for beef packing companies.

Conclusion

While Beef Quality Assurance training and certification is the first step a cattleman should take to affirm their knowledge of proper cattle management, completing the BQA Assessment best suited to their farm, ranch or feedyard will reveal opportunities to further implement BQA practices. The 2011 NBQA revealed cattlemen are doing the right thing by incorporating BQA principles in their operations. The Feedyard Assessment Database provides a venue for feedyard owners and operators to be recognized for their efforts in employee training and commitment to continuous improvement in the management of cattle under their stewardship. Being counted through the Feedyard Assessment Database also offers feedyards the opportunity to make progress in key areas identified as barriers to success in the most recent NBQA by verifying written record keeping, speaking to other industry segments in a common language and being part of the story shared with consumers of quality feedyard management. Beef Quality Assurance training,
certification and assessment resources offer management value to each farm, ranch or feedyard that incorporates them. Additionally, BQA provides the foundation for a positive message to consumers that the beef community is committed to outstanding care and handling of our cattle.

**Additional Resources**

- Feedyard Assessment: [http://www.bqa.org/assessments.aspx](http://www.bqa.org/assessments.aspx)
- 2011 National Beef Quality Audit resources: [http://bqa.org/audit.aspx](http://bqa.org/audit.aspx)
- Assessment Database: [www.feedyardassessment.org](http://www.feedyardassessment.org)

**Tags:** Beef Issues Quarterly, Issues Updates, Spring 2015
Date: March 21, 2015

The end and start of a new year is, for many people, a slow time of year—however, this often isn’t the case of issues and reputation management.

by Season Solorio, Executive Director, Issues & Reputation Management, and Joe Hansen, Associate Director, Issues Response, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The end and start of a new year is, for many people, a slow time of year—however, this often isn’t the case of issues and reputation management. From December 2014 through February 2015, there were a number of beef industry stories, including a New York Times expose about the U.S. Meat Animal Research Center (MARC) in Clay Center, Neb. and several smaller beef recalls, including J &G Foods of Sutton, Mass., recalling 34,000 pounds of ground beef sold at Wegman’s supermarkets for extraneous plastic pieces. The most predominant media coverage of any beef industry issue was the seventh and final meeting of the Dietary Guidelines Advisory Committee (DGAC) in December 2014 and the release of the Scientific Report of the 2015 Dietary Guidelines Advisory Committee in February 2015.

Background

Maintaining and strengthening consumer confidence in beef and the beef industry is critical to the long-term success of the beef industry and is a core pillar of the beef industry long-range plan. On a daily basis, the Issues and Reputation Management team, on behalf of the Beef Checkoff, carefully surveys the landscape across traditional media, broadcast media and social media to determine which issues warrant a response. Using a variety of tools, including CARMA for broadcast and traditional media monitoring and Nuvi for social media monitoring, the team overlays the data from both applications to create a clear picture of how an issue is playing out in the external environment. The team utilizes this data to create strategic responses to a variety of issues and ultimately, to maintain consumer confidence in beef. This article summarizes three of the largest beef-related issues during this time period.

Each quarter, CARMA reviews traditional media coverage and a small sampling of social media monitoring coverage and assigns a favorability rating to this coverage. From December 2014 through February 2015 a total of 705 traditional media stories and a random sampling of 925 social media mentions were analyzed as part of the quarterly monitoring report through CARMA. The random sampling of 925 social media mentions were a snapshot of more than 2,049,000 mentions of the beef industry during the same period.

As further background, given the volume of coverage related to the Dietary Guidelines, the Dietary Guidelines for Americans are updated every five years by the United States Departments of Agriculture and Health and Human Services (HHS). At the start of the process, both agencies seek nomination for the 14-member advisory committee. The committee met seven times over the course of 2014, their final meeting was on December 17. The outcome of that committee was the Scientific Report of the 2015 Dietary Guidelines Advisory Committee, which is not policy, however, is made available for public comment, as well as provided to the Secretaries of the Department of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA). Dietary Guidelines Advisory Committee (DGAC) Report to the Secretaries of Agriculture and HHS, released on Feb. 19, 2015. The Beef Checkoff has been actively involved throughout the process, including submission of 12 sets of comments to the committee. Read more about the process and the report in this BIO article.
Discussion

The New York Times expose entitled, *U.S. Research Lab Lets Livestock Suffer in Quest for Profit*, published on January 20, included allegations about pork, sheep and cattle experiments that took place at a government-owned facility. While this article did get a great deal of traditional and social media attention, there were 37 traditional media stories on the New York Times story and 15,793 online mentions, yielding 114,000,000 impressions through the end of January. Social media listening suggests that consumer sentiment was not aimed at the beef or cattle industry, but rather disappointment that, if true, these alleged actions could take place at a government-owned facility. Since this article was released, the U.S. Department of Agriculture (USDA) conducted a review of the facility and released a draft report of their findings—you can read the report [here](#). The review panel will carefully review the comments received and will then finalize its report and recommendations and provide it to USDA by March 20.

The largest volume of coverage this period was related to the Scientific Report of the 2015 Dietary Guidelines Advisory Committee, which led the coverage with more than 185,000,000 impressions and 62,986 mentions -- it’s important to know that these mentions are about the Dietary Guidelines and may not be about beef specifically. Leading up to the release of this scientific report, internal experts convened to discuss potential scenarios and strategies for how to put the report into context. However, no plans could be or were enacted until the report was reviewed by subject matter experts, including Dr. Shalene McNeill, a contractor to the Beef Checkoff. Once the DGAC Report was released, the Beef Checkoff team actively monitored the conversation online, quickly discovering that the vast majority of stories focused on three things: cholesterol, eggs and coffee. Several stories might have mentioned beef or red meat either in the headline or the body of the story, but it was not the focus of the story. While the Beef Checkoff cannot have an opinion on the scientific report, it was important for the Checkoff to share factual information about beef’s nutritional profile and improved sustainability for those people who were actively discussing the report. For the first time, the Beef Checkoff utilized proactive social media advertising to provide context in the middle of an issues response. The promoted tweet campaign focused on directing consumers who mentioned keywords to a [post about the role of lean meat in a healthy diet on the Checkoff-funded website, FactsAboutBeef.com](#). The three promoted tweets emphasized lean beef’s role in a healthy diet, the differences between the protein and caloric intake for plant-based protein and lean beef and touted the protein content of beef for the serving size. The three tweets were promoted between Feb. 19 and Feb. 28, 2015.

The results of the campaign were impressive, eclipsing pre-set measurable objectives and the industry
average for similar campaigns. Over 1 million paid impressions and nearly 75,000 paid engagements (retweets, clicks, etc.) were garnered for this campaign, with an average of 7.3 percent engagement rate; over twice the industry average for a similar campaign. Organically, the FactsAboutBeef.com post also did very well, achieving nearly 32,000 impressions and over 2,200 engagements. Overall, paid and organic, the campaign achieved an engagement rate of 7.3 percent, which is more than nearly four times the average engagement for Twitter.

The campaign also presented the opportunity to facilitate additional dialogue with consumers who have questions about lean beef as part of a healthful diet and how beef is raised through the Checkoff-funded Twitter account, @BeefFacts. Information seekers were provided with additional resources from FactsAboutBeef.com, USDA and BeefItsWhatsForDinner.com when needed and the team was able to see some neutralization of sentiment after sharing materials and further information.

The three promoted tweets emphasized lean beef and the role of lean meat in a healthy diet, including lean beef's positive role in a healthy diet. The first tweet introduced the report, the second tweet highlighted the protein and caloric intake for plant-based diets versus lean beef and the third tweet discussed the differences in protein and caloric intake for plant-based diets versus lean beef.

Conclusion

The opportunity to reactively provide targeted information and further context to an issue presented unique learnings. This strategy was extremely effective in balancing the conversation online and sharing positive messages about lean beef. Based on the success of the campaign, you can expect to see more issues-specific social media campaigns in the future, as this strategy was a great compliment to existing proactive issues response tactics.

Additional Resources

- FactsAboutBeef.com - Top Ten Questions & Answers about Beef in a Healthy Diet
- Twitter - @beeffacts
- USDA/HHS - Dietary Guidelines for Americans, 2015
- Dietary Guidelines Advisory Committee – Scientific Report [PDF]
Cow Herd Expansion Underway

Last week the USDA released the annual cattle inventory report, which confirmed what cow slaughter and heifer retention data indicated during 2014 – that expansion of the cow herd is in full swing. And now that the dust has settled with all of the revisions made by the USDA with the cattle numbers, CattleFax is working through the details to answer more specific questions related to where the expansion is occurring, by how much and what is expected going forward?

Just looking at the change in the beef cow herd from January 2014 to January 2015 shows that nearly all of the increase in the beef cow herd occurred between 4 states, Texas, Oklahoma, Missouri, and Kansas. In fact, of the 33 states whose beef cow inventory increased from 2014 to 2015, 65 percent of the growth occurred in those 4 states (+499,000 cows). Excluding those 4 states leaves 29 states with a flat to growing inventory with a total increase of 267,000 beef cows. The remaining 17 states saw a decline in their beef cow inventory totaling 158,000 cows.

Of the top 4 expanding states, Texas was by far the largest – up 270,000 beef cows, which makes sense given the amount of liquidation Texas has experienced over the past several years due to drought. This leads to the next question, where will expansion most likely continue to occur assuming Mother Nature cooperates? The easy answer is Texas and the surrounding states in the Southern Plains region have the largest potential for herd growth given the drought induced liquidation. Even looking back at the last major inventory cycle peak in 1996, Texas has lost by far the most beef cows, down 1.7 million head. Missouri is a distant second in terms of drop in beef cow inventory from its peak in 2006 when looking over the past 20 years, having lost 325,000 beef cows.

Looking across the country, the region that appears to have the second largest potential for beef cow herd growth, just based on how many cows have been liquidated over the last 20 years is the Southeast region. For the most part the states in the Southeast saw their peak inventories in 1996 and are down 1.9 million beef cows compared to the South Plains down 2.1 million beef cows over that timeframe. Specifically looking at the individual states in the Southeast shows all are down from the peak with several including Kentucky, Tennessee, Mississippi, Alabama, Georgia, and Florida all down by 200,000 cows or more. Past the South Plains and Southeast regions, the next region with the most potential for growth would be the Midwest and North Plains. The Midwest is down 650,000 beef cows from its peak in 1996 and the North Plains is down 610,000 beef cows from its peak in 2001. Keep in mind this does not take into account how much pasture and rangeland is actually available today for more beef cows.

Pasture acres have declined in nearly all regions of the country with the biggest percentage drop occurring in the Midwest – down 30 percent (-8.4 million acres) from 1997 to 2012. The Southeast has experienced a 17 percent drop in pasture acres since 1997 (-7 million acres). The South Plains has lost just 4 percent or 8.5 million acres since 1997. The North Plains and Western regions of the U.S. have also experienced 10 percent or fewer declines in pasture acres since 1997.

**Bottom Line:** The South Plains region saw the biggest increase in beef cows this past year and looking forward will have potential for more expansion assuming Mother Nature allows. Other regions of the U.S. also have potential for expansion, but pasture and range acres may be a limiting factor.

### Regional Change in U.S. Beef Cows

2015 vs. 2014

![Chart showing regional change in U.S. beef cows](chart.png)

- **NW (Northwest):** +9K (+1%)
- **SW (Southwest):** 0%
- **NP (Northeast Plains):** 0%
- **SP (South Plains):** +473K (+6%)
- **MW (Midwest):** +136K (+3%)
- **SE (Southeast):** +34K (+1%)
- **NE (North Plains):** -4K

Source: USDA

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2015 Corn and Soybean Acreage

We are now in the middle of the key timeframe in which the market focus on potential acreage for 2015 intensifies. Since the fourth quarter of last year, market economics have pointed towards another increase in U.S. soybean acres for 2015 and another decline for corn acreage. However, existing crop rotations, market economics and spring planting conditions will be the key drivers for producer decision making.

Each year the USDA Ag Outlook session in late February is the first peek at the agency’s early guesses for principal crop acreage shifts, followed by the Prospective Plantings report in late March. Since last fall the new crop soybean to corn ratio (November ‘15 soybean futures divided by December ‘15 corn futures) has traded at historically high levels – meaning soybean prices were high relative to corn prices. Back in early November, new crop soybean futures prices were trading at nearly 2.5 times the new crop corn futures prices, but the ratio has now declined back to 2.3-2.4. The higher this ratio is, the higher new crop soybean prices are relative to new crop corn prices. For perspective, in 2008 and 2014 the new crop soybean to corn price ratios were on the high side of the historical range, from 2.35 to 2.56, during a large portion of the key decision making timeframe for producers. As a result, these ratios supported the two largest declines in U.S. corn acres relative to soybean acres in over 30 years. The corn to soybean acreage ratio declined 21 percent in 2008 and 13 percent in 2014. Corn acreage is expected to lose to soybean acreage again in 2015, but not to this magnitude. As U.S. soybean acreage has trended higher, a growing portion of that acreage has been planted outside of the Midwestern states. In 2014, 41 percent of U.S. planted corn acreage was outside of the Midwestern states compared to 44 percent of soybean acreage.

Bottom Line: Potential profitability and spring planting conditions will ultimately determine producers’ acreage decisions for 2015. However, the combination of higher input costs for corn production over soybeans and a waning net advantage (on a per acre basis) for corn over soybeans suggests another decline in the corn to soybean acreage ratio is likely. An increase of 2 to 3 million planted soybean acres is expected while corn acreage declines by 1 to 2 million.

Cattle Inventory

The total U.S. cattle inventory increased 1.1 million head in 2014 and totaled 88.9 million head on January 1, 2015, which is the first increase since 2007. This is still the second smallest inventory level since the early 1950’s.

The beef cow herd was up 450,000 head (+1.6%) on January 1 and totaled 29.5 million head. Beef cow slaughter declined for the third year in a row in 2014 and was down 570,000 head versus 2013 – over the past three years beef cow slaughter has declined more than 1.2 million head. Even more importantly, the drop in 2014 suggests the industry culled 9 percent of the total beef cow herd in 2014, which is finally dropping back towards expansion levels. Beef cow slaughter saw the largest shift ever within a single year going from liquidation mode in January through April to expansion mode from May to December.

The dairy cow herd increased 80,000 head in 2014 and totaled 9.3 million on January 1. Lower feed costs and strong demand led to a very profitable year for dairy producers in 2014. However, lower milk futures and slowing global economies indicate the profit potential today for 2015 may not be quite as high, which may lead to slower growth in the dairy cow herd in 2015.

Beef replacement heifers were up 250,000 head totaling 5.7 million head and dairy replacement heifers were up 60,000 head totaling 4.6 million head. Looking at the number of heifers in the fed slaughter mix indicates producers are retaining heifers. Heifer slaughter as a percentage of fed slaughter in 2014 was 35.3 percent, which is the lowest percentage since 1994.

The 2014 calf crop was down 330,000 head and totaled 33.6 million head. This is the 19th year in a row in which the calf crop has declined. With the larger beef cow herd, the 2015 calf crop is forecast to increase for the first time since 1995 by an estimated 550,000 head.

As of January 1, 2015 the feeder and calf supply outside of feedlots was down 700,000 head (-3%) and totaled 24.0 million head. The smaller 2014 calf crop is the driving factor for the lower feeder and calf supply. The utilization rate, or cattle on feed as a percentage of the total available feeder and calf supply, was at 34.9 percent on January 1 which is still the 3rd highest in history. The competition for a declining feeder and calf supply remains high to start 2015. Going into 2016 will be the first time since 2007 that the beef industry will see larger available feeder and calf supplies to eventually add into the slaughter mix.

| Source USDA | Potential profitability and spring planting conditions will ultimately determine producers’ acreage decisions for 2015. However, the combination of higher input costs for corn production over soybeans and a waning net advantage (on a per acre basis) for corn over soybeans suggests another decline in the corn to soybean acreage ratio is likely. An increase of 2 to 3 million planted soybean acres is expected while corn acreage declines by 1 to 2 million. |