

BEEF DECLARED OFFICIAL MEAT OF THE 77TH STURGIS ® MOTORCYCLE RALLY™



The South Dakota Beef Industry Council and the beef checkoff partnered with the City of Sturgis as the “Official Meat of the 77th Sturgis Motorcycle Rally™”. As part of the sponsorship, beef was declared the premiere protein at the Rally with the City of Sturgis supporting beef promotional materials, billboards, social media, the annual mayor’s ride and numerous other events. SDBIC brought Kita Roberts, aka Girl Carnivore, to the venue as a lead beef advocate and celebrity food judge engaging in conversation with food enthusiasts both online and in person about beef as a powerful protein. Kita also spent time with South Dakota ranchers listening and learning as they shared their beef story. Facebook was utilized as a consumer engagement platform during the “live” interactive meat fabrication demonstration held at the South Dakota State University meat lab with over 7,500 consumers watching live.

RETAIL PARTNERSHIPS

Retailers are prime partners for South Dakota’s beef producers. The SDBIC partnered with retailers throughout the state on multiple beef promotions. Participating retailers received various beef bundle promotion kits including access to a new online retail toolkit. We know shoppers love beef, but aren’t always quite sure what to select when they’re in front of the meat case. Retail dietitians have daily interactions with customers in that exact scenario. Our online supermarket dietitian toolkit arms them with meal planning solutions as well as instore and online sales tools to help increase beef sales.



CONSUMER CONNECTIONS



This past year we had 140 members participate in endurance races both within and outside our state borders. The program gained 70 new members; 31 of those were cyclists. In addition, the new Teem Beef toolkit provided members with community outreach ideas and opportunities in which to advocate for beef. Each member, youth to adults, completed a beef education orientation on the positive role beef plays in an athlete’s diet. Each member received an official jersey to wear at events and races.

INTERNATIONAL MARKETING

Global population growth and the projected doubling of the global middle class by 2050, is fueling an increased demand for beef around the world. SDBIC partners with U.S. Meat Export Federation (USMEF) to sponsor activities abroad which result in rising demand for U.S. beef. Your checkoff dollars work for you by adding a voice to these efforts with three South Dakota beef producers serving as USMEF representatives.

PARTNERSHIPS HIGHLIGHT BEEF AS A HEALTHY CHOICE

SDBIC, Midwest Dairy Council, and Ag United of SD provided a beef and dairy farm tour to approximately 30 dietetic students as well as food and health professionals. Producers shared their story and answered questions regarding modern production practices and food safety.



Nutrition educators received checkoff funding toward the purchase of beef to enhance beef cooking labs and nutrition education in 42 South Dakota schools; impacting 6,900 students.

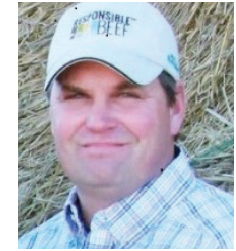
Numerous medical and nutrition professionals received science-based, educational information through sponsorship of speakers and displays at seminars and conferences including: the American Heart Association, South Dakota State University Dietetic Internship program, SD Academy of Physician Assistants, and SD Academy of Nutrition and Dietetics.

The SDBIC sponsored the Rapid City and Sioux Falls Beef Crawls. These types of events connect consumers with local beef producers to visit first-hand about the family operations and ask questions about the industry.

SDBIC 2017 AUDITED FINANCIALS		
Revenue		
Checkoff Receipts		\$3,813,259
Less: State Boards		\$558,067
Less: National Boards		\$1,957,192
Net Checkoff Revenue		\$1,298,000
Interest / Other receipts		\$9,688
Total Net Revenue		\$1,307,688
Expenses		
Promotional / Consumer Activities	\$584,246	
Research Activities	\$77,456	
Industry Information	\$186,993	
Total Program Services	\$848,695	
Support Services/General Administration	\$970,365	

- 2017-2018 SDBIC Directors
- SD Farmers Union
- Eric Sumption(Pres.), Mike Maher, Mary Ellen Cammack
- SD Livestock Auction Markets
- Wayne Tupper, Justin Tupper, Steve Hellwig
- SD Stockgrowers
- Gary Deering, Randy Volmer, Les Shaw
- SD Farm Bureau
- Mike Gebhart, Jeffery Gatzke, Stacy Hadrick
- SD Cattlemen’s
- Todd Mortenson, Becky Walth, Scott Jones
- SD Cattlemen’s Auxiliary
- Laurie Johnson(V.Pres.), Shirley Thompson, Katie Knock
- SD Cattlewomen
- Karla Pazour, Erin Yost, Becky Littau
- SD Beef Breeds Council
- Craig Bieber, Veabea Thomas, Dwight Hossle
- Federation Directors
- Laurie Johnson, Becky Walth, Gary Deering, Veabea Thomas
- USMEF Directors
- Steve Hellwig, John Symens, Mike Gebhart

FROM THE SDBIC PRESIDENT



Dear Beef Producers of South Dakota,

Raising beef can be a challenge, and the dry conditions in regions of ours state this past year tested our resilience. Whether you are dealing with weather, prices, or herd health, it’s important to know the dollars you are investing in the beef checkoff are managed and used in the most efficient and effective manner possible. We would like to thank all beef producers of South Dakota for producing such a safe, nutritional, quality beef product. This commitment to quality makes it easy to promote and build our industry!

The South Dakota Beef Industry Council (SDBIC), your qualified state beef council, is very unique in its structure. The organization is made up of twenty-four members from eight different organizations across the entire state and we want to assure you that your voice is being heard. The SDBIC collects \$1 per head, of that dollar \$.50 is kept in state to promote beef as a nutritional and safe source of protein! As you review highlights from 2017 you will see the impact of your checkoff through in-state and out-of-state promotions; including consumer information, research, industry information, producer communications, administration and national beef programs. As a beef producer and leader of this organization, I urge you to contact any one of us on the board, or our tremendous staff at the SDBIC on anything that you may have questions or concerns about.

The year ahead looks very exciting with new opportunities to promote and educate beef’s nutritional value to consumers. I look forward to leading this organization to the best of my ability as we move forward in a very positive direction for the beef industry. We are also looking forward to getting out and visiting with producers around the state to hear your ideas on the beef industry and advocate your voice for beef. With that I thank you and encourage you to contact any of us at the SDBIC.

Sincerely,
Eric Sumption, President of SDBIC
Frederick, SD



STATE TO STATE PARTNERSHIPS

State-to-state partnerships allow us to relieve pressure on states with low cattle numbers in comparison to population. Mike Maher, Isabel, SD and Eric Sumption, Frederick, SD shared our beef story and answered consumer questions on modern beef production practices with New York consumers and influencers. “We couldn’t be happier with the outcome”, stated Sumption, “They want to know where their food comes from and how it was raised. They were amazed at our numbers and surprised when we shared that our cattle are handled no differently than those raised in the smaller operations of the Northeast.”

South Dakota shifted roles and became host in June as New York Beef Council Executive Director, Jean O’Toole and New York Blogger, Kita Roberts, traveled west to tour several operations in our state. Roberts, a professional freelance photographer, writer and the creator behind the fun food and travel site, PasstheSushi.com and GirlCarnivore.com. provided us a new opportunity to reach over a hundred thousand consumers all over the worldwide through her social media sites.

RESEARCH

Innovative beef research guides the beef community at many different levels and provides direction in understanding our product, our consumer, and our future. Continued checkoff funded research includes studies at South Dakota State University to improve beef marbling, quality and value of beef products through various innovative techniques. Beef Research Scientists continue to investigate Salmonella enterica persistence and preharvest safety methods in cattle to meet consumer demands of a safe and wholesome product.

YOUTH

Ag Days continue to provide an opportunity to communicate the beef production story, share beef byproduct information and offer hands-on activities to youth across South Dakota. Approximately 10,000 youth and consumers were reached through educational displays and presentations. Lesson plans were also provided to teachers for classroom use.

SDBIC worked with SD FCCLA chapters to incorporate the “Beef It Up” challenge as part of the STAR event contests. Four students moved on from regional competition to the State FCCLA convention where they competed in the state cookoff challenge.



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

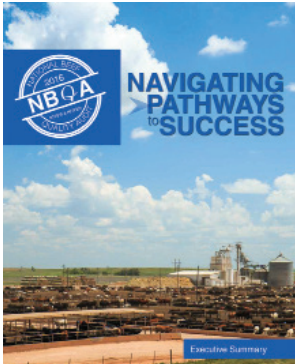


THE QUALITY EQUATION

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

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

THE 2016 NATIONAL BEEF QUALITY AUDIT



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

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

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

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

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

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

A TRAIL TO TENDERNESS

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

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

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

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

AN EVOLVING CONSUMER

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

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

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

REACHING BEEF’S FINAL STOPS

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

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

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

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

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

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

OUTSIDE OUR BORDERS



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

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

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

CATTLEMEN’S BEEF BOARD
FISCAL YEAR 2017 EXPENDITURES

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

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