

BEEF

OHIO BEEF COUNCIL 2014 ANNUAL REPORT

10600 US Highway 42
Marysville, OH 43040-9526

Office - (614) 873-6736
www.ohiobeef.org

#BEEFNBASEBALL



During 2014, the Ohio Beef Council (OBC) once again teamed up with the Ohio Corn Marketing Program, Ohio Soybean Council, and Kroger Marketplace to bring beef to the ballpark through a season-long promotion with the Columbus Clippers, the Triple-A affiliate for the Cleveland Indians baseball team. The highlight of the promotion, "Beef Night at the Ballpark" was held in May to coincide with Ohio's Beef Month, and to encourage the inclusion of beef in Memorial Day festivities. The first 1,500 attendees received a free "Beef at the Ballpark" t-shirt that provided sponsor recognition, and one lucky attendee received a beef prize basket by answering beef trivia questions during the seventh inning stretch. In addition, the Ohio Beef Ambassador Team also initiated conversations with consumers, and even threw out the first pitch during the pre-game ceremonies. At the conclusion of the game, 5,000 beef coupons were distributed that could be utilized at all area Kroger locations for \$2.00 off any package of beef valued at \$10.00 or more. Coupons continued to be provided at select games throughout the season during peak grilling holidays. This promotion accomplished its goal to keep beef top of mind with consumers. The coupons redeemed stimulated a total of \$16,780 in additional beef sales and the return on investment resulted in a \$10.00 return for each \$1.00 invested.



PASTURE TO PLATE TOUR



In June, the OBC conducted a Pasture to Plate Tour with a select group of dietitians, meat department managers, and media to provide a comprehensive look at the beef cattle community. Participants were able to tour a family-owned beef cattle operation where they learned about genetic improvement, modern technology, and the production of a more consistent beef product. Veterinarian Rod Ferguson

discussed animal care, judicious antibiotic use, and environmental stewardship in relation to the production of a sustainable beef product. The attendees then traveled to the Certified Angus Beef® Education & Culinary Center where Dr. Phil Bass, Corporate Meat Scientist for CAB® discussed carcass utilization and the fabrication of value-added cuts such as the Flat Iron and Petite Tender, both "rediscovered" as a result of a checkoff-funded muscle profiling study. The day concluded with a checkoff-funded nutritional research study presentation. Attendees received beef reference guides and nutritional education materials for use in their daily practices. Because registered dietitians play a key role in providing consumers with important nutrition information, their understanding of beef production is essential to our efforts.

Each week, your beef checkoff encourages consumers to take an inside look at Ohio's beef industry from pasture to plate through the Beef Bytes blog. Whether it's talking with a farmer, getting important nutritional information from professionals, or sharing the latest delicious lean beef recipe, this platform was designed to encourage consumers to continue to learn about the beef on their dinner table. The goal is not only to produce content to post on the council's blog, but also to build social relationships with consumers and other bloggers. The Beef Bytes blog helps the OBC reach the newly identified "Millennial" target demographic for promotion and marketing efforts. It is important that we continue to remain present and connected in the digital space to reach this group of consumers who are constantly looking for information via electronic media.



BEEF BYTES BLOG

2014 BEEF COUNCIL OPERATING COMMITTEE

Bill Sexten, Washington C.H., Chairman
Bret Layman, Utica, Vice Chairman
Dennis Corcoran, Chillicothe, Treasurer
Jim Beattie, Greenwich
Henry Bergfeld, Summitville
Bill Cleland, Jr., Hicksville
Steve DeBruin, Millersport
Dave Felumlee, Newark
Jamie Graham, Patriot
Brent Porteus, Coshocton
Todd Raines, Seaman
Sam Roberts, South Charleston

Bev Roe, Hamilton
Bert Tooms, New Concord
Tom Turner, Somerset
Elizabeth Harsh, Executive Director
Davis Denman, Cortland, Ex-Officio, CBB Member
David T. Daniels, Ex-Officio, Director of Agriculture
Janelle Mead, Chief of Markets, Ohio Department of Agriculture

OHIO BEEF COUNCIL FINANCIAL REPORT STATEMENT OF REVENUE & EXPENSES FOR JANUARY 1, 2014 - DECEMBER 31, 2014

Revenues:

Federal Checkoff Assessments	\$1,083,058.29
Less: Remittances to States of Origin	(\$486,101.00)
Remittances to Beef Board	(\$298,532.21)
Net Assessments	\$298,425.08
State Checkoff Assessments	\$253,978.50
Less: Refunds	(\$1,887.00)
Net Assessments	\$ 252,091.50
Other Revenue	
Interest Income	\$942.12
Contract Services	\$6,899.87
Other Income	\$32,554.86
Total Other Income	\$40,396.85
Total Checkoff Revenue	\$590,913.43
Non Checkoff Revenues (Specify)	\$0.00
Total Revenues	\$590,913.43

Expenses:

National Program Investments	
U. S. Meat Export Federation	\$0.00
National Cattlemen's Beef Association	(\$14,000.00)
Other (Specify)	\$0.00
Total National Program Investments	(\$14,000.00)
Administration	(\$104,033.71)
Promotion	(\$51,230.59)
Consumer Information	(\$86,459.08)
Producer Communications	(\$36,976.62)
Industry Information	(\$30,882.92)
Collection & Compliance	(\$23,376.44)
Foreign Marketing (Non-USMEF Investments)	\$0.00
Research	\$0.00
Non-Checkoff Related Expenses	\$0.00
State Checkoff Expenses	(\$7,117.32)
Total Program Expenses	(\$236,042.96)
Total Expenses	(\$354,076.67)
Excess of Revenues Over Expenses	\$236,836.76

Fund Balance:

Beginning of Period	\$247,470.37
End of Period	\$484,307.13



DEAR FELLOW BEEF PRODUCERS,

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

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

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

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

Yours truly,

Cevin Jones

Chairman, Federation of State Beef Councils



NUMBERS DO THE TALKING



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

in the spring of 2014, the campaign differed significantly from mass media, reaching people who aren't immediately seeking beef information using an "under-the-radar" approach. It's a one-on-one communication through a consumer's computer, and aims to direct consumers to the BeefItsWhatsForDinner.com website, which contains recipes, tips, nutrition, safety and other information consumers want and need. Digital elements that drive consumers to the site include:

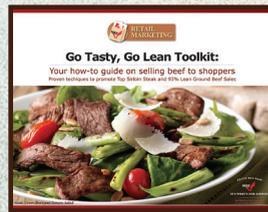
- **Banner Ads** on sites like AllRecipes.com and MensFitness.com, which inspire consumers to think about tonight's dinner with beef photos, recipes and information;
- **Search Advertising** on engines such as Bing and Google for people proactively searching for information on food;
- **A Beef. It's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

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

Furthermore, associated social media sites hosted more than 1 million engagements, such as likes, comments, shares, retweets and click-thrus to checkoff resources, such as recipes. Because it's available 24/7, the digital/social media tool is providing continual contact with consumers who are looking for meal solutions.

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

RETAILERS GET IN THE ACT



A new "Go Tasty, Go Lean" toolkit for supermarket retailers was developed to help on-staff dietitians make their stores a health and wellness destination for consumers – and to help sell more beef in the process. Part of

a multi-phase research project conducted through the Beef Checkoff Program, the toolkit helped show that beef can provide a significant sales lift for retailers.

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

The toolkit communicates beef's nutrient benefits at the same time as it generates these bottom-line benefits. The

toolkit, developed in partnership with registered dietitians, demonstrates that promoting beef's positive attributes – nutrition, taste and ease of preparation – not only results in higher sales, but enables supermarket dietitians to be able to talk knowledgeably and confidently about beef.

NUTRITION RESEARCH HAS VALUE

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

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

A NEW PRODUCT WITH OLD ROOTS

It looks, acts and smells like bacon – but it's beef. Schmacon™ is one of the latest checkoff-funded development projects that provides beef producers with extra alternatives for beef cuts. The smoked and cured glazed beef slices received the prestigious 2014 Food and Beverage Innovations (FABI) Award by the National Restaurant Association at their restaurant, hotel and motel show.

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

BEEF EXPORT VALUE ON RECORD PACE



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

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

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

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

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

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

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2014 EXPENDITURES

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

Audited numbers

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