

North Dakota Beef Commission 2008 Annual Report

From The Chairman



Not so long ago, I was having coffee with a group of friends, some were beef producers and some were beef consumers. As we visited, the topic came around to the Beef Checkoff and the fact that producer dollars are being collected to promote beef. After some discussion, the two 'consumers' that didn't have any cattle spoke up. They told the group that they were glad to read, hear and see promotions for beef. I watched the beef producers listen to what these consumers of their product had to say and then saw them take pride and a "new ownership" in the Beef Checkoff program.

As for myself, I'm now serving my sixth and final year on the North Dakota Beef Commission and find that I am continually learning more about our state and national programs. I've had the pleasure of representing you on both the state and national level. Having seen checkoff programs start from a small idea and evolve into a nationwide beef promotion success has been nothing short of amazing. At the state level, the ND Beef Commission is always getting requests to fund new research, promotion and education programs. We try our best to make good decisions with your money that will get you, the beef producers of North Dakota, the greatest return on your investment. And I personally encourage anyone who has thoughts or ideas that would enhance beef consumption to bring those ideas forward.

This past year has been a busy one for the ND Beef Commission. I encourage you to pour yourself a cup of coffee and take some time to read through this annual report. In a few pages we have tried to summarize the work of many committed beef industry staff members and volunteers that work for you year around. Read it, study it and then call us with your thoughts.

And to every BEEF PRODUCER across our state and region, I Thank You for your contributions and everything you do to make all this possible with your Beef Check Off dollars.

Jerry Schaefer, Chairman
North Dakota Beef Commission

PUBLIC RELATIONS REACHING CONSUMERS

Consumers continue to be exposed to new beef products and great new recipe ideas through activities of the Beef Commission. These include food events, beef cookery presentations, fairs, displays, and ND CattleWomen programs. In addition, thousands of consumers come face to face with beef at events including the Women's Showcase in Fargo, ND State Fair in Minot, the Working Women's Summit in Bismarck and others.



The media, including TV, radio and newspapers, are an important outlet for beef information. Stories on new chuck value cuts that are adding value to producers' pockets generated tens of thousands of consumer impressions across North Dakota.

PARTNERSHIPS IN NUTRITION

Consumers trust the advice they get from health professionals. That makes ongoing Beef Commission partnerships critical with groups like the ND Academy of Family Physicians, ND Dietetics Assn, ND Nutrition Council, ND Extension Service, and various community health and wellness groups. A new partnership in 2008 with the Upper Plains Cardiopulmonary Rehab Assn also has resulted in getting current beef nutrition information into the hands of those that work daily across North & South Dakota with cardiac rehab patients.

North Dakota Academy of
Family Physicians



North Dakota Nutrition Council

NDSU For the third year, beef producers have partnered with the "Eat Smart. Play Hard. Extension Service Together" campaign championed by the NDSU Extension Service reaching tens of thousands of elementary students across the state with a sensible message about food and exercise.



Meat thermometers and proper beef cooking, handling and safety information is reaching over 1500 high school students each year through the "Teens Serving Food Safely" education program coordinated by the Extension Service and supported by the Beef Commission.

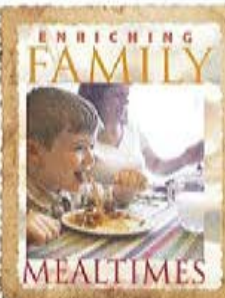


EDUCATING NORTH DAKOTA



From preschool to senior citizens, a wide range of checkoff programs are telling beef's great story. The Living Ag Classroom program annually reaches over 5000 4th grade students through events in Fargo, Minot and Bismarck. Over 100 Family & Consumer Science teachers participate annually in the Beef Mini Grant

Program that provides a \$35 beef gift certificate and free education materials for classroom use. Four college scholarships go to members of the NDSU Meats Judging Team to further their work in meat science. The ND CattleWomen also receive checkoff funds to carry out events like the Beef Ambassador contest and the Beef Challenge student beef recipe contest.



Enriching Family Mealtimes, an educational program designed to teach families the benefits of sitting down together for meals including beef, was rolled out across the state through partnerships with the NDSU Extension Service nutrition specialists as well as the network of Family & Consumer Science teachers.

PROMOTION HIGHLIGHTS



Prime Rib samples were the highlight of two Holiday Food & Wine Experience events. Over 1750 Prime Rib samples were served in less than two and one-half hours at the Fargo event, while over 1000 samples were served at the Bismarck event in less than three hours. The

Prime Rib in Fargo was furnished by O'Kelly's Restaurant and by CashWise Foods in Bismarck.



The Fifth Annual Beef Industry Military Appreciation event held during the ND State Fair was another huge success. Over 1200 military members and their families enjoyed a scrumptious slow roasted beef picnic hosted by the ND Beef Commission, ND Stockmen's Assn., and ND CattleWomen. We were

honored by the presence of the commanders of both the Bomber Wing and the Missile Wing of the Minot Air Force Base who pleased the beef producers present when they said, "The military runs on BEEF!!!"



Six of Fargo-Moorhead's finest chefs showed off their talents in the first "Flat Iron" Chef Cooking Competition as part of the Toast of the Town Food & Wine Extravaganza. The Flat Iron steak is one of the new value cuts developed by the beef checkoff being promoted to restaurants across the country. When the

flames died down and the panel of expert judges had completed their tasting, Chefs Eric & Sara Watson of Mosaic Foods were announced as the winner. In second place was Chef Tuan Nguyen of Doolittle's Restaurant, and in a delicious third place finish was Chef Justin Stargel of the Ramada Plaza Suites.



PRODUCERS LEARNING AND SEEING FIRST HAND



With 96 percent of the world's population outside of borders, the beef export market is a critical part of the US beef business. The ND Beef Commission impacts foreign market development through its memberships in the US Meat Export Federation. ND Beef Commission directors also attend USMEF national meetings.

The list of "potential" catastrophes facing the beef industry is long - foot & mouth, BSE, agro-terrorism, and the next unpredicted bad bug. That's what makes industry planning so critical. To accomplish this, the Beef Commission was proud to partner with the NDSU Extension Service, the ND Beef Quality Assurance program and the national Extension Disaster Education Network to host a conference focusing on agrosecurity for the livestock industry. The "BEYOND BORDERS. Regional Animal AgroSecurity" conference was host to attendees from 16 states and 4 Canadian provinces including representatives from every livestock species, every foreign animal disease laboratory in the US and Canada, and the leadership from USDA APHIS and Ag Canada's CFIA. Conference issues ranged from reviewing the human element of the UK's FMD outbreak to preparing for an animal agrosecurity incident along an international border to communicating an animal industry emergency to the consuming public.



RESEARCH MOVING FORWARD



The Beef Commission currently has over \$180,000 invested in research projects being conducted at the NDSU Beef Systems Center of Excellence. Projects range from beef cookery methods to factors contributing to the tenderness of beef muscles.

OFFICERS



Jerry Schaefer,
Chairman



Shawn Amdorfer,
Vice Chairman



Gladys Woroniecki,
Secretary



Janna Leedahl,
Leonard



Kim Lees,
Buchanan



Jerry Schaefer,
Des Lacs

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Velva



Marshall Hermanson,
Stanley



Gladys Woroniecki,
Hebron



Shawn Amdorfer,
Hettinger



Allan Tellmann,
New Salem



Ray Erbele,
Streeter

— EX-OFFICIO —



Jason Schmidt,
Medina



Larry Schnell,
Dickinson



Jeff Dahl,
Gackle



Margie Hande,
Amidon

— BEEF PRODUCERS —

— FEEDERS —

— DAIRY —

— LIVESTOCK MARKETS —

— CATTLEMEN'S BEEF BOARD —

— STAFF —

Nancy Jo Bateman, Executive Director
Sylvia Brown
Joan Hoovestol

2008 NORTH DAKOTA BEEF COMMISSION

Combined statement of revenues, expenditures and changes in fund balances
JULY 1, 2007 - JUNE 30, 2008

Revenue:	
Checkoff Assessments	\$1,230,077
Less Remittance to States of Origin	(37,153)
Less Remittance to Cattlemen's Beef Board	(596,234)
Net Assessments	596,690
Other revenue - interest & receipts	25,673
Other revenue - Beef Gift Certificate sales	25,690
Net In-State Revenue	\$648,053
Expenditures:	
International promotion	22,121
Promotion	39,525
Research	91,160
Consumer Information	127,565
Industry Information	9,133
National program development	193,476
Beef gift certificates	25,690
Administration	176,277
Operations	39,971
Total Expenses	\$724,918
Revenues over (under) expenses	\$(76,865)
Fund Balance, July 1, 2007	\$551,387
Fund Balance, June 30, 2008	\$474,522

BEFF

Your Beef Checkoff Program Fiscal Year 2008 in Review

ADVERTISING



The results of the checkoff's "Powerful Beefscapes" advertising campaign are in! The campaign successfully reached 89.7 percent of the consumer target an average of 16.3 times to help keep beef top of mind with consumers, to reinforce consumers' passion for beef and to promote beef's healthy qualities. The Consumer Beef Index Survey demonstrated exciting campaign results related to the way consumers perceive beef. The survey showed

that beef is now more likely to be viewed as a "smart choice" that provides a balance of taste and nutrition – a product that consumers can feel good about eating.

FOODSERVICE

Foodservice continues to be beef's primary channel to consumers. In 2007, more than 8.6 billion pounds of beef moved through foodservice, representing \$27.5 billion wholesale purchases by restaurants and institutions in the United States. In FY 2008, the BEEFlexible promotion and trade advertising campaign was redesigned to compliment the striking "Beefscapes" consumer ads. Trade advertising featured new beef cuts in trendsetting global cuisines, along with companion recipes available by request or through www.beeffoodservice.com. To reach potential menu influencers, the foodservice marketing team, working with state beef councils, hosted five culinary workshops aimed at providing 60 leading restaurant chefs with hands-on experiences in using new beef cuts.

RETAIL



In FY 2008, one checkoff-funded retail marketing strategy targeted Hispanic consumers. The retail team produced a Hispanic Marketing Toolkit that increased beef sales among participating retailers by an average 29 percent, which led to the retail program being tapped

for the prestigious Effie Award from the American Marketing Association. In other activity, the retail program continued its proactive partnerships with supermarkets and state beef councils. Summer grilling promotions sizzled with the help of partners Kraft A1, Anheuser Busch and Sutter Homes. Work also began on the innovative Beef Alternative Merchandising program, aimed at helping consumers save money while still enjoying great tasting steaks.

BEEF INNOVATIONS GROUP



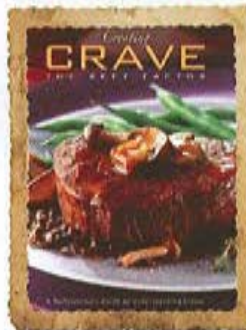
It was a milestone year for the Beef Innovations Group (BIG). Technical work on the beef round resulted in five new product applications that will eventually be marketed commercially. BIG is also preparing to take business cases, along with samples

of 10 new convenience-oriented beef products, right to food manufacturers. Four new industry partnerships were formed with Hormel, Schwan's, Colorado Premium and American Foods Group. BIG also successfully launched its all-new beef innovations contest, which was won by Smithfield's "Texas Hold'um" sandwich. This product will roll into the foodservice market in fall 2008.

VEAL

In FY 2008, the veal program focused on increasing demand through foodservice initiatives to introduce and promote the use of new veal cuts in the casual theme restaurant segment. To strengthen the marketing environment for veal, producers and allied industry leaders also emphasized veal quality assurance and issues management leadership. In FY 2009, new retail initiatives will expand partnerships with veal packers and state beef councils.

CULINARY CENTER



FY 2008 was another sizzling year at the Culinary Center. Recipes were developed for programs in retail, new products, foodservice, advertising, veal and nutrition. The new chuck roll cuts were photographed and assigned specific cook timings. The center's extensive recipe and photo database was revamped to support the all-new BeefIt'sWhatsForDinner Web site. Additionally, "Creating Crave" materials were redesigned and updated, including

new information from "The Chemistry of Flavor" checkoff-funded study.

NUTRITION

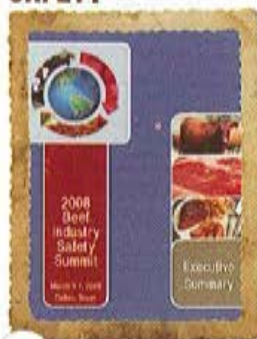
The checkoff's investment into research and planning an industry response to the release of the World Cancer Research Fund/American Institute for Cancer Research Second Expert Report on Cancer produced an invaluable ROI when red meat and its link to cancer turned out to be only part of the story, rather than the story. Consumer surveys conducted before and after the report

was released found a significant increase in people saying they had seen, heard or read something in the past month about food and chronic disease and, specifically, about red meat and cancer. However, despite these responses, consumer attitudes regarding their risks and their association of foods, including beef, and cancer did not change.

NUTRITION INFLUENCER EDUCATION

Based on the very successful 2007 Protein Summit, the Nutrition Influencer Education Program helped place a protein supplement in the May 2008 edition of *American Journal of Clinical Nutrition*, a leading publication for nutrition influencers. The nutrition team distributed a comprehensive electronic resource kit to key thought leaders that included a link to the supplement, along with additional protein information. Utilizing checkoff funding, the nutrition team also sponsored an educational meeting with the Washington State Beef Commission and the Florida Dietetic Association to relay the benefits of the protein in lean beef to key nutrition professionals.

SAFETY



Foodborne illness and recalls in FY 2008 supported the continued need for beef safety research, dissemination and outreach programs. Checkoff funded programs advanced the knowledge of pathogens with a focus on *E. coli* O157:H7 while tracking other *E. coli* species responsible for increased human illness. Training materials developed through the Beef Industry Food Safety Council continue to be utilized by all sectors of the beef industry to address safety threats.

ISSUES & REPUTATION MANAGEMENT

A May 2008 public opinion survey found that consumer confidence in beef safety rebounded from 86 percent in February 2008, following the Hallmark recall, to 91 percent, two points higher than the confidence measure in May 2007. That survey also found that 97 percent of Americans support raising cattle for food if farmers and ranchers provide good care and treat animals humanely. The work of Issues Management in protecting the marketing climate for beef from potentially damaging issues in food safety, nutrition, the environment and animal welfare has been an integral part of beef checkoff investments since the program began.

PUBLIC RELATIONS

In FY 2008, checkoff-funded public relations efforts generated over 5.5 billion media impressions from recipe distribution, as well as the promotion of beef nutrition and beef safety. Beef recipes, preparation and cookery techniques generated more than 5 billion media impressions in major consumer news media outlets. The Public Relations team also works with the news media to provide consumer information about beef and beef production. Additionally, the PR program also delivers information to consumers through several web sites, including *BeefFromPasturetoPlate.org*, *BeefItsWhatsForDinner.com* and *BeefNutrition.org*.

YOUTH EDUCATION

The Youth Education Program successfully piloted a School Wellness Seminar series in several states. Attendees learned from a third-party childhood nutrition expert about the need for good nutrition in the diets of young people. Attendees received toolkits to help them implement nutrition education programs in their own schools.

FOREIGN MARKETING

With the reopening of South Korea, U.S. beef has now regained access to almost all major global markets. In FY 2008, U.S. beef exports worldwide amounted to 950,000 metric tons (2.09 billion pounds) valued at \$3.4 billion – an increase of 29 percent in volume and 38 percent in value over FY 2007. Exports during August 2008 set an all-time monthly record in terms of value at \$416 million – surpassing the previous record of \$387 million set in June 2003.

CBB COMMUNICATIONS

CBB communications launched *www.yBeefCheckoff.com*, a Web site for producers, as well as a corresponding producer communications print and radio campaign. The communications team also produced the 2007 CBB Annual Report; participated in 11 industry trade shows; produced checkoff brochures for dairy and beef producers; and prepared some 20 newsletters aimed at CBB members and other producers.

NATIONAL BEEF COOK-OFF®

The FY 2008 program public relations activities resulted in 1,175 media placements and over 162.8 million impressions, surpassing the 2006 actual impressions (127 million) by 28 percent. A key beef message – permissible passion – was delivered in 90 percent of event/post-event media placements. Since September 2007, some 416,000 cook-off recipe brochures have been distributed to consumers. Between Jan. 1, 2007 and Oct. 1, 2008, the *www.beefcookoff.org* web site had 142,459 sessions, while total page views grew 45 percent, to 354,117.

