Letter from the Editor

Date: June 21, 2014

Summer is officially here, and we’re kicking it off with a Beef Issues Quarterly that’s packed with content including a digital advertising update, the impact of beef prices, producer perceptions about Beef Quality Assurance and much more.

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

Dear readers,

Summer is officially here, and we’re kicking it off with a Beef Issues Quarterly that’s packed with content including a digital advertising update, the impact of beef prices, producer perceptions about Beef Quality Assurance and much more. Regardless of what area of the industry you are interested in, we hope you find something of value.

One of the primary goals of BIQ is to look toward the future and understand trends that may be on the horizon for our industry. Through research and a science-based approach, we are focused on contributing to the conversations taking place about the various topics covered in this publication.

As you all know, there isn’t a shortage of things going on in the beef industry, and the BIQ Trends Advisory Panel – which includes industry thought leaders and staff experts – came up with a great lineup of articles that we feel are timely and important to discuss. As always, this wouldn’t be possible without the panel’s tremendous foresight and leadership. 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*; and Daren Williams, NCBA*.

As we work to grow the readership of BIQ, we also ask that you encourage friends, family and colleagues who might be interested in this publication to sign up for the electronic version. Please contact us any time to let us know what you think of 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, Summer 2014
A Healthy Discussion about Saturated Fat: A Perspective on Beef & Healthful Dietary Patterns

Date: June 20, 2014

The definition of a healthy diet is changing. Nutrition experts, educators and authors are pushing the conversation about the unintended consequences of long-standing dietary advice and the resulting challenge Americans face in following current dietary guidance.

by Shalene McNeill, PhD, RD, Executive Director, Human Nutrition Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff and Richard Thorpe, MD, former chair of the Joint Nutrition Subcommittee and rancher, Mesa T Ranch

Summary

The Landscape Defining a Healthful Diet is Changing

The definition of a healthy diet is changing. Nutrition experts, educators and authors are pushing the conversation about the unintended consequences of long-standing dietary advice and the resulting challenge Americans face in following current dietary guidance. From plant-based and gluten-free diets to the Mediterranean lifestyle and Paleo approach, there’s a wide range of eating patterns being debated by the public health community – and varying amounts of scientific evidence to support these recommended diets.

Background

A new book by Nina Teicholz, The Big Fat Surprise: Why Butter, Meat and Cheese Belong in a Healthy Diet, is the latest contribution to this national dialogue, with a specific emphasis on the association between saturated fat and cardiovascular disease. As the book points out, there have been a growing number of research studies and commentaries by scientists in peer-reviewed journals reevaluating the role of saturated fat in heart disease risk, including concerns about the unintended consequences of a low-fat diet. In fact, a recent review of more than 70 clinical studies indicates that there may not be enough evidence to conclude that a diet rich in polyunsaturated fats (from fish, nuts, seeds and plant-based oils), but low in saturated fats, actually reduces the risk of cardiovascular disease.

But while this new book focuses on saturated fat’s role in health, the debate is much broader, focusing on the consequences stemming from a population-based approach to a “healthful diet” based on today’s food supply and environment, compared to a more personalized set of recommendations that recognizes individual needs and goals. In addition, for many years, research has illustrated that an emphasis on individual nutrients, such as fat, may not support health – and in fact, could have the opposite effect. For example, at a time when Americans were eliminating saturated fat in their diet, they may have inadvertently been consuming more calories from foods that did not deliver important nutrients such as refined grains like white bread, regular white pasta, pastries and non-nutrient dense snack foods. This reinforces the need for further research to understand the role and combination of all nutrients in a healthful diet.

The current national dialogue on healthy diets is a welcome and important part of the process that triggers more nutrition research and education to ultimately improve our health and wellbeing. The Beef Checkoff, on behalf of America’s farmers and ranchers, remains committed to contributing to the dialogue by sharing scientific research and conducting education efforts.

Discussion
The Evolution of the Saturated Fat Discussion

Beef has been in the cross hairs of the saturated fat conversation. An important milestone in that discussion has been The Big Fat Surprise, especially given the interest it has received. Over time, saturated fat intake has been increasingly linked to beef consumption, but the reality is that 10 percent or less of saturated fat and total fat in the American diet comes from beef. And, about half of the fatty acids in beef are heart-healthy monounsaturated fat. There’s clearly an opportunity and need to set the record straight on the evidence surrounding beef and saturated fat. To address this need, among other efforts, the Beef Checkoff has supported more than 35 studies since the 1980s to determine the association between saturated fat, beef intake and heart health, and the entire beef community has worked from “gate to plate” to provide a significantly leaner variety of steaks, roasts and ground beef.

One piece of recent, breakthrough evidence is the “Beef in An Optimal Lean Diet” (BOLD) research, which showed that, contrary to conventional wisdom, a heart-healthy diet and lifestyle that includes lean beef, even daily, can improve cholesterol levels and reduce blood pressure. The BOLD research was a significant milestone in understanding the role of beef in heart disease because it incorporated lean beef into a dietary pattern consistent with the Dietary Approaches to Stop Hypertension (DASH) approach, which is well-recognized for supporting heart health and primarily emphasizes plant proteins. Importantly, the improvements in heart-health risk factors seen from the BOLD diets were as effective as those from DASH.

In addition, while this book is gaining attention now, the dialogue about the unintended consequences of a low-fat diet is not necessarily new. Initiated, in part, from the perspectives that were widely promoted by experts such as Dr. Robert Atkins and other medical and scientific advocates of low-carbohydrate, high-fat diets, the science community has conducted rigorous research to test the effect of various diet approaches on weight management and overall health for the past several years. This work continues to demonstrate the complexity of the issue and the need to more thoroughly understand the ideal ratio of all macronutrients in the diet for health and the unique impact of that ratio on different individuals.

Beyond Fat: Exploring the Role of All Nutrients for Health

As the research in this area has evolved, the attention on saturated fat – and particularly its impact on heart health – has sparked a deeper look into the role of the other macronutrients in health: carbohydrates and protein. In particular, the ratio or combination of carbohydrate, fats and protein in the diet is a hot topic in nutrition research.

One of the realities of this type of research is the attention it draws to the impact of how macronutrients are selected and replaced in a daily diet, to meet total energy needs. For example, low-carbohydrate diets are usually higher in fat, while low-fat diets are often higher in carbohydrates. Interestingly, protein is the one macronutrient that has remained at a consistent level of intake in both approaches: low-carbohydrate and low-fat. In this respect, until fairly recently, the role of protein was an underappreciated piece of this dietary puzzle.

In response to questions raised by nutrition researchers who are examining these questions, the beef checkoff has supported substantial nutrition science and education to elevate the need for more protein research to explore the benefits of high-quality protein in health and wellness. A significant body of research supported by the Beef Checkoff and others has demonstrated the role of high-quality protein, like beef, in helping to maintain a healthy weight, sustain weight loss and keep a favorable body composition over time.

For instance, it’s well-documented that moderate-protein diets combined with exercise are an effective way to sustain weight loss and enhance body composition, by decreasing body fat and preserving lean mass. Checkoff-supported research has demonstrated that increasing the proportion of high-quality protein (like the protein in beef) to carbohydrates in the diet may have positive effects on body
composition, as well as blood lipids, glucose control and satiety during weight loss. In addition, research shows eating a protein-rich meal or snack can help you feel full longer. These benefits are examples of the type of mounting evidence that demonstrates the significance of protein – and the optimal mix of protein, carbohydrates and fat – in promoting health.

The Beef Checkoffs Role in Contributing to an Evidence-Based Dialogue

At a time when more than one-third of Americans are obese, and half of the U.S. population is expected to be diagnosed as diabetic or pre-diabetic by 2020, there is an urgent need to reexamine the evidence and define the optimal diet for individual health. Americans are increasingly struggling with how to follow current dietary guidance, and evidence indicates that a population-based (or “one-sized-fits-all”) approach to dietary recommendations has not always resulted in American’s improved health. As a result, recommendations that get “back to basics” and define the optimal mix of carbohydrate, fat and protein for personal health and wellness are emerging.

In the context of this dialogue, it’s important to focus recommendations on the scientific evidence while recognizing the complexity of the optimal diet for human health. Several studies throughout the last few years have pointed out the unintended consequences of eliminating or emphasizing one nutrient or food in the diet, including animal products like beef. Long-standing scientific evidence and current dietary guidance continue to reinforce the role of the total diet and an overall balanced approach, including high-quality protein like beef, whole grains, low-fat dairy, fruits and vegetables, to support a healthy lifestyle. As the scientific community defines food choices and patterns for health, evidence continues to demonstrate beef’s role as a high-quality, nutrient-dense protein that sustains, satisfies and offers versatility for health, including heart health.

**Conclusion**

Americans deserve realistic, actionable support to build healthier diets that can be maintained over the long term. While we all crave balance, we want healthier diets we can enjoy. Beef offers a unique range of choices that contribute to a variety of personal dietary patterns and deliver an experience that both satisfies and delivers a delicious nutrient-dense package. The Beef Checkoff continues to engage and contribute to this national dialogue by providing a variety of wholesome, high-quality beef choices that support health and wellness goals; advancing scientific research to better understand how the beef eating experience contributes to health; and supporting educational forums and resources to translate and apply published science to Americans’ lives.

**Additional Resources**

- [The BOLD Study: Beef in an Optimal Lean Diet](#)

**Tags:** Beef Issues Quarterly,Summer 2014,Trends Analyses
The U.S. protein market is a dynamic series of transactions linking all protein sources: beef, pork, poultry, as well as smaller markets like lamb and seafood. This is obvious even from our transactions at a grocery store meat counter. We enter the store with a set of preferences regarding what meat we wish to buy, compare quality and price levels of the meat options, and ultimately make a purchase.

**by Marcus Brix, Analyst, CattleFax**

**Summary**

The U.S. protein market is a dynamic series of transactions linking all protein sources: beef, pork, poultry, as well as smaller markets like lamb and seafood. This is obvious even from our transactions at a grocery store meat counter. We enter the store with a set of preferences regarding what meat we wish to buy, compare quality and price levels of the meat options, and ultimately make a purchase. While choices vary by consumer, we generally accept that beef, pork and poultry are substitutable protein sources. So the amount of one protein we purchase in the store is somewhat dependent not only on that protein’s price, but also the relative price of a competing protein. Price is clearly not the only decision factor when choosing between competing proteins, but it is very relevant today to beef marketers as tight supplies lead to record prices. Many expected higher beef prices to weaken demand, but so far demand has remained strong and 2014 has proven to be an interesting example of the complex relationship between competing protein markets. We will explore this system further by examining supply and demand for beef, pork and poultry.

**Background**

Cattle inventory is currently at its lowest level since 1952. An ongoing drought cycle and several years of negative feedlot returns drove producers to drastically reduce herds in 2011 and 2012. The re-expansion phase is progressing but drought is still heavily affecting the Great Plains and the Pacific Coast. The total cattle inventory declined 1.8 percent from 2013, and is not estimated to see a year over year increase until 2016. Year to date, the number of cattle placed on feed is down 4 percent. Also important to note is the shifting of where these cattle are being produced, a disproportionate amount of the decline in herds has taken place in the south. Since 2011, the U.S. beef cow herd declined by roughly 1.8 million head – 62 percent of those, or 1.1 million head were located in Texas.

**Discussion**

Beef production is estimated to be down 3.5 percent compared to last year, with a total supply of 24.8 billion pounds. As a testament to modern production efficiency, it’s worth noting that although inventories are at nearly the same level as the 1950s, we will produce more than 2.6 times the volume of beef from the same size herd. Per capita net beef supply is forecast to be down two pounds (-3.6 percent) for the year and total 54.4 pounds per person.

So far in 2014, the tighter beef supply has led to higher prices. Boxed beef values are moving steadily higher and will likely be supported through the grilling season. The composite beef cutout is trending at record high levels, averaging $226.38/cwt. for the month of April. This is compared to an average of $190.03/cwt. in April, and a yearly max of $206/cwt in 2013. Prices at the retail counter are higher as well, averaging $5.50/lb. in April versus $4.86/lb. in April of last year. Higher prices have not done much to reduce consumers demand for beef, in fact through April retail beef demand is estimated to be even with last year.
Beef isn’t the only protein in a tight supply situation. The pork industry is still pinched down trying to combat the Porcine Epidemic Diarrhea virus, or PEDv. Although CattleFax analysis suggests barrow and gilt slaughter response to PEDv has so far been less than previously expected, it is still an issue weighing on the hog market as slaughter levels are trending lower into the summer. With above average hog prices, producers have chosen to keep pigs on feed for a longer period of time and increase weight gain. Average carcass weights in April were nearly 10 lbs. higher than the previous five year average. Pork supply per capita is forecast to be down about two pounds (-4 percent) for the year and total 45 pounds per person.

Wholesale pork prices have moved sharply higher, coming to a peak of more than $130/cwt in March, and have settled back to the low to mid-$110s. This price level is testing the previous highs set back in 2011 and is potentially liable to go higher seasonally into the mid-summer. Retail prices are higher, averaging $3.95/lb. in April versus $3.51/lb. in April of last year. Despite higher prices, retail pork demand is estimated to be up 4 percent through April compared to 2013.

Tight supplies for competing proteins have been supportive of poultry prices, otherwise poultry markets have been operating normally. So far in 2014, the number of broiler-type egg sets is only about 1 percent higher than 2013 levels and right in line with the five year average. The number of broiler chicks placed is also very much in line with 2013, only 0.2 percent higher. Broiler slaughter in 2014 has been erratic from week to week, but on average is just slightly below 2013, down 1.8 percent. For the year, per capita net broiler supply is expected to be up about one pound (+1 percent) and total 83.1 pounds per person.

Behaving much like the current production trends, broiler prices have remained near their five year average. Wholesale broiler prices averaged $0.859/lb. for the month of April. This is compared to an average of $0.907 in 2013. At the same time, 2014 retail broiler prices are up to $1.93/lb. from $1.91 in 2013. And as a result, retail broiler demand is estimated to be up 1 percent through April compared to last year.

Conclusion

Lower feed costs and steady demand for all protein segments should be supportive of supply growth for beef, pork and poultry producers. The growing potential for an El Nino weather year and a chance to bring more rain to drought stricken areas is creating optimism among cattle producers in those regions. Reported cases of PEDv are continuing to drop, a favorable trend for the pork industry. High prices of competing proteins will encourage poultry producers to meet constant demand from their customers. Using today’s historic price levels as a signal to move, expect protein supplies to increase over the next two years.

Additional Resources

- www.cattlefax.com
Background

Choosing between competing proteins, but it is very relevant today to beef marketers as tight supplies lead to higher prices. Choosing between beef, pork and poultry, producers are responding to the price and demand for each protein. The U.S. protein market is a dynamic series of transactions linking all protein sources: beef, pork, poultry, and is potentially liable to go higher seasonally into the mid summer.

Summary

The U.S. protein market is a dynamic series of transactions linking all protein sources: beef, pork, poultry, and is potentially liable to go higher seasonally into the mid summer.

Tight supplies for competing proteins have been supportive of poultry prices, otherwise poultry markets are at nearly the same level as the 1950s, we will produce more than 2.6 times the volume of beef from 1950s by 2062. Beef production is estimated to be down 3.5 percent compared to last year, with a total supply of 24.8 billion pounds.

Cattle inventory is currently at its lowest level since 1952. An ongoing drought cycle and several years of negative feedlot returns drove producers to drastically reduce herds in 2011 and 2012. The reduction in cattle inventory has taken place in the south. Since 2011, the U.S. beef cow herd declined by roughly 1.8 million head and is potentially liable to go higher seasonally into the mid summer.

Background

Additional Resources

www.cattlefax.com

Tags: Beef Issues Quarterly, Summer 2014, Trends Analyses
This year marks a historic milestone for the “Beef. It’s What’s For Dinner.” brand. “Beef. It’s What’s For Dinner.” launched a new all-digital advertising campaign for the first time ever. In just a short amount of time, the campaign – using an integrated digital media plan – has been a success, generating around 65 million impressions during the campaign’s first three weeks.

by Mackenzie Jordan, Manager, Communication Content, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Contributor:
Michele Murray, Senior Executive Director, Integrated Communications, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary
This year marks a historic milestone for the “Beef. It’s What’s For Dinner.” brand. “Beef. It’s What’s For Dinner.” launched a new all-digital advertising campaign for the first time ever. In just a short amount of time, the campaign – using an integrated digital media plan – has been a success, generating around 65 million impressions during the campaign’s first three weeks.

Background
In the more than 20 years that the “Beef. It’s What’s For Dinner.” brand has existed, the advertising campaign has included print, radio and television spots to promote beef. Market research and consumer insights prompted findings around the new target audience, the older millennial parent, which is the next generation of beef consumers. The campaign needed to go digital to communicate with this tech-savvy consumer. Thus a very targeted and focused digital advertising campaign was born, specifically to reach older millennial parents with beef information so they continue to purchase, prepare and enjoy beef with family and friends. Through an integrated media plan including social media and paid social advertising, strategic partnerships with websites visited frequently by the target audience, online videos, a new microsite, banner ads, and paid and organic search, the “Above All Else” digital advertising campaign is reaching the millennial consumer like never before.

Discussion
In the first three weeks of the campaign, BeefItsWhatsForDinner.com has already seen great results. These results can be attributed to the integrated media plan that uses a variety of platforms and digital strategies to reach older millennials online.

Social Media
Millennials are the most mobile and social generation to date – they are always connected. More than 87 percent use social media – 35 percent of which use social media three or more times a day. Additionally, social media plays a large role in meal inspirations and recipe sharing among millennials. This offers a great opportunity for beef to reach Americans through social media advertising and targeted social media campaigns based on what they’re posting or sharing through their social channels.

The “Beef. It’s What’s For Dinner.” Facebook page and Twitter handle frequently share visually appealing
topical posts around seasonal and holiday meal ideas and cooking techniques to engage fans and encourage interaction. One way “Beef. It’s What’s For Dinner.” is engaging fans (roughly 845,000 across Facebook and Twitter) is through the #momwins social media campaign, which encourages Americans to use the hashtag #momwins, #dadwins or #familywins to share everyday victories of parenthood and with food – whether it’s a celebration of making an amazing weeknight meal the kids love, showing-off cooking skills or sharing kitchen knowledge.

Social posts from Facebook and Twitter

Examples of #momwins

Site Partnerships

In the first three weeks of the campaign, strategic partnerships with sites including Parents.com, AllRecipes.com, MyRecipes.com, FoodNetwork.com and more have generated more than nine million quality impressions for “Beef. It’s What’s For Dinner.” These partnerships consist of home page takeovers (banner ads and wallpapers on the site that highlight beef’s ease of preparation, nutrition benefits and savory taste) and recipe integrations (partners add “Beef. It’s What’s For Dinner.” recipes and culinary information seamlessly on their websites). MyRecipes.com has delivered the most impressions to date, while TasteoffHome.com has driven the most consumers to BeefItsWhatsForDinner.com.

Example of a banner ad

Above All Else Microsite

The newly launched microsite is an extension of BeefItsWhatsForDinner.com and highlights the value beef brings to the table in terms of ease, taste and nutrition. The microsite is made up of three main pages: Keep It Simple, Fuel Great and Savor Success.

Screenshot of microsite home page

Keep It Simple focuses on the ease and convenience of beef. To capture just how easy it is to prepare a delicious meal with beef in 30 minutes or less, five “no-recipe recipe” videos were created and are featured at the top of the page: Stress-Free Grilling, Easy Lean Burgers, DIY Tacos, Stir Fry for Small Fries and Satisfying Salads. In addition to the videos, visitors can browse a variety of quick and easy beef recipes.

Screenshot of Keep It Simple page

Fuel Great takes visitors on beef’s nutrient journey. Everyone knows beef is an excellent source of protein, but what about the other nutrients it offers? Visitors learn the importance of all 10 nutrients beef provides and what each does for your body and mind. This page also features nutritious lean beef meals that will keep consumers feeling satisfied.

Screenshot of Fuel Great page

Savor Success emphasizes the flavor possibilities of beef – and they’re endless! With articles like “Pairing Beef with Seasonal Vegetables,” “Mastering Steak on the Grill,” and “Flavor Up with Marinades & Rubs,”
visitors can feel confident that their next beef meal will be one everybody loves. Savor Success also offers some crowd-pleasing recipes that are sure to delight even the pickiest eater’s taste buds.

**Conclusion**

The new “Beef. It’s What’s For Dinner.” digital advertising campaign has already been extremely successful and is expected to continue on that track. In the first three weeks alone, website page views increased 250 percent, and BeefItsWhatsForDinner.com is averaging 50,000 visits per week, 90 percent of which are considered new visitors. Site partnerships have generated more than 9 million high quality impressions since the beginning of May and paid search has attracted more than 60,000 users to BeefItsWhatsForDinner.com looking for meal options or beef information.

**Additional Resources**

1. Simmons Winter 2013 US Adult 6-Month Survey
   - #Socialnomics 2014 by Erik Qualman

**Tags:** Beef Issues Quarterly, Summer 2014, Trends Analyses
Q&A: What is FMD and Why Is the Beef Industry Preparing In Advance of an Outbreak?

Date: June 2, 2014

The United States has been free of foot-and-mouth disease (FMD) since 1929. Foot-and-mouth disease is not a public health concern, however, it is a highly contagious serious animal disease that affects animals with cloven (divided) hooves, such as cattle, pigs, sheep, goats and deer and has the potential to sound scary to consumers who may not be familiar with the disease.

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

Summary:

The United States has been free of foot-and-mouth disease (FMD) since 1929. Foot-and-mouth disease is not a public health concern, however, it is a highly contagious serious animal disease that affects animals with cloven (divided) hooves, such as cattle, pigs, sheep, goats and deer and has the potential to sound scary to consumers who may not be familiar with the disease. The cross-species communications group, made up of communications experts from beef, dairy, sheep and pork have worked together for the past decade to develop a communications plan and resources should there be an outbreak. Season Solorio, Executive Director, Issues and Reputation Management and Daren Williams, Senior Executive Director, Communications for the National Cattlemen’s Beef Association, a contractor to the Beef Checkoff, provide their thoughts on the importance of crisis communications preparedness efforts.

Q: What is FMD?

Season Solorio (SS): Foot-and-mouth disease is a serious animal disease that affects animals with cloven (divided) hooves, such as cattle, pigs, sheep, goats and deer. Foot-and-mouth disease is highly contagious and debilitating to the animals it affects, but is not a human health or food safety concern. FMD affects the animals' appetites, which can affect their ability to maintain weight or produce milk. As a result, FMD poses a severe economic risk to the agricultural and food industry as an outbreak would significantly affect meat and dairy production. Because we haven’t had the disease in the United States since 1929, most consumers have very little awareness of FMD and may question the safety of meat if the disease is discovered in the U.S. We’re working with other species groups that could be affected by an outbreak on a communications and crisis plans in advance of an outbreak to ensure a consistent, reassuring message.

Q: Why haven’t we had FMD in the U.S. since 1929?

Daren Williams (DW): The United States’ FMD-free status is due in part to the fact that the U.S. government and the nation's livestock producers have extensive prevention, surveillance and response measures in place to prevent the re-introduction and spread of the disease. Efforts are currently in place to protect the herd and the environment, such as continuously monitoring for FMD in the United States and around the world. The USDA Animal and Plant Health Inspection Service (APHIS) also works with Customs and Border Protection to screen for people or products that could carry the FMD virus into the United States at our ports of entry. Any imports of susceptible animals or animal products from FMD-affected countries are prohibited.

Q: Can people or pets get FMD?

SS: In the event of an outbreak in the U.S. it will be critical to reassure consumers that FMD is not a threat to public health or food safety and does not affect the safety of pasteurized milk and meat sold in
supermarkets and restaurants. We will also need to clear up any confusion between FMD and Hand, Foot and Mouth Disease (HFMD), a common viral illness of infants and children, or BSE, commonly known as “mad cow disease.” The fact is dogs, cats, horses, and other animals without cloven hooves, are not susceptible to FMD.

**Q: What are the potential economic ramifications of an FMD outbreak in the U.S.?**

**DW:** Foot-and-mouth disease is one of the most **economically damaging animal diseases in the world** and currently exists in more than 100 countries. Because of the potential for rapid spread, with nearly 100 percent of exposed animals ultimately becoming infected, an outbreak of FMD could have very **sizeable economic** consequences that would be felt by many sectors of the U.S. economy, not just agriculture. The degree of economic impact would depend on how quickly the disease is identified and contained. If the outbreak is controlled quickly and eliminated — as with the last U.S. outbreak in 1929 — the damage could be limited. However, if the disease becomes widespread, the economic loss could easily reach billions of dollars.

**Q: What has been done to prepare for an FMD outbreak?**

**SS:** When an FMD outbreak devastated the United Kingdom in 2001, communications and issues management experts from the National Pork Board, Dairy Management Inc., the American Sheep Industry Association and the National Cattlemen’s Beef Association (a contractor to the Beef Checkoff) came together to form the FMD Cross Species Communications group and started proactively preparing communications efforts should an FMD outbreak happen in the United States.

Over the past decade, the FMD Cross Species Communications group, working on behalf of livestock producers and their checkoff organizations, have worked together to:

- Create a unified crisis communication plan for the livestock industry
- Collaborate on consumer-tested FMD messages
- Coordinate with government communications professionals at the Animal Plant Health and Inspection Services department of the U.S. Department of Agriculture who would be instrumental in communicating in the event of an outbreak

**Q: Tell us more about the communications work that’s been done in advance?**

**DW:** As part of this planning process, we have written and frequently updated consumer messages. In 2013, we conducted additional consumer research to understand current awareness and knowledge levels regarding FMD and to assess consumers’ understanding and acceptance of various FMD messages. Specifically, the latest consumer insights found that:

- People think they’ve heard of FMD — but they most often have it confused with hand, foot and mouth disease, a common childhood disease, and they also tend to confuse it with bovine spongiform encephalopathy and other three-letter diseases.
- The internet and social media have increased the desire for information-gathering consumers. People are interested in knowing more in the event of an outbreak and want more detail than anticipated, including the location of the outbreak, species involved, actions taken to contain the outbreak, assurance of vaccine testing and approval and what happens to the euthanized animals.
- People want reassurance, meaning that they want to know that the livestock industry, government and others involved in the outbreak are coordinating efforts and that there is a plan in place. In fact, being able to talk about how the government and livestock groups are working together to contain the disease and are the most reassuring to consumers and the most likely to instill confidence.

**Q: So how do we effectively communicate in the event of an FMD outbreak?**
SS: The bottom line is that, in the event of an FMD outbreak, communications should:

- Assure consumers of food safety and what is being done to contain the outbreak
- Reference trusted and credible organizations and sources
- Provide resources for additional information
- Integrate a human element

Q: Where can people go to get more information or resources about FMD?

DW: If you need to direct consumers or producers to find more information on FMD, visit FootAndMouthDiseaseInfo.org, a partially Beef Checkoff-funded website which contains resources for consumers, media and producers about FMD and which would be the go-to source of information if there were to be an FMD outbreak in the United States.

Additional Resources:

- FootAndMouthDiseaseInfo.org website
- Animal Plant Health and Inspection Service Fact Sheet

Tags: Beef Issues Quarterly, Questions and Answers, Summer 2014
The Impact of Higher Beef Prices: What’s Really Happening?

Date: June 14, 2014

Much attention is being paid to the higher cost of beef, yet sales data and market research show demand for beef remains strong. Beef continues to be a cornerstone of the retail meat case, it’s featured on almost every restaurant menu, and Americans continue to purchase beef, even at higher prices.

by Mackenzie Jordan, Manager, Communication Content, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Contributors:
Michele Murray, Senior Executive Director, Integrated Communications, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff
John Lundeen, Senior Executive Director, Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

Much attention is being paid to the higher cost of beef, yet sales data and market research show demand for beef remains strong. Beef continues to be a cornerstone of the retail meat case, it’s featured on almost every restaurant menu, and Americans continue to purchase beef, even at higher prices.

Background

Overall food prices are estimated to increase between 2.5 to 3.5 percent in 2014. Meats, poultry and fish, specifically, are forecasted to increase 3 to 4 percent this year. If you compare current beef prices to the same time period a year ago, the price is up about 13 cents more per serving.2

Americans are beginning to see higher food prices when shopping and dining out. But the rising cost of beef is not deterring Americans from buying beef at the store or enjoying a beef meal at their favorite restaurant. Overall, 90 percent of Americans say they are still enjoying beef on a monthly basis, and more than 70 percent say they find steak prices acceptable at the grocery store and in restaurants.3 The demand for beef is strong and we are seeing this demand in the form of higher prices.

So the question is this — how are higher beef prices affecting retail and foodservice operators and consumers and how are they responding, and what is the outlook for beef?

Discussion

How are Americans responding to higher prices?

Americans are continuing to purchase and enjoy beef, and they’re willing to pay more for it. A recent food demand survey conducted by Oklahoma State University showed consumers were willing to pay $6.35 per pound for a steak and only $4.63 for a chicken breast and $3.51 for a pork chop at the store.4

Americans, specifically older millennial parents, are placing more importance on the value of food quality, taste and meal experience than the price of their food.5 Millennials are willing to pay more for high-quality foods like beef because it delivers on taste and quality like no other protein.

How are higher prices affecting retail operators?
When it comes to retail, dollar sales are king, and beef sales are vitally important to a healthy meat department. Beef is – and should continue to be – a focal point of every grocer’s meat department merchandising and marketing efforts. Not only does beef net more sales, pound for pound, than pork or chicken, it also makes up 8 percent of total supermarket sales and accounts for 49.5 percent of dollars sold in meat-case sales. 

Beef drives traffic to stores and the meat case during the grilling season. And Americans say they’re twice as likely to visit a grocery store that is promoting beef for grilling, over a store that promotes any other protein. 

In order to keep beef on the tables of Americans, retail operators are beginning to focus on consumer education, staff training and emphasis on customer service as a competitive differentiator. BeefRetail.org provides retailers the tools to enable their staff to offer better service and help shoppers navigate the meat case, and in turn, drive beef sales. The Beef Checkoff also provides resources for shoppers to use on the go, such as the 6 Ways to Save infographic on BeefItsWhatsForDinner.com, which offers money-saving tips for shoppers looking to buy beef. Some of these tips include considering the price per serving, buying in bulk or family packs, and looking for deals. In addition, the Interactive Butcher Counter on BeefItsWhatsForDinner.com offers a search tool for economical cuts for those interested in more budget-friendly beef cuts.

How are higher prices affecting foodservice operators?

Beef’s performance in foodservice is remarkably solid despite operators’ higher food costs. In fact, beef volume increased by 79 million pounds in the past year*, to a total of 8 billion pounds. As the economy strengthens, Americans are going out to eat more often. Overall foodservice industry sales increased 3.2 percent to $682.3 billion in 2013 – and beef is their protein of choice.

Restaurant-goers who order steak report a higher satisfaction with their meal, they spend more and they are very likely to continue visiting a restaurant. Research shows that Americans spend more at a restaurant when they order a steak as an entrée, resulting in a higher check (27 percent higher than ham/pork and 53 percent higher than chicken). Additionally, steak drives the sales of other menu items, like side salads, alcohol and desserts. Operators know this; nearly all (97 percent) of restaurant operators feature beef on the menu.

And since the recession, foodservice operators are constantly evolving their menu to manage their food costs, while at the same time continuing to menu their mainstay steaks like sirloin, top loin and ribeye.

One way foodservice operators can weather higher prices is by promoting a variety of beef cut options, learning how to fabricate cuts most effectively, and stressing beef’s flexibility through new culinary ideas, preparation and serving tips. To assist operators in this effort, the Beef Checkoff provides tools and resources that educate operators on making the most of the beef they’re buying, menuing new beef dishes and understanding the current trends that drive millennials to purchase beef. Many of these resources can be found at BeefFoodservice.com.

The Outlook

We’ve talked about what’s happening among consumers and retail and foodservice operators because of higher beef prices, but how are farmers and ranchers responding?

A tight cattle supply, primarily due to the prolonged drought impacting many cattle-producing states, is just one of the factors impacting higher beef prices. According to Dr. Joseph Glauber, Chief Economist,
Much attention is being paid to the higher cost of beef, yet sales data and market research show demand for beef remains strong. Beef continues to be a cornerstone of the retail meat case, it is featured on almost every restaurant menu, and Americans continue to purchase beef, even at higher prices. As likely to visit a grocery store that is promoting beef for grilling, over a store that promotes any other protein.

When it comes to retail, dollar sales are king, and beef sales are vitally important to a healthy meat category. How are beef prices affecting retail operators? Retail operators are beginning to focus on consumer resources to educate consumers on the value of beef, tips for shoppers looking to buy beef, and offers a search tool for economical cuts for those interested in more budget options.

Overall, 90 percent of Americans say they are still enjoying beef on a monthly basis, and more than 70 percent say they find steak prices acceptable at the grocery store and in restaurants. So the question is this: How are Americans responding to higher beef prices?

Conclusion
Despite tighter cattle supply and the increasing cost of food across the board, beef demand is the highest it’s been in years.

*Between 2013, year ending October 1, as compared to the same time period ending October 1 of 2012.

Additional Resources

5. Consumer Beef Index, July 2013, funded by the Beef Checkoff.
6. Beef’s Value to Retail, 2014. (is this funded by beef checkoff too?
8. CREST® year ending September 2012.
Feed vs. Food: Are Cattle Really Taking Food Out of Our Mouths?

Date: June 12, 2014

In 40 years, the global population is predicted to contain more than 9 billion people, and demand for food, fuel and fiber will increase by 60 percent. Out of those 9 billion people, 8 billion will live in the developing world, where inhabitants of regions such as China and India will have household incomes similar to those in the developed world, and will demand more milk, meat and eggs.

by Dr. Jude L. Capper*, Livestock Sustainability Consultant, Bozeman, MT

Summary

In 40 years, the global population is predicted to contain more than 9 billion people, and demand for food, fuel and fiber will increase by 60 percent. Out of those 9 billion people, 8 billion will live in the developing world, where inhabitants of regions such as China and India will have household incomes similar to those in the developed world, and will demand more milk, meat and eggs. The cattle industry therefore faces a considerable challenge in producing sufficient beef to fulfill global demand; yet two common claims leveled at the industry are that: 1) corn fed to cattle could feed humans instead; and 2) the quantity of land used for grazing would be far more effectively used to produce grains or vegetables for human consumption. However, there are a number of bigger issues to consider.

Background

The oft-quoted statistic that one-third of cereals are fed to livestock leads to the seemingly logical suggestion that meat consumption should be reduced in order to feed more people with grains. Cereal crops are the staple food source within the developing world but are also the nutritional foundation of the developed world – in this instance they are an indirect food source because they are first converted to animal protein. The assumption that reducing meat production will increase the availability of cereals for human food only holds true if ingredients (crops) are edible by both cattle and humans. This is not the case for many feed crops (e.g. field corn) and fails to account for one major factor – livestock diets include a considerable quantity of by-products from human food, fiber and fuel production that are inedible by humans because of safety, quality, cultural or digestibility considerations.

Discussion

We have seen significant achievements in cattle genetics and nutrition over the years, and feed:gain ratios of less than 5.0 lb/lb are not uncommon in modern feedlots. However, activist groups are quick to use feed efficiency as an argument against cattle production, with claims that it takes 12, 15 or even 30 pounds of feed to produce one pound of beef. Corn only accounts for 7 percent of the total feed used per pound of beef – the rest comprising other grains, by-product feeds, and, by a vast majority, the pasture and forages consumed by cattle in cow-calf and stocker operations. Pasture grasses are invariably indigestible by humans, thus when we examine feed efficiency we need to do so not on the traditional “lbs of feed:lbs of gain” basis, but according to how much of the feed fed to cattle could instead be eaten by humans.

If we use the human-edible protein input:output ratio, we see that beef systems actually generate more human-edible protein output than they ever take in (0.8 lbs human-edible protein input per 1.0 lb of output, respectively), considerably lower than those of pigs and poultry (3.4 and 1.6 lbs protein input per 1.0 lb of output, respectively). This is notable because both pork and poultry are often touted as being favorable meat choices due to the relatively low quantities of feed needed to produce one pound of gain,
yet monogastric livestock are more heavily reliant on human-edible feed inputs (e.g. corn and soy) than their ruminant counterparts.

The ability to turn pasture grown on land where we cannot grow human food crops due to unfavorable terrain, climate or fertility, into high-quality beef is a huge benefit for the cattle industry. Assuming that meat consumption was reduced, other food crops would have to be grown to fulfill human demand because although cattle are quite content to be fed a diet of pasture or corn, humans demand dietary variety. At present, only 8 percent of pastureland in the U.S. is productive enough to be classified as cropland pasture by the United States Department of Agriculture (USDA). What would be the environmental consequences to increase this number, in terms of the vast quantities of fertilizer and irrigation inputs (in addition to land-leveling) required to render rangelands suitable for growing artichokes, carrots or zucchini?

**Conclusion**

Nutrient-dense meat, milk and eggs represent the most affordable source of many vital dietary nutrients, including the zinc, iron, protein and seven other essential nutrients provided by beef. Aside from nutritional benefits, the by-products supplied from cattle—including leather, fertilizer and pharmaceuticals—and the social and economic importance of livestock ownership in developing countries should not be underestimated. Indeed, globally, almost one billion households rely on livestock for their livelihood. As the population continues to grow, cattle will play an integral part in food production by converting feeds that are inedible by humans into high-quality, nutritious, affordable beef. The challenge is to help consumers understand that traditional feed efficiency is not the only metric that should be used when assessing the value of the beef industry.

*Dr. Capper was the lead author on the recent CAST issue paper “Animal Feed vs. Human Food: Challenges and Opportunities in Sustaining Animal Agriculture Toward 2050”. For more details please see: https://www.cast-science.org/publications/

**Additional Resources**

Feed vs. Food: Are Cattle Really Taking Food Out of Our Mouths?

Date: June 12, 2014

In 40 years, the global population is predicted to contain more than 9 billion people, and demand for food, fuel and fiber will increase by 60 percent. Out of those 9 billion people, 8 billion will live in the developing world, where inhabitants of regions such as China and India will have household incomes similar to those of the developed world, and will demand more milk, meat and eggs.

The cattle industry therefore faces a case for many feed crops (e.g. field corn) and fails to account for one major factor: the social and economic importance of livestock ownership in developing countries should not be leveled at the industry are that: 1) corn fed to cattle could feed humans instead; and 2) the quantity of edible protein output per 1.0 lb of output, respectively, considerably lower than those of pigs and poultry (3.4 and 1.6 lbs protein input per 1.0 lb of output, respectively).

Aside from the fact that the vast majority of grains and protein crops are used in feedlots and are not consumed directly by humans, even if they were edible by humans because of safety, quality, cultural or digestibility considerations, the majority of the by-products supplied from cattle include a considerable quantity of inedible protein output than they ever take in (0.8 lbs human edible protein output per 1.0 lb of edible protein input per 1.0 lb of output, respectively).

The assumption that reducing meat production will increase the availability of cereals for human food only holds true if ingredients (crops) are edible by both cattle and humans. This is not the case for many feed crops (e.g. field corn) and fails to account for one major factor: the social and economic importance of livestock ownership in developing countries should not be leveled at the industry are that: 1) corn fed to cattle could feed humans instead; and 2) the quantity of edible protein output per 1.0 lb of output, respectively, considerably lower than those of pigs and poultry (3.4 and 1.6 lbs protein input per 1.0 lb of output, respectively).

Feed crops are the staple food source within the developing world but are also the nutritional foundation of the dense meat, milk and eggs represent the most affordable source of many vital dietary nutrients.

Feed crops are the staple food source within the developing world but are also the nutritional foundation of the developed world, and will demand more milk, meat and eggs.

The oft quoted statistic that one third of cereals are fed to livestock leads to the seemingly logical suggestion that meat consumption should be reduced in order to feed more people with grains. Cereal crops are the staple food source within the developing world but are also the nutritional foundation of the developed world, and will demand more milk, meat and eggs.

The cattle industry therefore faces a case for many feed crops (e.g. field corn) and fails to account for one major factor: the social and economic importance of livestock ownership in developing countries should not be leveled at the industry are that: 1) corn fed to cattle could feed humans instead; and 2) the quantity of edible protein output per 1.0 lb of output, respectively.
Producers Weigh In on the Checkoff-funded Beef Quality Assurance Program

Date: June 17, 2014

The checkoff-funded 2013 Beef Quality Assurance (BQA) study focused on understanding perceptions of the program among the nation’s cow/calf producers. Contacted by phone, these producers provided helpful insight that will further the effectiveness of the checkoff’s BQA efforts. Key findings indicate there is more work to be done to inform producers about the program and its benefits.

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 2013 Beef Quality Assurance (BQA) study focused on understanding perceptions of the program among the nation’s cow/calf producers. Contacted by phone, these producers provided helpful insight that will further the effectiveness of the checkoff’s BQA efforts. Key findings indicate there is more work to be done to inform producers about the program and its benefits. That said, those who are engaged in BQA find it extremely beneficial to their operation and believe the associated training is of great value. This is especially true among somewhat younger cow/calf operators, those with larger operations and those more likely to belong to local, state or national cattlemen’s organizations.

Background

Beef Quality Assurance is a check-off funded, nationally coordinated, state implemented program that provides systematic information to U.S. beef producers and beef consumers of how common sense animal husbandry techniques can be coupled with accepted scientific knowledge to raise cattle under optimum management and environmental conditions. Beef Quality Assurance guidelines are designed to make certain all beef consumers can take pride in what they purchase – and can trust and have confidence in the entire beef industry.

Because of the value the BQA program brings to the beef industry, it is important to maximize the number of producers who follow its principles and guidelines. Because program certification is voluntary, it is difficult to know at any given point how many producers have taken this step. The purpose of this research was to assess the status of the checkoff’s BQA program and identify opportunities for improvement/increased certification, especially among the cow/calf sector.

Research Approach

To most effectively capture this feedback a series of interviews with cow/calf producers was conducted to help establish key criteria to include in a broader study. The broader effort involved telephone interviews with about 600 cow/calf operators and was designed to represent the national population of this producer segment.

Discussion

Awareness of and familiarity with BQA program

- Overall BQA awareness is moderate, at 41 percent among cow calf producers.
- When it comes to actually being familiar with the program, about one in four say they are somewhat or very familiar with what the program does.
Attitudes toward BQA guidelines and programs are positive and widespread

- About nine in ten cow calf producers say that following BQA-type guidelines is important. Over two-thirds think it is very important.
- Key reasons for following common beef quality assurance guidelines include things like producing better beef quality (30 percent) and enhancing consumer confidence in beef (18 percent).
- Most (87 percent) of those familiar with BQA also believe it adds value to their operation.
- As far as motivation for becoming BQA certified, reasons included being able to see a return on investment, enhancing the image of beef among consumers and the notion of receiving a premium for BQA-certified cattle.

Perceptions of BQA training are extremely positive, albeit somewhat limited

- About 11 percent of all cow/calf producers report having taken BQA training with almost all of these going on to become certified.
- In addition, nearly everyone (97 percent) who has taken BQA training found it to be of value.
- The most popular way of taking BQA training has been online (45 percent), followed by extension agencies (20 percent) or state cattlemen’s events (18%).
- Producers who took the training generally mention many things about it that were important. The most important aspect mentioned was receiving information or procedures about vaccinations (26 percent).
- The producers who did not take the BQA training cited being too busy (32 percent) or believing the training had never been offered in their area (15 percent).

Methods to inform producers about BQA programs are straightforward

- Producers who are familiar with BQA programs would like to remain informed through printed materials (52 percent), extension services (37 percent), agricultural TV programs (35 percent), or cattle associations/organization meetings (29 percent).

Overall Themes

In addition to the findings outlined above, several themes emerged that provide additional insight into the data. Although somewhat directional in some cases due to smaller sample sizes, those more engaged with BQA tend to be younger (under 44), have larger cow/calf herds and are more likely to belong to some national, state or local cattlemen’s organization.

Conclusions

- More work is needed to inform producers about BQA programs. Although name awareness is moderately high, many producers are not familiar with the program specifics.
- Perceptions toward BQA guidelines are largely positive, regardless of familiarity.
- Among those familiar with or who have taken BQA training, no real negative content obstacles emerged; however, a general lack of program specifics could contribute to this.
- Messaging strategies for increasing BQA participation should, as possible, focus on the future ROI it may provide, the enhanced image of beef among consumers, increased consumer confidence, or that it can lead to a premium paid for BQA-certified cattle.
- Primary communication vehicles for keeping producers informed should include printed materials, extension services, cattle associations/organization meetings, or agricultural TV programs.
- Delivery vehicles for BQA training should include online training and onsite training at extension agency offices or state cattlemen’s association events.
- Beef Quality Assurance training should be framed as being worth producers’ time and effort. A key obstacle to more BQA certifications is producers being too busy. For those who take the training but
About nine in ten cow calf producers say that following BQA.

Most (87 percent) of those familiar with BQA also believe it adds value to their operation.

Messaging strategies for increasing BQA participation should, as possible, focus on the future ROI it may provide, the enhanced image of beef among consumers, increased consumer confidence, or that better beef quality (30 percent) and enhancing consumer confidence (18 percent).

Among those familiar with or who have taken BQA training, no real negative content obstacles were found; however, a general lack of program specifics could contribute to this.

The most popular way of taking BQA training has been online (45 percent), followed by extension services, cattle associations/organization meetings, or agricultural TV programs.

The producers who did not take the BQA training cited being too busy (32 percent) or believing the information is not important to them (29 percent) as reasons for not pursuing certification.

About 11 percent of all cow/calf producers report having taken BQA training with almost all of these are producers who follow its principles and guidelines. Because program certification is voluntary, it is more work to be done to inform producers about the program and its benefits. That said, those who are familiar with BQA programs would like to remain informed through printed materials and association events.

Beef Quality Assurance training should be framed as being worth producers’ time and effort. A key obstacle to more BQA certifications is producers being too busy.

Initial marketing efforts should be targeted to producers with 100+ head, those who belong to state or local cattlemen’s associations, NCBA members, breed associations, or producers under 55; however, there may be value in further exploration of other groups.

Additional Resources

- 2013 BQA Study

Tags: Beef Issues Quarterly, Research Findings, Summer 2014
Power of Meat Report Reveals Consumer Purchasing Tendencies

Date: June 16, 2014

The American Meat Institute annually publishes the Power of Meat report that explores and explains consumer perceptions, attitudes and behaviors regarding meat and poultry purchases. This year’s report, the ninth in the series, shows shoppers exhibit an increased interest in health and wellness when purchasing meat, as well as more focus on the natural and organic segments.

by Brandi Buzzard Frobose, MS, Manager, Issues Communication, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The American Meat Institute annually publishes the Power of Meat report that explores and explains consumer perceptions, attitudes and behaviors regarding meat and poultry purchases. This year’s report, the ninth in the series, shows shoppers exhibit an increased interest in health and wellness when purchasing meat, as well as more focus on the natural and organic segments. Not surprisingly, the report also indicates that ready-to-eat products and the ease of preparation are two large factors when shoppers consider meat and poultry purchases.

Background

The intertwining of several factors including price, quality, brand loyalty and convenience yield interesting – though sometimes predictable – consumer purchasing patterns. The Power of Meat report provides insight to some of these trends and, in addition, explores interest in marketing and sales techniques, the role of meat and poultry in meal planning and the importance of nutritional profiles to purchasing patterns.

Discussion

The Food Marketing Institute (FMI) compiled an informative summary of the Power of Meat report, titled “Top Findings of the Power of Meat 2014.” Listed below are FMI’s conclusions as well as additional commentary regarding critical components of the report.

- First indications of a return to higher spending – While still below the pre-recession average, home-cooked dinners featuring a portion of meat or poultry recovered from 3.6 to 3.8 in a typical week. Additionally, among those who changed their meat purchase in 2013, 36 percent increased their spending, up from 9 percent last year.
- Customer service is key in shopper satisfaction – Shoppers are highly satisfied with their meat department. Not price, but good quality, customer service excellence, in-stock performance and good variety are the main drivers of meat department satisfaction. This underscores the notion that few companies, if any, can compete on price alone.
- Twenty-seven percent of shoppers switch channels when buying meat/poultry – The primary beneficiary of channel switching are supermarkets, with the three top reasons being quality, variety and the presence of full-service counters.
- Price remains important, but loses dominance – While price per pound and total package price remain the number one and two factors in the meat and poultry decision-making process, the dominance of price is waning in favor of higher rankings for nutrition, knowledge and preparation time.
- Natural/organic segment continues growth – Up from 26 percent, 34 percent of respondents have purchased natural or organic meat/poultry in the past three months. The growth outlook is accelerating, with 38 percent of current users expecting to increase purchases. Full-service...
supermarkets currently capture the largest share, but the purchase is becoming increasingly scattered across formats due to wider availability.

- Health and wellness is coming out of hibernation – The share of shoppers who care about making healthful meat and poultry decisions is increasing following a recession plateau, even though the majority of shoppers still only put “some” effort into nutritious choices (47 percent) versus “a lot” (31 percent).
- Brands gain ground – Outright preference for national and private brands rose over 2013, leaving a smaller share of “switchers” – consumers who are brand neutral. However, for both fresh and processed meat, switchers remain the largest group, at 57 percent and 47 percent, respectively. National and private brands can enjoy mutual growth by providing a balanced assortment, targeted at the store level, through strategic collaborative initiatives.
- A planned purchase – For most shoppers, meat and poultry are very much a planned purchase. In general, 85 percent of shoppers create shopping lists before heading to the store. Forty-three percent list specific species and cuts, such as chicken breasts or pork chops, and an additional 34 percent list meat and poultry generically. The grocery circular is shoppers’ most commonly used tool to research meat and poultry promotions.
- The mealtime opportunity – In a typical week, one-third of shoppers are undecided at least half the time whether they will cook or eat out as little as two hours before dinnertime. Likewise, when shoppers have decided to cook, 38 percent do not know what they will prepare two hours out. Currently, food service wins the majority of last-minute diner decision trips, even though the consumption of heat-and-eat and ready-to-eat meat and poultry increased.
- Convenience is a rising star – Heat-and-eat and ready-to-eat items are being consumed at higher frequencies and more shoppers are buying them. This desire for convenience is also reflected in the types of meals people cook more. One-pot meals increased a net 22 percentage points compared with five years ago. Accelerated growth is also seen for pastas and casseroles and international/ethnic dishes.

One of the more noticeable takeaways from the Power of Meat report is the attention the natural and organic segments are receiving from shoppers. In addition to the increased number of shoppers who purchased organic or natural meat and poultry, 38 percent of current shoppers expect to purchase more in the coming months. The sector continues to grow, although it is important to clarify that while the number of organic and natural users increased over the past year, this does not necessarily mean an increase in organic and natural sales. This may be attributed to the fact that many shoppers only purchase natural or organic meat and poultry for certain occasions, kinds or cuts, and previous years’ research confirms the trend.

Another noteworthy component is the amount of planning and preparation that goes into a meat or poultry purchase. The Power of Meat states that 85 percent of shoppers create shopping lists before heading to the store, and 24 percent look at meat promotions to create a dinner plan accordingly. However, 28 percent tend to buy the same items they prepare routinely without a specific meal in mind. This indicates that routine and comfort level are highly important with consumers and shoppers.

**Conclusion**

The results of the Power of Meat report indicate growth opportunities for the meat and poultry industries. The beef industry, specifically, has the opportunity to expand and attract more consumers by developing more ready-to-eat and easily prepared mealtime options. These factors, combined with beef’s great taste and high-quality nutrition profile, provide the foundation for growth in the meat market.

**Additional Resources**

- Full Power of Meat report
Natural/organic segment continues growth
First indications of a return to higher spending
- Price remains important, but loses dominance
A planned purchase
Health and wellness is coming out of hibernation
American Meat Institute
Brands gain ground
Twenty
Customer service is key in shopper satisfaction
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The American Meat Institute annually publishes the
Power of Meat Report Reveals Consumer Purchasing Tendencies
Listed below are FMI
Food Marketing Institute
American Meat Institute
Tags: Beef Issues Quarterly, Research Findings, Summer 2014
Current Consumer Perceptions about Beef Value

Date: June 15, 2014

The March 2014 wave of the Consumer Beef Index (CBI) found that the vast majority of consumers are still in the market for beef. Most of the tracking measures in the CBI remain very strong, including taste scores, and perceptions that beef is the protein that really sets a meat case apart. There are, however, demand challenges among a small percentage of consumers.

by John Lundeen, Senior Executive Director, Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The March 2014 wave of the Consumer Beef Index (CBI) found that the vast majority of consumers are still in the market for beef. Most of the tracking measures in the CBI remain very strong, including taste scores, and perceptions that beef is the protein that really sets a meat case apart. There are, however, demand challenges among a small percentage of consumers. With record high prices, one can only expect this result. Specifically, scores related to beef’s value are down, nutritional perceptions were a bit depressed in this most recent study, and we will need to continue monitoring the reaction of consumers to our production story.

Background

The checkoff-funded CBI is a semi-annual online survey started in 2007, which is designed to identify and track key consumer perceptions of beef and to spotlight key consumption trends. In the 15th wave of the survey, which took place in March 2014, 1079 respondents completed it. The sample is national in scope and is tested for balance with national demographic data, including gender, ethnicity, region of the country and age (ages 13 to 65 were included in the sample). A very small minority of consumers with absolutely no food decision making authority, either at-home or in restaurants, are excluded.

Discussion

We have heard many, many stories in the press. Consumers will balk at current beef prices. Demand will fall. While there is some bit of truth to this concept, much contradictory evidence also exists. First of all, let’s note that beef demand, as measured by the Beef Demand Index, is quite strong. Very simply, the supply of beef is moving off the market at very solid prices. That in itself is an indicator that underlying foundational demand for beef is strong.

Here are a few more of the high points regarding positive perceptions of beef.
Taste Scores Taste scores for beef remain at high levels. Taste is the most important attribute driving a consumers’ center of plate choice, both at home, and in restaurants. A large majority of consumers agree completely or somewhat that beef is great tasting, with no statistical change since 2011.

In the March 2014 wave of the Consumer Beef Index questions were added about the ability of the major proteins to differentiate a meat case. Beef is still the stalwart of the case in the consumer’s mind, beating both chicken and pork in its ability to communicate that a grocery retailer has both a “good selection” and “high quality” offerings. Clearly, beef is still the meat that makes a difference in the grocery channel versus other proteins.

In addition, the opinions of the millennial generation about beef remain strong, with millennials outpolling the other generations on several key measurements. Millennials are more likely to see beef as a value, as a meat they crave, as healthy, and overall, as a protein choice they can feel good about. Beef also holds onto its position as king of the grill, with 61 percent of consumers overall noting that retailers are more likely to attract their attention by promoting beef for grilling versus only 26 percent noting chicken as having that level of “grill magnetism”.

All of these measures indicate that beef is still much revered in the consumer’s heart.

Concerns

Now we’ll address a few consumer concerns. At current lower supply levels and high beef prices, one would expect to see beef’s perceptions weaken just a bit, and the March 2014 data did indeed show a small degree of erosion in beef attitudes.

First, there has been deterioration in the percentage of consumers we consider to be Bucket 1, our staunchest beef lovers. To gain this label, the consumers must note that “the positives of beef strongly outweigh the negatives”. This measure peaked at 30 percent of consumers in July 2011, and a shift downward has been seen in the March 2014 measurement to 23 percent. The consumers leaving Bucket 1 have predominately shifted down to Bucket 2. Bucket 2 consumers note that “the positives of beef somewhat outweigh the negatives”. A look at the total percentage of consumers in Bucket 1 and 2 shows virtually no erosion in beef scores at this more general measurement of positive perceptions about beef.
Once again, millennials are more supportive of beef, with 78 percent noting that the positives of beef strongly or somewhat outweigh the negatives, versus only 70 percent of boomers.

Although still a minority opinion, the percentage of consumers that are saying that beef is “too expensive and definitely not worth it” edged upward in March 2014, with a statistically significant change in the number of consumers that noted this attitude in relation to the use of ground beef at home. Little change in attitudes about pricing of steaks and ground beef in foodservice were noted, but this sector has been slower in passing through the cost of beef to their consumers.

When asked whether beef and chicken are a “good value”, the percentage of consumers that agree completely or somewhat has stayed constant for chicken, with some weakness for beef. The reality is that when consumers are buying on a budget the price-gap between beef and chicken forces a pocketbook decision for the consumer in some cases.
Lastly, a look at the reasons given for eating less beef among the 19 percent of consumers noting that they are eating less beef is instructive (see chart below). Nutrition, as in the past, heads the list of rationales (roughly two-thirds of the 19 percent of consumers saying they are cutting back noted nutrition). A look at the other reasons given is instructive of the consumer concerns the checkoff will need to address, both today, and into the future as supply rebounds. Price is noted by nearly 50 percent of the 19 percent cutting back, and a similar percentage noted concerns about factory farming, or a desire to integrate more plant based proteins into the diet.

**Conclusions**

In summary, consumers have been surprisingly resilient to the record prices they have encountered at the grocery store. There has however been a small impact – though not a wholesale defection from beef, as some may suggest. A small subgroup of consumers does indeed have a troika of concerns including price, beef nutrition and production-based perceptions that are moderating their attitudes about beef overall.

**Additional Resources**

- [Share of Wallet, Share of Plate, Share of Enjoyment](#)
- [The Consumer Beef Index Update: The Consumer Perspective - High Prices and High Expectations](#)

**Tags:** Beef Issues Quarterly, Research Findings, Summer 2014
Issues Media Monitoring and Response Analysis: March – April 2014

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As discussed in the last issue of Beef Issues Quarterly, the underlying philosophy of the Issues and Reputation Management program is to carry out measured responses – this means avoiding creating news and targeting the best opportunities for response.

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Summary

As discussed in the last issue of Beef Issues Quarterly, the underlying philosophy of the Issues and Reputation Management program is to carry out measured responses – this means avoiding creating news and targeting the best opportunities for response. 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.

Moving forward, each issue will focus on analyzing the issues that took place during the past quarter.

Background

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 March 2014 through May 2014 a total of 2,203 traditional media stories and a random sampling of 938 social media mentions were analyzed as part of the quarterly monitoring report through CARMA. The random sampling of 938 social media mentions were a snapshot of more than 1,613,883 mentions of the beef industry during the same period. The significant increase in social media and traditional media coverage this quarter was due to heightened media attention on a standoff between Nevada rancher Cliven Bundy and the Bureau of Land Management over grazing fees and government efforts to protect the desert tortoise, which dominated the beef industry’s April coverage. Reporting on the dispute began the second week of April and continued throughout the month, peaking the week of April 13, when protestors supporting Bundy confronted the BLM after the agency began rounding up Bundy’s cattle and a second wave of coverage was generated by remarks Bundy made on April 19.

While the Bundy issue dominated traditional and social media coverage in April, beef prices were the leading topic in March and May, resulting in 11 percent of total share of voice and 12 percent of share of voice, respectively. This article specifically reviews media coverage and issues response efforts on beef prices.

Discussion

In late 2013, the checkoff-funded Integrated Communications team convened an inter-disciplinary group of staff to develop a strategy around showcasing beef’s value, recognizing that beef prices stories are often cyclical. Qualitatively, the team knew that in 2013, media had been covering the updated U.S. Department of Agriculture forecasts for rising beef prices and food prices, as well as stories about the lowest domestic cattle herd since the 1950s.
Utilizing media monitoring data from the checkoff-funded Issues & Reputation Management team, a long-term 15 month media analysis was conducted and showed that the share of voice (percentage of total beef related stories that mention prices) was elevated in March, May and June of 2013, resulting in about 10 percent of total media coverage. This analysis also showed that the overall rating of the stories has remained neutral – just reporting the facts – not offering any negative or positive opinions. However, there was often a perspective from a beef industry representative or an economist familiar with the beef industry to help put the story about low supply, high demand and prices into perspective.

This media analysis suggested there was potential for a dramatic increase in coverage and attention around high beef prices, particularly moving into grilling season and summer in 2014. The team put together a strategy to proactively and reactively communicate on the issue of beef prices and develop additional resources, tools and content needed to help put a complicated story about price, supply and demand story into perspective.

Over the next several months, the team developed a variety of resources, including:

- A blog post on FactsAboutBeef.com answering the question about whether or not Americans were eating less beef due to high prices
- A third-party economist blog post, in the form of an exclusive interview with Chief Economist for the USDA, Dr. Joseph Glauber
- An updated “Six Ways to Save” Infographic
- A new infographic explaining the difference between supply and demand, authored by Dr. Ron Plain from University of Missouri (who also wrote a story for Beef Issues Quarterly last month).
- Updated internal talking points and Q&A to help stakeholders understand supply and demand

These additional resources and tools, put in place in the first half of 2014, have slowly started to help put the pricing story into perspective, resulting in more than 1,000 views in a short time period and being utilized to share with key media and other influencers interested in this topic. Media coverage on beef prices represented 12 percent of total beef media coverage in the month of May 2014. In both traditional and social media coverage, the tone of the media coverage has stayed neutral, though there was a slightly more favorable tenor in traditional media reports compared to social media coverage (neutral 49 rating, compared to a 46 rating, respectively). For example, while one article that appeared in The Associated Press and was reprinted in several other outlets noted the “sticker shock for both consumers and restaurant owners,” (April 12) and cited rancher concerns that lasting high prices will result in consumers changing their buying habits by switching to pork or chicken. The piece also quoted several consumers who indicated they switched, at least temporarily, to alternative sources of protein while prices remain high. Nonetheless, the tenor of reporting on beef prices improved slightly in April, due to several highly favorable pieces, including one appearing on NPR’s “Morning Edition.” The article used similar positioning as the Beef Checkoff resources, noting that prices were high due in part to the great demand for beef and recommending value-added cuts for those wishing to continue to eat meat affordably (April 14). On the flip side, a sampling of the social media coverage on price suggests there might be an opportunity to digitally amplify some of the resources and tools developed to share these resources directly through social media with consumers who may be asking questions about beef prices.

**Conclusions**

While we expect the pricing story to remain in the news for the remainder of the summer, based on FY2013 media coverage, we may see a slow shift downward in coverage in June and July, through the end of the year. The teams will continue to monitor media coverage and look for opportunities to provide...
experts, resources and context to a complicated pricing story. Perhaps most importantly, we are not seeing prices impact consumer behavior or consumer demand and as another Beef Issues Quarterly article this month notes, beef demand is the highest it has been in years.

**Additional Resources**

- FactsAboutBeef.com - USDA Chief Economist: “Beef demand is strong; there is no question about that.”
- FactsAboutBeef.com – Are Americans Eating Less Beef Because Of High Beef Prices? “Six Ways to Save on Beef” Infographic
- “Demand for Beef is Highest in Years” Infographic

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Protein Demand Update

Demand for beef, pork and poultry was not expected to increase significantly in 2014, due mostly to a sluggish economic recovery and a consumer still wary of increasing spending. However, so far in 2014 overall demand has remained surprisingly strong. In fact, even though both beef and pork per-capita supplies are significantly smaller so far in 2014 versus 2013, which has resulted in record high prices, consumers have continued to pay up leading to further growth in demand for beef, pork and poultry.

So far in 2014, per-capita net beef supplies are estimated to be down 6 percent compared to last year, which is the largest year over year decline for the first four months of the year since 1989. With this big of a decline in supply fed prices needed to increase about 8 percent ($10/cwt) versus last year just to keep beef demand even with 2013. However, fed cattle prices were actually up 16 percent ($20/cwt) compared to last year and averaged $146 compared to $126 in 2013 through the first four months of the year. This suggests fed cattle demand is up 8 percent so far this year.

January through April per-capita net pork supplies are estimated to be down 4 percent compared to last year. This was the biggest decline since 2010, January through April – and similar to beef, suggested prices would need to increase to ration smaller supplies in order to keep demand steady. And in fact, lean hog prices have increased significantly as the CME lean hog index averaged $102/cwt January through April this year compared to $82/cwt last year. As a result lean hog demand is up 16 percent for the first four months of the year versus last year.

January through April per-capita net broiler supplies are estimated to be even to up 1 percent compared to last year. This small of a supply change suggests prices don’t have to be much different than year ago levels to maintain steady demand. And in fact, that is mostly the case at the retail level, as broiler prices are up 1 percent January through April compared to last year, and as a result retail broiler demand is up 1 percent.

**Bottom Line:** Demand for beef, pork and poultry has been strong so far in 2014. And while the economy has not shown major growth there are bright spots including declining unemployment, and the March restaurant performance index was at its highest level since May last year. Additionally, export demand has remained strong in spite of the high prices as beef exports are up 5 percent, pork exports up 10 percent and broiler exports up 4 percent in the first quarter of 2014 compared to last year.
New Record High Retail Beef Price — Sixth Month in a Row

This week the USDA reported new record high retail beef and pork prices for the month of April. The All Fresh retail beef price was up 17 cents from March at $5.50/lb and the retail pork price increased 12 cents from March at $3.95/lb. As it was discussed in the CattleFax Update back in March, these increases in retail prices are not unexpected given the significant increases experienced in wholesale beef and pork prices so far this year.

That said, looking forward through the summer, retail beef prices are not expected to continue to move significantly higher from $5.50, especially since wholesale beef prices averaged over $10/cwt lower in April than in March and with May also on its way to averaging slightly lower. With the overall trend for wholesale beef and fed cattle prices still lower into the summer, retail prices are expected to hold in more of a sideways pattern through August. Historically, retail beef prices from May through August have averaged just 0.3% higher than the April price – supporting the expectation for a sideways trend from now into summer.

Even with a flat trend in retail beef prices through the summer the increase so far this year has been historic. The April price is 9 percent higher than where it was in January, which the year with the next biggest increase over the first four months of the year was 2011 when retail increased 4.4 percent.

Per capita net beef supplies are estimated to have decreased 6 percent for January through April compared to last year, which is the biggest year over year decline for that timeframe since at least 1990. As a result the market has done its job to ration the significantly smaller supplies through higher prices. And as a result it is clear that the retailer has continued to push the higher prices on to the consumer. And with retail beef demand estimated to have been even with a year ago through the first four months of 2014 it does not appear the consumer is backing away from the higher prices.

**Bottom Line:** Significantly higher retail beef prices so far this year continues to be very supportive to wholesale beef and fed cattle prices. Based on the seasonality of the margin relationship between fed cattle prices and retail beef prices, fed prices should be well supported in the mid $130s for the summer lows.

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### Japan’s Imported Beef Market

Japan is the #2 beef importer on earth in dollar-value terms, topping $3.2 billion in 2013. U.S. comprised 36 percent of the 2013 volumes behind Australia at 51 percent.

In 2013, Japanese consumed 15 pounds of beef and 2 pounds of beef offal from every U.S. fed steer and heifer. The value from Japan of these cuts topped $55/head. Key cuts include short ribs, short plates, chuck rolls and tongues. These cuts generate far more value in the Japanese market than they would domestically at home.

U.S. beef currently pays a 38.5 percent duty upon entry to Japan, one of the highest beef duties on earth. Japan recently signed a trade agreement with Australia that will reduce that duty over 18 years to 9 percent on Aussie beef. The U.S. trade talks in Tokyo last week ended in gridlock with no deal yet.

Current 2014 beef shipments to Japan are trending right in line with a year ago (2013 saw U.S. beef to Japan increase by 49%). However, much of the 2013 volumes went into frozen storage in Japan; consumption of imported beef declined in Japan last year. But that trend is changing. Japan’s imported beef stock levels have been declining since October 2013, and that bodes well for continued strong beef demand from Japan.

2014 is expected to see strong Japanese demand for U.S. beef, in spite of the higher U.S. prices. As a country that imports 60 percent of their beef consumption, availability has become a larger concern than price.