



Photo courtesy of Kelli Brown



2016-2020 BEEF INDUSTRY LONG RANGE PLAN

FINAL REPORT

July 2015



Contents

Executive Summary 1

Purpose of Plan 3

Long Range Plan Task Force 3

Situation Assessment 4

Key Trends 5

Critical Assumptions..... 8

SWOT Analysis..... 9

Critical Strategic Questions..... 11

Strategic Plan Overview 12

Vision 12

Mission..... 12

Strategic Objective 12

Core Strategies 12

Goals 13

Strategic Initiatives..... 13

Core Strategy: Drive growth in beef exports..... 14

Core Strategy: Protect and enhance the business and political climate for beef..... 15

Core Strategy: Grow consumer trust in beef and beef production..... 16

Core Strategy: Promote and strengthen beef’s value proposition..... 17



Executive Summary

The U.S. beef industry has faced enormous challenges since the turn of the century. Droughts, record-high feed prices, record-low cow numbers and an increasingly burdensome regulatory environment have made it difficult for even the most committed and financially stable industry stakeholders. Fortunately, the tide is turning. Domestic beef demand has increased each of the last four years, all classes of cattle and calves are trading in significantly higher trading ranges than ever before and the U.S. cowherd is beginning to grow. Additionally, growth in the global middle class coupled with U.S. beef producers' skill in producing high quality beef has resulted in increased export demand with beef exports adding more than \$300 per head in value. The future holds tremendous promise for an industry focused on meeting the changing needs and preferences of domestic and international consumers, but presents continued challenges in the areas of government policy, consumer perceptions and activists' agendas.

In December, 2014, 16 leaders from across the entire beef value chain embarked on a long-range planning process. The purpose of this task force was to assess the current situation, anticipate key issues and trends impacting the beef community, and develop a five-year strategic plan to guide the efforts and focus the resources of the U.S. beef industry.

The task force defined the mission of the U.S. beef industry as, ***“a beef community dedicated to growing beef demand by producing and marketing the safest, healthiest, most delicious beef that satisfies the desires of an increasing global population while responsibly managing our livestock and natural resources.”***

Recognizing the increasingly global landscape of the beef industry, the growing demand among the world's middle class for high-quality protein, and the need to differentiate beef from competitive alternatives, the group framed the following vision:

“To responsibly produce the most trusted and preferred protein in the world.”

The task force agreed the single most important strategic objective the industry should pursue is increasing beef demand and established a specific objective to **“increase the wholesale beef demand index by 2 percent annually over the next five years.”** Achieving that objective will require resources be committed and actions taken on four core strategies:

- **Drive growth in beef exports**
This strategy focuses on gaining access to key markets, adopting an animal I.D. traceability system and promoting the unique attributes of U.S. beef to foreign consumers.
- **Protect and enhance the business and political climate for beef**
This strategy begins with motivating stakeholders to become more engaged in policy concerns to improve the industry's effectiveness in managing political and regulatory issues that threaten the overall business climate of beef production. It must also include efforts to ensure beef's inclusion in dietary recommendations, the



exploration of new production technologies to replace ineffective or unacceptable production inputs or methods, and a crisis prevention and management plan to prepare the industry to manage key risks and vulnerabilities. Finally, strategies must be developed to attract, develop and enable the next generation of beef industry stakeholders while simultaneously becoming more proactive in supporting global food security messages and activities.

- **Grow consumer trust in beef and beef production**

This strategy includes a critical focus on antibiotic stewardship, the implementation of a certification/verification program and continued investment in beef safety initiatives. Moreover, the industry must engage the entire beef community in building consumer trust and collaborate with a broader group of industry partners and outside organizations to protect beef's image.

- **Promote and strengthen beef's value proposition**

This strategy is designed to revolutionize beef merchandising, invest in research to communicate beef's nutritional benefits and capitalize on media technologies to communicate beef's value proposition and connect directly with consumers. Furthermore, the industry must effectively respond to consumer-based market signals with product improvements and increased production efficiencies while continuing an industry-wide commitment to measuring, improving and communicating progress in beef industry sustainability.

While many other strategies and initiatives could be added to this list, the task force fully recognized the limited resource base within the beef industry and recommends that industry organizations focus those limited resources on making measurable progress on the most impactful initiatives.



Purpose of Plan

The United States Beef Industry is a highly diverse and segmented industry. Thousands of affiliated businesses including suppliers, veterinarians, packers and processors work alongside more than 600,000 beef and dairy operators to produce, process and market more than 24 billion pounds of beef valued at nearly \$100 billion annually. While the diverse tastes and preferences of domestic and foreign consumers, coupled with a wide variety of production methods, offer a vast array of business models and marketing opportunities, some issues impact all stakeholders' ability to profitably produce and market beef while managing resources responsibly and sustainably.

Every five years, the beef industry develops a long range plan. The purpose of this plan is to develop strategies that focus the energies and efforts of beef industry stakeholders by surveying the market environment, assessing the industry's resources and capabilities, and identifying current/potential opportunities and threats. The usefulness of this plan extends far beyond industry organizations, but it is expected to provide specific guidance to the leaders of the sponsoring entities – including the Cattlemen's Beef Board, The Federation of State Beef Councils and the National Cattlemen's Beef Association. While this plan uses the terms “beef industry” and “beef community”, it is meant to be inclusive of the beef, veal and dairy segments.

This long range plan is designed to help achieve specific goals by focusing the work of beef industry stakeholders and identifying the fundamental strategies that must be executed to sustain and strengthen the United States beef industry. Additionally, this plan provides directional guidance into some of the strategic initiatives that industry organizations should pursue over the next five years (2016-2020), without being too prescriptive in terms of the specific tactics that could be used to achieve strategic goals and objectives.

Not only will the sponsoring organizations use this plan to create their budgets and annual plans of work, but the task force expects allied industry partners and other stakeholders will seek opportunities to align their individual business plans with this long range plan and find ways to support the specific industry-wide strategies and initiatives outlined in this document.

Long Range Plan Task Force

The Long Range Planning Task Force was comprised of the following industry leaders representing the entire beef value chain: Jerry Bohn, General Manager, Pratt Feeders LLC; Kim Brackett, Owner/Operator, Brackett Ranches; Tom Brink, Owner/Operator, Top Dollar Angus, Inc.; Donnell Brown, Owner/Operator, R.A. Brown Ranch; John Butler, CEO, Beef Marketing Group; Barry Carpenter, CEO, North American Meat Institute; Lynn Delmore, PhD, Meat Safety and Quality Consultant and Adjunct Professor; Barbara Stevenson Jackson, Owner/Operator, Animal Health Express and Red Rock Feeding Company; Molly McAdams, PhD, Retail and Food Industry Consultant; Kevin Pond, PhD, Department Head, Animal Sciences, Colorado State



University; Bill Rishel, Owner/Operator Rishel Angus; Don Schiefelbein, Owner/Operator, Schiefelbein Farms; Brad Scott, Owner/Operator, Scott Brothers Dairy; Eric Smith, Owner/Operator, Xtra Ranch; Tim Starks, Owner/Operator, Cherokee Auction Market; Jay Theiler, Executive Director, Marketing, Agri Beef Company. John Butler and Don Schiefelbein served as co-chairs of this task force.

The task force considered input from a variety of industry experts and, applying their own industry knowledge, participated in a rigorous planning process to craft a plan that provides both direction and focus to the beef industry. While there are many strategies that could be pursued that would strengthen the beef industry, the task force was cognizant of the limited resources currently available to the industry and recommends that organizations focus their resources on making measurable progress on fewer, more impactful initiatives.

Situation Assessment

The United States Beef industry has experienced significant challenge and volatility since the dawn of the new century. From the discovery of a cow with BSE in December of 2003, to highly publicized animal abuse cases, the negative press generated by the media frenzy around lean, finely textured beef, record high corn prices and a devastating drought, the beef industry has been no stranger to adversity. The implications of these issues and events are evident in shuttered packing plants, empty feedyards, pastures that have been converted to cropland and the general public's increasing interest in where and how food is produced. Today, record-low cattle numbers, coupled with supply constraints in other proteins, an improving economy, a global increase in protein demand and a demonstrated consumer preference for beef, have set the stage for some of the most prosperous times the beef industry has ever experienced.

In 2014, retail beef prices increased 13 percent and wholesale beef prices increased 23 percent year-over-year. All classes of cattle and calves traded in record ranges with fed cattle prices up 22 percent, feeder cattle prices up 40 percent and calf prices up a dramatic 45 percent versus 2013. Beef exports increased as well. In fact, in 2014, U.S. exports of beef and beef variety meats set an all-time value record of \$7.1 billion, an increase of nearly \$1 billion in just one year. While domestic per capita beef consumption shrunk approximately 10 pounds per person over the past 10 years, largely due to declining cattle supplies, beef demand, as measured by the wholesale beef demand index, has increased more than 30 percent in the last five years coming out of the recession. The bottom line is, industry stakeholders who successfully managed through export disruptions, droughts, record-high feed costs, short cattle supplies and public relations nightmares, have been rewarded.

As one looks toward the horizon, it is easy to see market dynamics are changing. An increase in moisture and improved markets motivated U.S. cattle producers to begin rebuilding the herd. In fact, the beef cow herd totaled 29.7 million head as of January 1, 2015 – a 600,000 head increase from a year earlier. Furthermore, heifers over 500 pounds retained for replacements



were up 4.1 percent from a year earlier, signaling the beginning of the long-anticipated expansion phase. As importantly, competitive protein supplies are also growing. According to USDA projections, total meat and poultry production could reach a record high of 95 billion pounds in 2015, primarily due to increases in pork and poultry production. Barring an unforeseen supply disruption, this increase in cattle numbers and alternative protein supplies will likely create headwinds for everyone in the meat animal industry.

The fundamental question is, “Can the beef industry capitalize on the momentum of the last several years and position itself for continued economic prosperity and global demand growth, while managing the regulatory and legislative environments, and providing sound science and accurate information to inform global food decisions.

Key Trends

What follows is a high level summary of relevant data and key trends gathered from a number of industry experts, current articles and a variety of beef-related studies. The purpose is to provide background into some of the key insights generated by task force members that shaped this plan. In no way is this intended to represent a comprehensive overview of all the trends impacting the beef industry.

Global Demand Growth

Some of the most encouraging news for the animal protein industry is the projected growth in global population, and especially, growth in the global middle class. The global population is growing by 78 million people per year. More importantly, the global middle class is poised to double, from 2 billion people in 2012 to 4.9 billion people by 2030. Middle class spending in Asia alone is projected to grow 580 percent over the next 20 years - from \$4.8 billion in 2010 to \$32.6 billion in 2030. This means opportunity for beef producers who are willing and able to produce products that meet the demands of people with both an appetite and a budget for more meat.

Changing Consumer Preferences

Domestic consumers and consumer preferences are changing. Consumers have an increased awareness of the importance of protein in their diet with 50 percent of consumers perceiving animal protein as the best source of protein. However, according to NPD’s Protein on the Plate research, 70 percent of consumers say they swap non-meat protein for fresh meat once a week or more.

Consumer cooking habits and meal preference are also changing. Time spent preparing a weeknight dinner for the family has decreased from 60 minutes in 1980 to 34 minutes today. Increasingly, consumers look to meat as an ingredient, rather than a center plate item. In fact, according to NPD’s National Eating Trends report, in 2014, the number of at-home dining experiences using fresh meat as an ingredient surpassed the center plate treatment for the first



time. Using meat as an ingredient has grown from 47 percent of all meals and snacks that include meat in 2004 to 51 percent by 2014. This appears to be driven partially by price, partially by convenience and partially by an increased interest in using meat as part of an ethnic cuisine. The Protein on the Plate research, conducted by NPD, documented that 42 percent of consumers who eat meat use fresh meat in a meal from an ethnic cuisine at least once a week. That proportion soars to 65 percent among 18 to 24 year olds.

American's fascination with ground beef is a trend all its own. Today, more than 60 percent of beef consumed at home is ground beef. Ninety percent of ground beef is being used as an ingredient in meals cooked at home. Ground beef also has an increasingly prominent role in meals away from home. According to NPD, 9 billion burgers were served through U.S. restaurants and foodservice in 2014 – a 3 percent gain over 2013 results.

Health Perceptions of Beef

Some consumers still have significant concerns regarding the healthfulness of beef. In fact, according to the March 2015 Consumer Beef Index, the top three reasons of consumers who are cutting back on their beef consumption are “health reasons” (38%), “other meats seem healthier” (35%) and they have an interest in “limiting cholesterol and fat (32%).”

Most alarming, in 2015, the Dietary Guidelines Advisory Committee, in a departure from all previous committee recommendations, did not encourage lean meat as a food to increase. Ultimately, the 2015 Dietary Guidelines Advisory Committee issued the recommendation that Americans should consume diets “lower in red and processed meat.”

Price and Perceived Value of Beef

The price of all meats has increased the past several years, with beef leading the way. According to USDA, 2014's all-fresh beef retail value was \$5.60 per pound, an increase of 66 cents from 2013 prices. Not only have beef prices increased, the ratio between beef and pork prices have also increased. Over the past 10 years, the beef cutout has been approximately 2.1 times the pork cutout. As 2015 began, beef was edging closer to 3 times the price of pork. Similarly, the beef cutout to chicken breast ratio averaged approximately 1.10 for the past 10 years, but by early 2015 beef had increased to more than 1.8 times the price of chicken breast. While traditional wisdom suggests people generally prefer beef to chicken, in a recent Consumer Beef Index study, when asked which they preferred to eat for dinner, beef or chicken, consumers showed no preference. In fact, 34 percent of respondents either “strongly” or “somewhat” preferred chicken while 34 percent of respondents either “strongly” or “somewhat” preferred beef. However, when looking at how millennial parents, a key beef eating demographic, answered the same question, 34 percent preferred chicken while 31 percent preferred beef.

While many would agree that beef demand has remained surprisingly strong through significant price increases, NPD's recent Protein on the Plate research showed that 45 percent of



respondents indicated the top reason for not eating fresh meat at home more often is that it's too expensive. The same study documented that almost 40 percent of consumers buy fresh meat only when it is on sale and 28 percent choose less expensive cuts than they did a year ago.

Simultaneously, the demand for premium meats, especially among affluent consumers, continues to grow. Mintel published research suggests that 24 percent of consumers with incomes of \$100,000 to \$149,000 and 31 percent of consumers with incomes in excess of \$150,000 say they "always or usually buy" premium meats.

The bottom line is that while beef will always be priced at a premium to other proteins, the industry must ensure that beef remains in a competitive range with these alternatives and that beef's differential advantage and overall value proposition is continually enhanced and effectively communicated to consumers.

Millennial Power

Millennials, now represent nearly one out of every three consumers in America. Their attitudes, preferences and buying habits will shape consumer marketing for years to come. Encouragingly, millennials are demonstrating an increased interest in food and cooking. In fact, 52 percent of millennials, 21 to 32 years old, would rather go to a food festival than a music festival. Moreover, there is an increased trend among millennials to cook at home with 54 percent of millennials saying they would rather cook a meal at home rather than going out to eat and 64 percent of millennials suggest cooking is a stress reliever. This is great news for a product like beef that offers so many flexible options for preparing beef entrées and beef-based dishes.

Unfortunately, 54 percent of millennials say it's hard to know what cuts to choose in the meat case and 50 percent say they would buy more beef if they knew more about the different cuts. Not surprisingly, more than 86 percent of millennials own a smart phone and they use that technology aggressively in making shopping lists (47%), looking for coupons (44%) and finding recipes (38%). In fact, globally there are 10 billion recipe searches on the internet each year and 500 million of those are looking for beef recipes. Millennials also like talking about and sharing their dining experiences online, with 44 percent of millennials having posted a picture of food or drinks on social media. This underscores the need to leverage digital technology to engage and connect with millennials while equipping them with the information, inspiration and confidence they need to choose beef more often.

Interest in Animal Production Practices

Regardless of age or demographics, consumers, retailers and restaurants are all becoming more interested in and concerned about animal production practices. A study conducted by Kansas State University documented a concerning gap between producers and consumers. While 73



percent of cow-calf producers believe U.S. farms and ranches provide appropriate overall care to their cattle, only 39 percent of the public believe this to be true.

Consumers also voice concerns about the inputs used in producing beef. According to a 2014 Technomic Consumer Survey, 70 percent of consumers say it's "important" or "very important" to purchase meat and poultry that is free of antibiotics and hormones and 63 percent say they are more likely to visit restaurants and other food service establishments they perceive to be environmentally or socially conscious. Likewise, food service operators confirmed the influence food production practices will have on their future purchasing decisions. When asked about the influence various factors will have on their purchasing decisions in the future, 4 out of 5 food service operators said "sustainably produced", "no hormones or antibiotics" and "humane animal treatment" will have "great" or "moderate" influence on their future purchasing decisions.

Clearly, consumers are demanding more transparency regarding food production and food production practices. This substantiates the need for the beef industry to continually evaluate and improve production and management practices while effectively anticipating and responding to the questions, issues and concerns consumers have about beef and beef production.

Critical Assumptions

In developing the long range plan for the beef industry, the task force assessed current industry dynamics, analyzed future issues and trends likely to impact the beef industry, and identified a set of critical planning assumptions. These planning assumptions helped form the strategies and initiatives necessary to succeed over the next five years:

1. There will be a growing global demand for protein.
2. Supplies of beef and competitive meats will increase.
3. Beef will continue to be priced high relative to other protein alternatives.
4. Consumers will continue to want to know where their food comes from and how it is produced.
5. There will be continued questions and concerns about the healthfulness of beef.
6. Animal and environmental activists will continue well-funded attacks against the beef industry (both publically and legislatively).
7. In the near term, feeders and packers will continue to struggle with issues relative to excess capacity due to the size of the United States' beef herd.
8. The U.S. cowherd will grow over the next five years.
9. Feeder calf prices will likely decrease over the next five years unless beef demand is improved.
10. There will be continued growth in technologies available to produce beef.
11. Regulatory pressure will increase across the entire beef industry.



SWOT Analysis

Based on their own personal expertise and the information gathered throughout the planning process, the task force identified the key strengths, weaknesses, opportunities and threats of the U.S. beef industry.

Strengths
<ol style="list-style-type: none">1. Quality and taste of beef2. Strong global demand for our unique, differentiated, grain-fed product3. The nutrient-rich profile of beef4. The inherent ability for beef cattle to utilize land and resources not conducive to farming (cattle serve as a “natural recycler”)5. The brand equity of beef (highly craveable, highly saleable, the cowboy “halo” effect)6. The U.S. has the most efficient beef production system in the world7. Proven effectiveness of the U.S. beef industry’s food safety system8. Our beef community is built on a foundation of family farms and ranches9. The U.S. has a global competitive advantage in beef genetics and genetic progress10. The U.S. possesses a world-class knowledge base and state-of-the-art research capabilities in animal and meat science
Weaknesses
<ol style="list-style-type: none">1. Lack of a viable national traceability system (prevents access to global markets and may create an animal health threat)2. Lack of consistently updated, widely-accepted and disseminated research3. Insufficient resources to most effectively advocate for beef in Washington D.C.4. Declining funding for critical beef and beef production research5. The beef community’s reluctance to address consumer preferences and perceptions6. Lack of beef marketing, promotion and issues management resources (check-off and non-check-off funding)7. Lack of production practice verification8. Segmented beef industry structure discourages communication, collaboration and trust9. Lack of end-product consistency10. Lack of inter-industry respect, communication and agreement



Opportunities

1. Rising export demand for U.S. grain-fed beef
2. Consumer demand for more information and engagement and a genuine interest in food and cooking
3. Increased buying power and influence of the millennial generation
4. The opportunity social media creates for low-cost, far-reaching communication
5. Increased domestic demand for diverse and branded beef products
6. Consumer interest/intrigue with where food comes from and how it is produced
7. Customer and consumer demand for increased verification of production and processing practices
8. Growing interest among consumers in overall “well-being” – including health and nutrition
9. Growing interest in the value of protein as a “darling” in the food world
10. A large beef community that is able to share knowledge, expertise and passion for beef

Threats

1. Increased government regulation
2. Misrepresentation of the attributes of beef and beef production
3. Growing number, and power, of anti-meat and anti-animal agriculture activists
4. Restrictions on the use of antibiotics for the production, care and well-being of livestock
5. Limited access to foreign markets due to trade barriers
6. Food safety concerns including salmonella, STEC and other pathogens
7. Environmental regulations (land, air and water)
8. End users dictating production practices without engagement from the rest of the supply chain
9. The next public relations challenge
10. Risk of foreign animal disease



Critical Strategic Questions

After completing the industry scan and conducting a SWOT (strengths, weaknesses, opportunities and threats) analysis, the task force identified a list of questions it considered important for the beef industry to answer. These questions served to stimulate brainstorming around essential strategies and initiatives and are listed in no specific order.

1. What should the U.S. beef industry do to maximize the use of social media in a positive and proactive manner?
2. How can we verify the best practices of production to increase consumer confidence?
3. How can the beef industry be more transparent in telling our story to the consumer who wants more information?
4. How can we take advantage of the increasing demand for high-quality beef in the global market?
5. How can we effectively communicate the changes that need to take place to grow world-wide demand for U.S. beef through all facets of our industry?
6. Are we, as an industry, set up in an appropriate manner to execute and capitalize on whatever plan is developed?
7. How do we better listen and respond to our customers?
8. How can we effectively communicate with the millennial generation in a way that increases their long-term commitment to include beef as a significant part of their family's diet?
9. How do we get a positive and consistent message about beef production out to millennials?
10. How do we measure, demonstrate and communicate the nutritional benefits of beef?
11. How do we increase our influence in Washington, D.C.?
12. How can we increase our influence in media and news coverage?
13. How can the beef industry hold/gain share in the dietary guidelines and become the "protein of choice"?
14. How can we stay ahead of meat/food safety and animal health issues?
15. How can we address the negative stereotypes and improve the beef industry's image to become the source of high-quality protein raised in a responsible manner?
16. How can the beef industry once and for all document and gain consensus from scientists and consumers that beef is a healthy food?
17. How can the industry help consumers trust and become comfortable with the way we produce beef?
18. How can we motivate producers to be proactive and progressive rather than defensive and complacent?
19. How can the beef check-off work most effectively with market-driven players to drive positive change that best positions beef for profitable growth?



Strategic Plan Overview

After assessing the general landscape of the beef industry, completing a comprehensive SWOT analysis and engaging the expertise and opinions of industry experts, the task force developed the following Vision and Mission to provide purpose and direction to the beef industry over the next five years.

Vision

To responsibly produce the most trusted and preferred protein in the world.

Mission

A beef community dedicated to growing beef demand by producing and marketing the safest, healthiest, most delicious beef that satisfies the desires of an increasing global population while responsibly managing our livestock and natural resources.

Strategic Objective

In an effort to target industry efforts and define a clear measure of success, the task force defined the following high-level strategic objective:

Increase the wholesale beef demand index by 2 percent annually, over the next five years. (Use End of Year 2015 as baseline)

While a number of different metrics and measures exist to measure beef demand, the task force prefers the wholesale beef demand index for several reasons. The wholesale demand index encompasses the value of ALL beef before it moves into the U.S. retail and food service segments and international markets, thereby capturing beef demand regardless of how or where it is ultimately sold. Furthermore, unlike other metrics, like the USDA retail price series which is only reported once per month and lags by one month, the wholesale beef demand index is based on publically available data that is reported daily, providing a more accurate and timely snapshot of demand fluctuations.

Core Strategies

Core strategies are defined as the broad methods that will be pursued to achieve the overall strategic objective. In this case, the task force focused on four primary core strategies that should direct the efforts of industry organizations.

- Drive growth in beef exports
- Protect and enhance the business and political climate for beef
- Grow consumer trust in beef and beef products
- Promote and strengthen beef's value proposition



Goals

The task force developed a goal for each of the four core strategies. These goals are meant to establish a clear and measurable target for the given strategy and will be used to monitor the industry's progress and success in executing the strategic plan.

Strategic Initiatives

Within each core strategy, the task force identified some initiatives that describe the type of activities that should be pursued to fully implement the strategy. These initiatives are intentionally designed to provide direction without prescribing specific tactics or actions. This provides more flexibility for organizational leaders and subject matter experts to define the most effective means of implementing the strategies and achieving the goals outlined in the plan.

Given the task force's desire to focus energy and resources around the highest impact initiatives, the group elected to sort the initiatives into "A" priority and "B" priority categories.

An "A" priority initiative is defined as an initiative that is "mission critical" to achieving our strategic objective. "A" initiatives deserve a majority of the industry's focus over the next five years. Significant progress must be made in the implementation and execution of these initiatives.

"B" initiatives would have a significant and measurable impact on the overall success of the beef industry over the next five years. "B" initiatives are important and should be pursued, provided sufficient focus is first devoted to the "A" priorities.



Core Strategy: Drive growth in beef exports

Rationale	
<ul style="list-style-type: none"> • Currently, we generate \$350+ per head of additional value by exporting beef and beef products. • The global middle class is expected to grow from 2 billion people to 4.9 billion people by 2030. • China’s middle class is expected to grow from 300 million to 640 million by 2020 • Asia’s middle class spent \$4.8 billion in 2010 and is expected to spend \$32.6 billion by 2030. • Global beef production has remained flat for the past 10 years compared to pork and poultry supplies which have been rising. • At an average export price of \$3.27/pounds, in 2014, the U.S. is garnering a \$.75 per pound premium compared to its next closest competitor (Australia) indicating the “premium” position U.S. beef holds in the global marketplace. • The United States is uniquely qualified to produce large volumes of the high-quality, grain-fed beef demanded by global consumers. 	
Goal	
<p>By 2020, grow the value of U.S. beef exports as a percent of total beef value from EOY 2015 benchmark to at least 16 percent.</p>	
Initiative	Priority
<p>Increase Market Access Advocate for international trade and ultimately gain unfettered access to key export markets.</p>	A
<p>Adopt Animal I.D. Traceability Systems Secure the broad adoption of individual animal I.D. traceability system(s) across the beef community to equip the industry to effectively manage a disease outbreak while enhancing both domestic and global trust in U.S. beef and ensuring greater access to export markets.</p>	A
<p>Promote Unique Attributes of U.S. Beef Promote the unique attributes of U.S. beef in foreign markets (quality, safety, sustainability and nutritional value).</p>	B



Core Strategy: Protect and enhance the business and political climate for beef

Rationale	
<ul style="list-style-type: none"> • There seems to be an increased interest at the local, state and federal levels to regulate the agricultural industry – including beef production. • Politicians, Non-governmental Organizations (NGO’s) and others are using state ballot initiatives, regulatory agencies and public relations campaigns to change agricultural production practices and limit access to production inputs and technologies. • Large retail, restaurant and food service organizations are beginning to mandate production protocols – sometimes with limited input/involvement from producers • Increases in regulations can create “barriers to entry” and make it more difficult for young producers to enter the beef business. • Tax laws can make it difficult, or impossible, to pass ranches down to the next generation. 	
Goal	
<p>By 2020, decrease the percentage of producers saying regulations imposed on their business make it more difficult to operate freely from 72 percent to 62 percent.</p>	
Initiative	Priority
<p>Manage the Political and Regulatory Environment Protect the business climate for beef against legislative policies and/or agency regulations that have a negative impact on the economic health of the beef community while supporting public policy that can improve the overall business climate for the beef community</p>	A
<p>Ensure Beef’s Inclusion in Dietary Recommendations Develop a comprehensive strategy for effectively positioning beef as part of a healthy diet in future dietary guidelines</p>	A
<p>Motivate Producers and Stakeholders to Engage in Policy Issues Secure expertise to activate and energize beef, dairy and veal producers and other industry stakeholders to become more engaged in beef industry policies and issues</p>	A
<p>Research and Innovate New Production Technologies Assess the potential impact of a loss in key technologies and invest in necessary research to find new technologies which improve productivity, efficiency and animal well-being</p>	B
<p>Develop Crises Management Plan Annually assess key vulnerabilities and update crises prevention and management plans for key risks and uncertainties facing the beef community</p>	B



<p>Attract, Develop and Enable the Next Generation Identify key barriers to entry into the beef industry and develop strategies to attract, develop and enable the next generation into the beef business – particularly in the cow/calf sector</p>	B
<p>Support Global Food Security Message Become more proactive in discussions and engaged with organizations and efforts focused on global food security</p>	B

Core Strategy: Grow consumer trust in beef and beef production

Rationale	
<ul style="list-style-type: none"> Consumers are increasingly interested in where food comes from and how it is grown/raised. There is a growing number of well-funded organizations focused on cultivating mistrust in modern agriculture production tools and practices. Consumers receive mixed messages regarding the healthfulness of beef. Only 38 percent of consumers “strongly” or “somewhat” trust that producers are committed to the welfare and well-being of livestock. 	
Goal	
<p>Benchmark consumer trust using the July 2015 Consumer Beef Index and set a goal for 2020.</p>	
Initiative	Priority
<p>Ensure Antibiotic Stewardship Aggressively invest in initiatives and research that ensure the responsible stewardship of antibiotics to safeguard human as well as animal health and well-being, while committing to the development and use of alternative technologies and practices.</p>	A
<p>Certify and Verify Production Practices Facilitate the creation of a standard to certify and verify beef production and management practices to address consumer concerns.</p>	A
<p>Ensure Beef Safety Increase industry investment in beef safety and production technology research and communicate the beef community’s commitment to safe and healthy beef.</p>	A
<p>Protect Beef’s Image Align and collaborate with a broader group of industry partners, and other organizations, to anticipate and combat attacks against beef, beef products and today’s American agriculture that undermines consumer trust.</p>	A



<p>Engage Beef Advocates Engage the entire beef community (including beef, dairy and veal producers and industry partners) in building consumer trust. A critical component must be increasing opportunities for food industry influencers to get first-hand experiences with beef producers and beef production practices.</p>	<p>B</p>
--	-----------------

Core Strategy: Promote and strengthen beef's value proposition

Rationale	
<ul style="list-style-type: none"> • 50 percent of Americans believe animal protein is the best source of protein. • 60 percent of millennials believe they can get their daily allowance of protein without eating meat. • The primary and secondary reasons why people eat less beef are “health reasons” (38%) and “other meats seem healthier” (35%). • Competitive meats are expected to increase production. • Beef prices are 50 percent higher than 2009. • In a recent Consumer Beef Index study, 34 percent of millennial parents “strongly” or “somewhat” preferred chicken compared to 31 percent who preferred beef. • There is a growing interest from consumers to understand how animal protein production impacts the environment. • There is an increased interest in food and food preparation: <ul style="list-style-type: none"> ○ 76 percent of millennials say they like to cook ○ 55 percent of millennials would like more information on preparing and serving beef to their children 	
Goal	
<p>By 2020, increase the number of consumers who agree that the positives of beef “strongly” or “somewhat” outweigh the negatives of beef by five percentage points.</p>	
Initiative	Priority
<p>Revolutionize Beef Marketing and Merchandising Invest in efforts to revolutionize and rapidly implement innovations in the presentation of beef as a convenient and essential staple of a healthy lifestyle (new products for domestic and global markets, packaging innovations, processing innovations, merchandising innovations, preparation methods, etc.).</p>	<p>A</p>
<p>Research and Communicate Beef’s Nutritional Benefits Invest in credible research to assess, document and communicate the value of beef’s nutrition and health benefits.</p>	<p>A</p>



<p>Connect and Communicate Directly with Consumers Capitalize on flexible new media technologies and innovative communication tactics to design and deliver memorable messages directly to consumers, regarding beef’s quality, safety and nutritional value and the beef community’s commitment to animal well-being and the sustainable use of natural resources.</p>	<p>B</p>
<p>Measure and Improve our Sustainability Collaborate with beef industry stakeholders to conduct additional sustainability research, demonstrate continuous improvement and communicate beef’s sustainability efforts and progress to key target audiences.</p>	<p>B</p>
<p>Improve our Product and Production Efficiency Leverage industry resources and infrastructure to equip producers with the knowledge and tools needed to effectively respond to consumer-based market signals with production efficiencies and product improvements that positively impact beef’s value proposition.</p>	<p>B</p>

