

Iowa Beef Industry Council

Established 1970

STATE ANNUAL REPORT

TWENTY TWELVE



GREETINGS TO ALL Cattlemen and Cattlewomen throughout the state of Iowa.

It has been an honor to serve as the chair of the Iowa Beef Industry Council (IBIC) for the past year. Please recognize that it would not be possible for the Council and staff to provide the programs and services in Iowa without the support of all of those who raise and market cattle in this state. As a producer much like all of you, I appreciate the fact that our \$1-per-head check-off has been invested in promotion, advertising, new product

development, foreign marketing, and consumer and producer information. The ultimate goal of increasing demand for beef is always the guiding factor in decisions made. Be assured that as the costs of all of these services and programs continue to rise, and with fewer numbers of cattle produced each year, the IBIC will continue to invest in programs that will grow the demand for beef and increase profitability for cattlemen and women in Iowa. I can say with complete confidence that your council members and staff are dedicated to taking the responsibility of managing your checkoff funds most seriously.

Happy Trails,

Elaine Utesch, Chair
Correctionville, IA

Iowa State Fair

A small scale monoslope cattle barn was added to the Little Hands on the Farm™ exhibit at the Iowa State Fair this year. At the exhibit, children picked up miniature bales of hay then dropped them in the cattle bunk to feed the cattle. Little Hands on the Farm™ reached more than 32,000 children in a fun and interactive way while demonstrating the importance of agriculture and how it affects their daily lives. ■



Retail/Foodservice

Iowa Beef Industry Council partnered with five other State Beef Councils to fund a beef educational event which brought more than 30 decision makers from national foodservice operations, grocery chains and packers together to learn about the versatility and selling power of beef.

Two three-day sessions were held at the Culinary Institute of America Greystone in St. Helena, California. Attendees included chefs from Applebee's, Chili's, TGI Friday's, and Sizzler which represented more than 16,500 out-



lets. Participants also included corporate chefs from 5 major national chain grocery retailers accounting for more than 1,200 stores. In addition, corporate chefs from foodservice distributors Sysco, Gordon Foodservice and US Foods were in attendance. Collectively they service well over 100,000 independent restaurants across the country. ■

Education

Family and Consumer Science teachers ordered student booklets, *Basics About Beef*, and participated in the new Beef Grant program which offers funds for the purchase of beef for high school foods classes. ■

Advertising

Enticing consumers to choose beef is the goal of beef checkoff funded advertising. A variety of media including radio ads, television promotions and social media was implemented to reach consumers with positive beef messages across Iowa during 2012. ■



conjunction with Hy-Vee. Iowa State University dietetic students visited with consumers about lean beef cuts and Hy-Vee dietitians gave beef cookery demonstrations. ■



Master of Beef Advocacy

Iowa is second in the nation with 346 MBA graduates who completed the online beef spokesperson advocacy course.

Have you signed up to get yours? ■

29 LEAN CUTS. ONE POWERFUL PROTEIN.



BE A FRIEND. SHARE A RECIPE.
LOVE US ON

Consumer Information

Consumers in the Cedar Rapids area learned about beef's nutrition benefits and the Interactive Meat Case at the KGAN-Fox Health Expo held in

HISTORY CREATES BASE

for Proven Checkoff Program

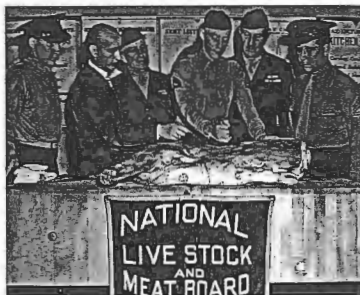
When we learn from the past, we build a foundation for the future. Take the national the Beef Checkoff Program, for example.

The current mandatory checkoff has its roots in demand-building efforts by the beef industry that began back in 1922, when agriculture's first checkoff effort was created in the National Live Stock and Meat Board. Adding to that foundation are state beef councils around the country, which were started as far back as the mid-1950s.

The first checkoffs were voluntary and collected at processing facilities. The assessments on producers were 5 cents per train carload, and a matching 5 cents a train carload from packers, on cattle, hogs and sheep – an amount that was

matched by progressive processing companies that participated in the program.

In 1963, the Meat Board created species divisions that would help provide focus to



individual meats. That's when the Beef Industry Council (BIC) was formed, with guidance and support from state beef

councils from around the country.

When the mandatory \$1-per-head Beef Checkoff Program was instituted in 1986, the BIC was identified in the Beef Promotion Order as the Federation of State Beef Councils, which would help identify programs to fund and represent Qualified State Beef Councils at the national level. When the National Cattlemen's Association merged with the Meat Board in 1996, a Federation Division was created, making the new Federation of State Beef Councils the successor to the BIC.

While improvements have been made along the way, many of the concepts established back in 1922, with additional focus in 1963, are intact in 2012. Today, the Federation remains dedicated to supporting the work of both state beef councils and the national Beef Checkoff Program through its work in beef research, information and promotion.

What's In a Name?

Why do some state promotion governing bodies have boards, while others have councils or commissions?

The answer is that the bodies are controlled by grassroots producers in each state, who establish all aspects of how beef promoting efforts will be run.

Regardless of their name, beef promotion entities in 45 states are considered Qualified State Beef Councils, and authorized by the USDA to collect the full \$1-per-head national checkoff assessment. They remit half to the Cattlemen's Beef Board for national and international promotions, research and information programs. The other 50 cents remains under the control of the state's board of directors for investment in qualified demand-building programs.

Individual producers who get involved in all aspects of the decision-making process at both the state and national level assure grassroots control – something all beef producers can support.

Did You Know...

- Because of its independent nature, the Meat Board was asked in the late 1920s to help develop criteria for a national beef grading system, and the U.S. Department of Agriculture would base its grading program on those standards;
- In the 1970s it was found that consumers were confused by different names for the same cut of meat, therefore a Uniform Retail Meat Identity Standards program was created by the Meat Board that helped make cut names more uniform nationally;
- In the 1960s and 70s, the BIC worked every year with the American National CowBelles (now the American National CattleWomen) on a "Beef For Father's Day" promotion across the country. Millions of consumers were reached through the campaigns;
- A consumer boycott of red meat in the Spring of 1973 highlighted the value of a checkoff-based industry response to societal issues (and underscored the need for more resources). The industry joined forces in a "Beef Steak Strategy" through the BIC to reach out to consumers, helping educate them through media outlets such as *The New York Times*, *The Wall Street Journal*, *Time*, *Newsweek*, and NBC-TV's *The Today Show*.



Third Time is a Checkoff Charm

The Beef Checkoff Program passed by producers in a 1988 referendum by an almost 4-1 margin wasn't the first beef industry effort to create a uniform national checkoff. In 1977, a program was proposed that would have assessed 2/10th of one percent of an animal's value at slaughter to fund a top-down organization – with a minimal role for state beef councils. It was voted down by producers.

In 1980, a similar proposal was overwhelmingly defeated. After that defeat, the industry went back to the drawing board to determine what kind of program producers really wanted.

An extensive survey found that producers sought a program that was jointly controlled by a state and national effort; utilized existing organizations (like the BIC and United States Meat Export Federation) to conduct programs, without creating new promotion organizations; and a program that used a method of collecting a set amount at the time of sale.

The \$1-per-head assessment and the Beef Checkoff Program were the result. Surveys conducted on a regular basis by an independent research firm show that producers remain supportive of this effort. In the last survey conducted in July 2012, 74 percent of producers supported the beef checkoff, and eight of 10 said they thought the checkoff had helped contribute to a positive trend in beef demand.

GETTING A GRIP ON THE FUTURE

It doesn't take a crystal ball to know the beef industry has plenty of marketing changes in store over the next 50 years. If the decreasing cattle herd and changing weather patterns aren't good enough indicators, technology and the mercurial consumer should suggest that we're in for quite a ride.

Consumer demographic and behavioral trends suggest the beef industry can expect many changes. Based on current developments we would not be surprised to see:

New merchandising options.

Households comprised of one or two persons now represent 62 percent of the total U.S. households. Retailers are going to need plenty of merchandising options as they reach out to these consumers.

Technology driving decision-making.

Millennials – those 80 million consumers who were born between about 1980 and 2000 – use social media to make many of their decisions, as well as increase their knowledge base. What kind of instant messaging will drive millennial decisions and knowledge tomorrow?

Ethnic shifts change the marketing landscape.

Hispanics will grow from 16 to 30 percent of U.S. households from 2010 to 2050. Not only will culinary tastes shift, but the beef industry must be able to meet the needs of increasingly diverse consumer palates.

More new beef cuts for the budget-conscious.

The beef industry has developed several new beef cuts (Denver Cut, Flat Iron Steak) that have helped make steak-eating more affordable, and increased the value of the carcass. Today, about half of U.S. households are at low to moderate income levels. Innovation is needed to find affordable beef options for all income levels.

More convenient beef products.

Nearly one-third of consumers think that 40 minutes from start to table is too long to wait for their meals, 70 percent say that an hour is too long. In addition, 70 percent of women are now working, so convenience is paramount. While ground beef has been the "fall-back" product for the time-conscious, more convenient whole muscle cuts could boost demand.

Summary

As we look down the road, these and other trends stand out as particularly relevant to beef producers. Obviously, no one can predict the future; however, it makes sense for the beef industry to be prepared for one.

THE CHECKOFF

IN 2012



Today, aggressive checkoff-funded programs are reaching their target audiences with positive messages about beef. These programs include:

NUTRITION RESEARCH, such as the Beef in an Optimal Lean Diet

(BOLD) study that demonstrates eating lean beef every day can be good for heart health;

SAFETY RESEARCH, which searches for solutions to safety challenges to further enhance the industry's safety record;

HEALTH PROFESSIONAL EDUCATION, which extends scientific research about beef nutrition to the country's leading health professionals through organizations like the Academy of Nutrition and Dietetics;

ADVERTISING, which takes advantage of consumer recognition of the checkoff's "Beef. It's What's For Dinner" campaign through print, radio and online video advertising;

FOODSERVICE AND RETAIL PROMOTIONS, such as a new BEEFlexible for Foodservice campaign to promote the value and versatility of steak, and a refreshed version of the BeefRetail.org website;

ISSUES MANAGEMENT, which helps protect the industry against unfounded attacks and provides accurate information about beef issues. To help debunk beef myths, a FactsAboutBeef.com website was created to address animal care, the environment, nutrition and safety;

BEEF QUALITY ASSURANCE, where producers are encouraged to follow guidelines that encourage better beef production. Released in

2012, the 2011 National Beef Quality Audit provided industry guideposts for improving the U.S. beef supply;

INFORMATION, with booklets like *Basics About Beef*, a full color, 24-page booklet designed to help consumers get optimal value when buying beef;

VEAL PROMOTION, with a Facebook summer grilling photo contest generating awareness of veal and a Twitter handle posting local veal specials at retail and in restaurants; and

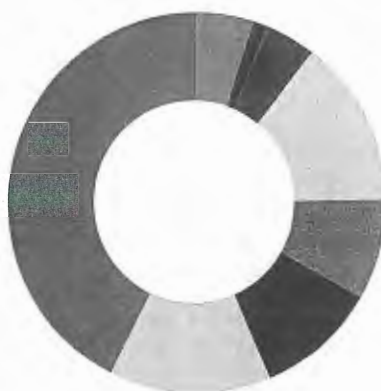
INTERNATIONAL PROMOTIONS, which are helping raise awareness of beef's value in dozens of countries around the world.

CATTLEMEN'S BEEF BOARD Fiscal Year 2012 Expenditures

Expenditures

Program Expenses:

■ Promotion	\$18,497,850
■ Research	\$5,719,714
■ Consumer Information	\$4,513,478
■ Industry Information	\$3,866,592
■ Foreign Marketing	\$6,129,529
■ Producer Communications	\$1,745,326
■ Producer Evaluation	\$131,674
■ Program Development	\$198,498
Total Program Expenses:	\$40,802,661
■ USDA Oversight	\$211,064
■ Administration	\$1,632,467
Total Expenses:	\$42,646,192



*Chart shows 2012 audited numbers



Beef Quality Assurance (BQA)

The Iowa BQA program has focused throughout the state on increasing consumer confidence and demand in beef through proper cattle care and low-stress handling seminars. Also, the 2011 National Beef Quality Audit results were recently released, so look for additional industry updates. ■

MISSION STATEMENT

The Iowa Beef Industry Council is dedicated to expanding consumer demand for beef, strengthening beef's position in the global marketplace and improving producer profitability. ■

Board of Directors

Elaine Utesch, Chair	Correctionville
Scott Niess*, Vice-Chair	Osage
Roger Brummett, Secretary	Bedford
Daryl Strohbehn, Treasurer	Boone
Scott Heater, Elected Director	Wapello
Joe Wright, Iowa Livestock Marketing Association	Knoxville
Wendy Wintersteen, Dean of ISU College of Agriculture and Life Sciences	Ames
Bill Northey, Iowa Secretary of Agriculture	Des Moines
Terri Carstensen	Odebolt
Dan Cook*	New Providence
Nancy Couser	Nevada
Ed Greiman	Garner
Tom Hotz*	Lone Tree
Scott McGregor	Nashua
Steve Rehder	Hawarden
Helen Wiese*	Manning

* Federation Director

Cattlemen's Beef Promotion and Research Board Representatives (CBB)

Dean Black	Somers
Jeff Clausen	Carson
Will Frazee	Emerson
Kent Pruisman	Rock Valley

Iowa Beef Industry Council

2055 Ironwood Court
Ames, IA 50014

www.iab Beef.org • (515) 296-2305 Phone • (515) 296-4873 Fax

Iowa is a beef exporting state having fewer consumers than the quantity of beef we produce. By law, Iowa beef producers send 50 cents of every dollar to the Cattlemen's Beef Board (CBB) for national beef promotion efforts. In addition, Iowa contributes another 20.5 cents of every dollar to national efforts through the Federation of State Beef Councils and U.S. Meat Export Federation (USMEF) for international marketing.

International Markets

Dan Cook (IBIC) and Kent Pruisman (CBB) explored potential trade on an Iowa Meat Mission to Guatemala and Panama. The meetings with importers, foodservice and retailers resulted in a return trade trip to Iowa with buyers who want to learn more about U.S. and Iowa beef and how we produce it. ■



Nutrition

Attendees at the Iowa Dietetic Association's annual meeting heard Dr. Mike Rousell, Penn State, share his research study funded by the beef checkoff. Beef in an Optimal Lean Diet (BOLD) is a clinical study showing that lean beef in a healthy diet can reduce cholesterol as well as fish and chicken. ■

Iowa Beef Industry Council

Statement of Revenues and Expenses

October 1, 2011 - September 30, 2012

Revenues:

Assessments	3,341,347
Late Fees	356
Interest Earned	5,691
Contract & Miscellaneous Income	17,718
Project Income	10,000
Governor's Charity Steer Show	150,835
Total Revenues	3,525,947

Expenses:

Beef Promotion & Research Board	1,670,852
Federation of State Beef Councils	600,000
National Program Investments	75,000
US Meat Export Federation	128,600
IBIC Contracts with ICA	5,526
Administrative	83,442
Collection/Compliance	28,856
Consumer Communication	64,433
Education	26,418
Health Professional	18,718
Industry Information	90,157
Governor's Charity Steer Show	170,219
Advertising	198,440
General Consumer Promotion	6,980
Retail	50,227
Food Service	81,536
International	47,095
New Products	11,817
Research	11,020
Producer Communication	137,370
Beef Quality Assurance	58,809

Non-Checkoff Related Expenses:

Beef Certificate Time & Expenses	17,716
Total Expenses	3,583,231

Excess of Revenues Over Expenses (57,284)

Net Assets:

Beginning of Period	996,443
End of Period	939,159