

MICHIGAN

BEEF

INDUSTRY COMMISSION

MARKETING PLAN

The Michigan Beef Industry Commission (MBIC) works to execute programs built around core strategies and strategic initiatives identified in the 2016-2020 Beef Industry Long Range Plan. Through careful strategic planning, MBIC directors identified four initiatives with the greatest opportunity for Michigan. They include:

- Research and Communicate Beef's Nutritional Benefits
- Connect and Communicate Directly to Consumers
- Engage Beef Advocates & Protect Beef's Image

For effectiveness and efficiency, MBIC coordinates the use of beef checkoff dollars on both the state and national level to accomplish these initiatives.

MEET THE BEEF COMMISSION



Front: John Haindl, Treasurer; Dale Oeschger, Chair; Bret Schapman, Vice Chair; Jill Sears, Secretary
Back: George Quackenbush, Executive Director; Dave Clark, Garry Wiley, Jerry Suter, Leonard Brown
Not Pictured: Travis Schunk
Ex-Officio: Dr. Janice Swanson, Michigan State University; Jamie Clover Adams, Michigan Department of Agriculture & Rural Development; Ken Blight, Cattlemen's Beef Board

BEEF ADVERTISING REACHES MICHIGAN SPORTS FANS

Building on strong support of beef from University of Michigan football coach Jim Harbaugh, the Michigan Beef Industry Commission purchased radio advertisements during Michigan Wolverine football game-day broadcasts, reaching approximately 1 million listeners each Saturday during the football season. Harbaugh boldly endorses the nutritional value of beef. "I take a vitamin every day," he said. "It's called a steak."



2017

MICHIGAN

Beef Industry

Commission

Annual

Report

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The Michigan Beef Industry Commission builds demand for beef products by growing consumer trust and promoting beef's value; thereby enhancing opportunities for all segments of the beef industry.

ENGAGING FAMILY PHYSICIANS



MBIC partners with the Michigan Academy of Family Physicians to provide doctors with accurate information about beef. In addition to beef nutrition advertorials placed in the association's

magazine, MBIC sponsored a dinner cruise through the Straights of Mackinaw at the association's annual conference, shared beef information at the conference trade show and sponsored a speaker at a MAFP continuing education event.

BEEF'S NUTRITION STORY REACHES MEDICAL DOCTORS

MBIC placed digital ads in the Michigan State Medical Society's E-Newsletter, Medigram, which is delivered to the email inboxes of over 7,000 Michigan doctors each week. The ads link medical professionals to information explaining how beef can be part of a heart-healthy diet, how the nutrients in beef are important for infant development, and the important role of protein in healthy, active lifestyles. The 8-week ad flight generated over 600 clicks to this beef checkoff nutrition content.

FOOD BLOGGERS IMMERSSED IN BEEF



MBIC partnered with several supply chain partners to host the #BLOGMEETSBEEF 2.0 Immersion Event in 2017. This event was a chance to reengage with influential food bloggers and registered dietitians who attended #BLOGMEETSBEEF in 2016 and expand their knowledge of the beef industry from the farm all the way through the meat case.

The event was conducted at Michigan State University (MSU), where participants learned how beef is processed and prepared for retail sale. Each participant received hands-on experience through a beef cutting course then toured the meat cutting room at a nearby Meijer store. The event included a tour and dinner at the MSU Beef Center and concluded with participants competing in a beef cooking/food photography challenge. The experience was shared online by participants through social media channels.

VIDEO CAMPAIGN REACHES OVER TWO MILLION MILLENNIALS



A video promotion funded by MBIC and five other state beef councils gained broad exposure with millennials, the beef industry's primary target audience. The checkoff campaign, featuring videos for "Burger Bar 101" and a recipe for "Bulgogi Lettuce Wraps," generated over 2.5 million views. The videos also drove 28,776 clicks to BeefitsWhatsForDinner.com.

BUILDING TRUST IN MICHIGAN FARMERS



By local farm families. MichiganGrown.org

MBIC partners with the Michigan Ag Council to build consumer trust in Michigan's food and agriculture industries. The Ag Council shares farmer stories through its branded Michigan GROWN, Michigan GREAT advertising, website

and social media activities. Michigan GROWN, Michigan GREAT videos were viewed by millennial-age consumers over 150,000 times in 2017 and advertising on MichiganRadio.org generated over 3 million consumer impressions.

MICHIGAN BEEF INDUSTRY COMMISSION

FISCAL YEAR 2017 INCOME AND EXPENDITURE STATEMENT YEAR ENDED SEPTEMBER 30, 2017

REVENUES

Beef Checkoff Assessments	772,085
Less Assessments:	
To States of Origin	(148,327)
To Cattlemen's Beef Board	(312,034)
Grants	3,500
Other Income	2,043
Interest Income	1,570
Total Revenues	\$318,837

EXPENDITURES

Promotion	47,022
Consumer Information	58,267
Industry Information	26,506
Producer Communication	32,732
Collection/Compliance	18,321
Administration	90,290
Federation of State Beef Councils	36,554
Total Expenditures	\$309,692

Net Change in Fund Balance \$9,145

DEAR FELLOW PRODUCERS,



Beef and great, unforgettable meal experiences seem to go together. A succulent steak on your birthday, juicy summer hamburger

straight from the grill or wonderful Sunday pot roast with the family not only create immediate and delicious taste sensations, but plant wonderful memories in the brain.

Assuring that the beef in these situations is the best it can be is important. But what beef attributes are most important to consumers when they sit down to enjoy a beef meal? And how do we measure how well we're doing in producing high quality beef for them? How can we make these beef-eating experiences even more memorable?

Those are just a few of the questions we ask ourselves through the Beef Checkoff Program to assure that we're not just meeting consumer expectations for wonderful beef experiences, but exceeding them. This report shows how the checkoff helps provide measurements for beef quality that are quantifiable, guidelines that are reasonable and consumer insights about quality that are helpful and valuable. You will also learn about some of the tools we're using to communicate quality and value to consumers.

The pursuit of quality is never-ending, but at the same time satisfying and rewarding. Beef is a great product that already fills a consumer want. Making it better is the icing on the cake.

Yours truly,

Jerry Effertz, Chairman
Federation of State Beef Councils



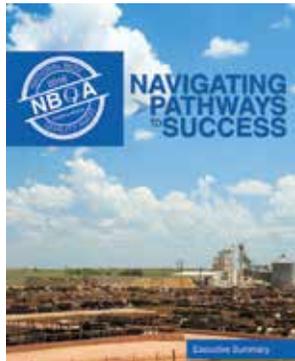
Funded by Beef Farmers and Ranchers

THE QUALITY EQUATION

When they sit down for a meal, more than anything else consumers want food that tastes great. Beef producers have a product that both tastes good and is good for them. What should the beef industry do with this fact?

Through its checkoff program, a wealth of knowledge about beef and beef eaters becomes the foundation for research, education and promotion programs that establish benchmarks for beef quality, while providing guidelines for delivering even more of those beef qualities that consumers want. Obviously, it starts at the beginning.

THE 2016 NATIONAL BEEF QUALITY AUDIT



What cattle producers do to raise beef has an impact on quality. Every five years since 1991 the beef industry, through its Beef Checkoff Program, has provided a set of guideposts and measurements for cattle producers and others to help determine quality conformance of the U.S. beef supply. Results from the National Beef Quality Audit have helped lead to improvements in cattle and beef production through the years, including reductions in carcass blemishes and fewer lost opportunities related to branding and other practices.

Reported in 2017, results from the 2016 NBQA, conducted for steers and heifers as well as cows and bulls, show that the industry continues to improve the quality of its product, and identifies where improvements can still be made. Among the findings was a significant increase in USDA Choice and Prime carcasses, and a high mobility score for cattle entering packing plants, which shows an improvement in animal handling. The number of blemishes, condemnations and other attributes that impact animal value remain small.

Improvements can still be made, however. The NBQA for steers and heifers identified lost opportunities in hitting optimum carcass yield and grade targets and reducing offal condemnation rates, particularly for livers, while among other issues the cow and bull report identified opportunities to make progress by implementing measures to eliminate carcass bruising on the farm, in transport and at the packing facility.

To help tell the positive beef story, the checkoff-funded Beef Quality Assurance Program, managed by NCBA as a contractor to the Beef Checkoff Program, helps beef producers understand the do's and don'ts of raising high quality beef.

Consumers can learn more about how beef is produced through many checkoff-funded programs that tell that story. The multiple efforts to connect with consumers about issues have been highly successful. For example, research conducted by IPSOS Public Affairs in 2016 showed that over 80 percent of consumers graded fresh beef an A or B for safety.

Safety isn't the only beef attribute on the radar. The checkoff-funded Consumer Beef Index (CBI) shows that more than 70 percent of consumers consider beef to be a good balance of taste and nutrition.

A TRAIL TO TENDERNESS

The checkoff-funded National Beef Tenderness Survey demonstrates tenderness has improved significantly since 1990. In fact, there has been a 34 percent improvement in beef tenderness over that time.

Improvements in beef tenderness have remained fairly steady over the past five years despite drought and other challenges that could have derailed its progress. The 2015/2016 survey found that beef is delivering a good eating

experience to consumers. It also suggested the industry is keeping its eye on the ball when it comes to protecting the improvements in tenderness it has made.

Most steaks surveyed were considered tender. While cuts from the round have a wonderful flavor profile they remain an industry tenderness challenge. Increased efforts to optimize aging practices and checkoff-funded consumer education on proper cooking for cuts from the round and other primals will help provide greater consumer satisfaction with tenderness.

AN EVOLVING CONSUMER

Knowing what the consumer wants, and how they go about purchasing it, is at the heart of beef checkoff consumer research and marketing efforts. The research is conducted by the checkoff's market research team using a variety of surveys and data-driven consumer behavior and attitude research tools.

For instance, CBI research shows that beef performs well on key quality attributes important to consumers. Almost 90 percent of consumers say beef is great tasting as well as a great source of protein. A checkoff-funded steak satisfaction tracker supports this, showing in a current survey that 90 percent of consumers say they were very satisfied with their recent beef eating experiences.

Consumers who say they are planning to consume more beef give their reasons as:
 They prefer the taste (85 percent);
 They want to add protein to their diet (77 percent);
 They believe there is better availability of cuts (76 percent);
 and They say beef is more of a family favorite (73 percent).

REACHING BEEF'S FINAL STOPS

The beef checkoff's Masters of Beef Advocacy (MBA) program had acquired 10,000 graduates by 2017, providing consumers with a link to producers who put quality beef on their tables. Started in 2009, this group of beef and dairy producers – along with chefs, teachers, doctors, dietitians and others in the beef community – are equipped to engage with consumers and encouraged to participate in advocacy efforts.

MBA graduates have put their skills to use in many ways, from providing a rancher's perspective for a magazine article to promoting an MBA campaign. The Top of the Class, a next-level advocate training program, regularly taps its members for media interviews, speaking engagements and other national opportunities.

Building on the program's initial success, a new set of MBA lessons were released in 2015, and an interactive app for iPhone and Android introduced in 2016, giving MBA graduates access to beef information at their fingertips.

Consumer beef marketing efforts use digital media that include social and entertainment platforms such as Facebook, YouTube, Instagram, Hulu and others. The Beef. It's What's For Dinner Facebook (www.facebook.com/BeefItsWhatsForDinner/) page has more than 1 million

followers, and the BeefItsWhatsForDinner.com website has circulated more than 1.4 million recipes.

The beef checkoff will have had more than 40 million video views in 2017. This past year Facebook Live, for instance, hosted a "Be Your Own Butcher" from the checkoff's Culinary Center that provided hands-on cutting demonstration by a meat cutting expert, reaching nearly 140,000 consumers.

OUTSIDE OUR BORDERS



Whether working to expand high-end chilled beef exports to Asia, or helping find new destinations for beef livers, the Beef Checkoff Program's international marketing efforts are boosting global demand for U.S. beef. In the first six months of 2017, U.S. exports totaled 606,876 metric tons (mt) – an increase of 12 percent over the first half of 2016. Export value increased 15 percent to \$3.35 billion, which equates to about \$270 for every fed steer and heifer slaughtered – up 8 percent year-over-year.

Beef exports to leading market Japan exceeded last year's pace by 23 percent in volume (150,812 mt) and 28 percent in value (\$905.8 million). Exports to South Korea were up 13 percent in volume (83,357 mt) and 21 percent in value (\$527.7 million). Chilled beef exports to Japan and Korea were up 40 percent and 83 percent, respectively, as the U.S. captured more than 50 percent of both countries' chilled beef market.

The beef checkoff will also play a major role in reintroducing U.S. beef to meat buyers in China, which in June reopened to U.S. beef for the first time since 2003.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2017 EXPENDITURES

Promotion	\$7,871,078
Research	\$9,102,863
Consumer Information	\$7,913,258
Industry Information	\$4,180,808
Foreign Marketing	\$8,140,797
Producer Communications	\$1,498,613
Evaluation	\$202,832
Program Development	\$292,090
USDA Oversight	\$465,853
Administration	\$1,796,725
TOTAL EXPENSES	\$41,464,917

Audited Numbers

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