

CONSUMER INFORMATION PROGRAMS

EDUCATION PROGRAMS

NMBC TAILGATE WITH BEEF WITH THE AGGIES

The New Mexico Beef Council (NMBC) joined forces with the NM Ag community to support agriculture and New Mexico State University (NMSU). NMBC served as both an exhibitor and sponsor of the 4th annual event, which was organized by the NM Department of Agriculture (NMDA) and NMSU-ACES.

The theme of this year's Ag Day was "Tough Enough to Wear Pink," encouraging attendees to wear pink in recognition of Breast Cancer Awareness Month. Dozens of booths were set up to inform the crowds about all facets of New Mexico agriculture. The NMBC distributed beef sliders, beef recipes and nutrition literature.

YOUTH RANCH MANAGEMENT CAMP

Going to camp this summer was a life changing experience for 24 New Mexico youth. During "New Mexico Youth Ranch Management Camp", high school-age students were introduced to the many aspects of running a working ranch; specifically, producing quality beef. Students learned about ranch finances, marketing strategies, and how to manage natural resources and wildlife.

"All Things BEEF" was the theme of the first day of the New Mexico Youth Ranch Camp. The stage for BEEF Day was set by providing the participants with an overview of the beef industry, and how consumer demand and preferences drive this dynamic and challenge the industry. The students also fabricated a beef carcass into retail cuts.

NEW MEXICO BEEF COUNCIL AUDITED FINANCIALS JULY 1, 2016 – JUNE 30, 2017

Revenue		
Checkoff and Interest	\$1,134,606	98.82%
Carry-over from Prior Year	13,591	1.18%
Total Sources	1,148,197	100.00%
Expenditures		
Cattlemen's Beef Board	567,222	49.40%
National Program Investments	44,548	3.88%
Promotion Programs (1)	183,830	16.01%
Consumer Information Programs (2)	101,653	8.85%
Producer Communications	87,970	7.66%
Industry Information	0	0%
Collections	84,812	7.39%
*Administration Costs	78,162	6.81%
Total Expenditures	\$1,148,197	100.00%

1-Advertising, Media, Retail, Foodservice; 2-Health Educators, Education Programs, Events

*Administration costs after allocation to program development and implementation, as prescribed by the Cattlemen's Beef Board.

U.S. BEEF ACADEMY

The annual U.S. Beef Academy (USBA) is focused on providing the next generation of beef producers a unique, applied beef cattle management experience on the NMSU Corona Range and Livestock Research Center, in central New Mexico. The USBA is the second tier of the New Mexico Youth Ranch Management Program. It is an in depth, five-day camp, geared to a college level curriculum covering various aspects of beef production. NMSU's Cooperative Extension Service, NMBC, and other members of the beef cattle industry, sponsor the USBA. Fourteen students from five states attended the USBA: two veterinary students, five graduate students, five high school students, and two undergraduate students. On BEEF Day the students learned about the NMBC and beef checkoff, fabricated a beef carcass into retail cuts, and participated in a taste panel differentiating USDA Quality Grades of beef, natural and organic beef.

KIDS, KOWS 'N MORE BRINGS THE BEEF STORY TO ELEMENTARY STUDENTS

Kids & Kows & More is an agriculture education program that takes place throughout the academic school year in 12 counties across New Mexico. For the 2016-2017 school year, over five thousand students, almost four hundred teachers and many volunteers and parents were provided information about the beef industry and the important role cattle play in people's lives. Twelve trained presenters, plus a multitude of co-presenters representing the NMBC, provide information, resources and hands-on experiences to the students and teachers. These materials reinforce the messages of where our food and fiber come from, and the critical importance of the agriculture industry and the families involved.

FOOD CAMP FOR KIDS

Food Camp for Kids is a six-day, six-hour-a-day camp for youth ages 9 to 14. The camp includes field trips, hands-on cooking activities, food safety practices, and lots of discussion. The field trips include a visit to a cattle feedlot, beef farm, meat processing plant, milk dairy, and more. Students prepare a meal using the local products they learned about on the field trips. The NMBC sponsors "Beef Day," the first day of the camp, organized and taught by the Valencia County Extension Office, NMSU CES.

PUBLIC RELATIONS PROGRAMS

AGFEST

"Educating Consumers, Supporting Producers" was the theme of the NMBC booth at AgFest 2017. AgFest is an effective way to educate key leaders and business people about the importance of the beef industry to the state's economy. Shredded Beef tacos topped the evening event.

NMDA HAPPY HOUR EVENTS AT THE NM STATE FAIR

The NMBC partnered with the NMDA and local wineries and breweries at the 2017 New Mexico State Fair. The NMBC distributed delicious beef appetizers and recipes, and taught fair attendees how to pair beef with various wines and beers. The "Happy Hours" ran Thursday through Saturday, September 14th- 16th. The Seasonal Palate prepared six different beef appetizers that were distributed to attendees. A beef appetizer recipe brochure was developed for the event. The NM CowBelles partnered with the NMBC, distributing samples and meeting with the public.

DEAR FELLOW PRODUCER,



In a recent article on the state of the beef industry, the National Cattlemen's Beef Association pointed out that Millennials (age 21 to 35) spend an average of 53 hours per week online, and shop for 30 percent of their groceries online. Couple that with the fact that many were raised in an environment where there was not a meal cooked daily in the home, and we have a huge learning curve to not only get this generation to purchase and eat beef, but also to learn to shop for and prepare it.

Since they live online, it is only logical that we use that venue to reach them. In May of 2016, the New Mexico Beef Council launched a digital advertising campaign that includes both display ads and native advertising – or advertising that presents itself as editorial or content on websites and blogs. The digital ads are strategically placed on websites that are frequented by users who consistently visit sites focused on Food & Drink, Home & Garden, Cooking & Recipes, Social Networks and Celebrities & Entertainment News. The native ads appear on sites such as Gourmet.com; Food.com; and Recipes.com, and appear to be "embedded" recipes that are part of the editorial for that website. All the ads are geo-targeted to New Mexico and have active links that direct the user to the NMBC website. Results from the campaign indicate that it has been extremely successful which prompted us to extend the campaign into 2018. We are seeing increased use of our website for recipes and instructional videos. As a boomer, even though my mother taught me how to cook, I have picked up a few tips from the videos. I guess that shows we are never too old!!

BEEF. IT'S WHAT'S FOR DINNER has become an iconic brand for today's consumer. The tagline was launched twenty-five years ago, and is easily recognizable. We believe that adding the visual of a digital advertising campaign to the successful slogan helps ensure that beef stays on the dinner plate and, we have been able to expand the meaning behind the slogan to include a healthy protein for consumers. I always like adding the line, "From my family's ranches to your family's table." At the time of this letter, we are experiencing many national disasters across our country including hurricanes, fires, floods, and droughts. All of these disasters put cattle and fellow producers in peril. We keep these producers in our prayers and know in our hearts that cattle producers are resilient people who will find a way to regroup and rebuild. The beef checkoff is poised to do the same. We are resilient in changing economies to help our product stay on everyone's table as a healthy, valuable source of protein and nutrients. The future of the beef industry depends heavily on the next generation of beef consumers, and your checkoff is seeing that they have the information they need to increase their confidence in you and your end-product, so beef remains on consumers' tables. Please stay in touch with your council directors. Our contact information is listed in this report.

Blessings for rain and a healthy market,
Tamara G. Hurt
Chairman, New Mexico Beef Council

PROMOTION PROGRAMS

MEDIA AND ADVERTISING PROGRAMS

NMBC Digital Advertising Wins "Top Ad"
Local Media Insider, a national online publication that reports on digital advertising, named the NMBC's native ad campaign the "Top Ad" for its over the top click through rates. Clicks measure the engagement of the targeted audience and their response to a particular ad. The NMBC's native ad campaign generated click through rates greater than .2 percent, which is five times the average click-through rate of .04 percent.

AG MAGAZINE

The NMBC and NCBA staff created a full-page ad for Enchanted, Agriculture, Food & Cuisine magazine done in partnership with the NMDA. The annual agriculture magazine is published in January and distributed by the NMDA.



2017 NEW MEXICO Beef Council Annual Report

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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 & 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 2016 EXPENDITURES

Promotion	\$7,483,378
Research	\$9,755,701
Consumer Information	\$7,279,544
Industry Information	\$3,054,637
Foreign Marketing	\$8,123,678
Producer Communications	\$1,460,199
Program Evaluation	\$203,164
Program Development	\$265,182
USDA Oversight	\$349,025
Administration	\$1,746,258
TOTAL EXPENSES	\$39,720,766

Audited Numbers

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