### There is a Disconnect Here

<table>
<thead>
<tr>
<th>What We Want Consumers to Think/Do</th>
<th>What Consumers Think</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science helps make food affordable ++++</td>
<td>It’s about my family’s long-term health</td>
</tr>
<tr>
<td>All antibiotic use in animal agriculture is good</td>
<td>There are acceptable uses of antibiotics, and uses I’m not sure about</td>
</tr>
<tr>
<td>Calves are on grass</td>
<td>Really? All of them?</td>
</tr>
<tr>
<td>Feedyards .... Are just part of business</td>
<td>Feedyards aren’t so bad</td>
</tr>
<tr>
<td>Consumers keep most steaks in the fridge. When frozen, they</td>
<td>Of course you freeze steak. And it is a hassle to defrost</td>
</tr>
<tr>
<td>are defrosted overnight.</td>
<td>Beef is healthy but ______</td>
</tr>
<tr>
<td>Beef is healthy</td>
<td>Really?</td>
</tr>
<tr>
<td>Beef is the perfect food for young kids</td>
<td>The industry is doing a good job</td>
</tr>
<tr>
<td>Beef is Safe</td>
<td></td>
</tr>
</tbody>
</table>
Industry View — Science Helps Make Food Affordable (and More Consistent, and Higher Quality, and Safer)
USFRA - What They Are Asking?

We must answer the question consumers ask:

**What they’re asking**

“How are modern farming practices affecting my family’s long term health?”

**What we’re answering**

Modern farming is critical to FEEDING THE WORLD’S GROWING POPULATION

Modern farming is critical to KEEPING FOOD AFFORDABLE FOR ALL

Modern farming is critical to KEEPING FOOD SAFE, ABUNDANT AND AFFORDABLE

Source: USFRA
People want good food, not cheap food that may have long-term health consequences. Closer to home: Keep me and my family safe first!

“Do I want low cost at the expense of a healthy item? NO.”
– Opinion Influencer, New York

<table>
<thead>
<tr>
<th>Concern</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unintended long-term health effects</td>
<td>37%</td>
</tr>
<tr>
<td>Poor treatment of animals</td>
<td>23%</td>
</tr>
<tr>
<td>Environmental harm</td>
<td>12%</td>
</tr>
<tr>
<td>Unintended short-term health effects</td>
<td>11%</td>
</tr>
<tr>
<td>None of these really concern me</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: USFRA
**What do you believe America’s farmers and ranchers should try to accomplish?**

<table>
<thead>
<tr>
<th>What do you believe America’s farmers and ranchers should try to accomplish?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuously improve the methods they use to provide healthy food</td>
<td>44%</td>
</tr>
<tr>
<td>Help consumers know more about where their food comes from</td>
<td>40%</td>
</tr>
<tr>
<td>Reassure consumers their food is safe and healthy</td>
<td>37%</td>
</tr>
<tr>
<td>Identify and share best practices</td>
<td>29%</td>
</tr>
<tr>
<td>Start a dialogue about how food is grown and raised</td>
<td>25%</td>
</tr>
<tr>
<td>Give consumers a chance to connect directly with the farmers and ranchers who grow America’s food</td>
<td>25%</td>
</tr>
</tbody>
</table>

“*I like hearing that farming is evolving.*”
– Opinion Influencer, Washington, DC

Source: USFRA
However ... price really does matter to many, many consumers!!!
The cost of a steak meal is very high at restaurants (#1 overall limiter - top 2 box)

Cost per pound of steak is very high at the grocery store (#2)

Cost of per pound of ground beef is very high at the grocery store (#3)

The cost of a hamburger or other ground beef meal is very high at restaurants (#7)

Source: Limiters of Consumption - May 2012
1. As an industry we will serve multiple markets
   • The price driven, and the “lifestyle” market
2. The industry investment in BQA and safety puts on the “right side” of a discussion about continuous improvement.
Industry view - All antibiotic use in animal agriculture is good ... safe, tested, responsible

Activists are saying consumers don’t want antibiotics used in animal agriculture ... at all
In which, if any, of these situations are you comfortable with the use of antibiotics in raising animals for food? Q.17a: For each of the other situations below, would you say that you are just uncomfortable with the use, actively oppose using antibiotics in that situation or don’t really have an opinion?

<table>
<thead>
<tr>
<th>Comfortable with the use of antibiotics when...</th>
<th>Actively Opposed/ Never Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>An animal becomes sick</td>
<td>50%</td>
</tr>
<tr>
<td>Prescribed by a veterinarian</td>
<td>43%</td>
</tr>
<tr>
<td>In accordance with [regulations of]</td>
<td>42%</td>
</tr>
<tr>
<td>the Food and Drug Administration</td>
<td>29%</td>
</tr>
<tr>
<td>Proactive protection [for animals]</td>
<td>29%</td>
</tr>
<tr>
<td>from disease</td>
<td>32%</td>
</tr>
<tr>
<td>The antibiotic is NOT related to any class of</td>
<td>16%</td>
</tr>
<tr>
<td>human antibiotics</td>
<td>30%</td>
</tr>
<tr>
<td>The antibiotic helps an animal better</td>
<td>13%</td>
</tr>
<tr>
<td>metabolize food</td>
<td>38%</td>
</tr>
<tr>
<td>None of these, it is never appropriate to</td>
<td>17%</td>
</tr>
<tr>
<td>give antibiotics to animals raised for food</td>
<td></td>
</tr>
<tr>
<td>Added to percent “actively opposed” to each circumstance above</td>
<td></td>
</tr>
</tbody>
</table>
What Does It All Mean

1. We must always strive for “responsible” use of antibiotics
2. We must be smart in how we frame our dialogue about antibiotic use
Industry View - Calves, and heifers are on grass
Like what they see – but don’t believe it

Q.27a: What is your overall reaction to this picture? Q.27b: To what extent does this image reflect your view of the U.S. beef industry?

Total Liking
- 74%
- Positive (4/5)
- Very Positive (5)
- Negative (1/2)
- Completely (5)
- At all Does (4/5)
- Does Not (1/2)

Reflects The Beef Industry
- 5%

Like what they see – but don’t believe it
Don’t like what they see – but do believe it

Q.27a: What is your overall reaction to this picture?  Q.27b: To what extent does this image reflect your view of the U.S. beef industry?
What Does It All Mean

1. We must reinforce, and reinforce, that all cattle spend the majority of their lives on pasture.
2. We should add people into our images of cattle.
Industry View – Feedyards are an important part of business, with important benefits for consumers.
Influencer Tour Surveys

How concerned are you about the use of growth promoters to raise cattle more efficiently?

Pre-Tour Survey
- Very Concerned: 39%
- Somewhat Concerned: 54%
- Not Very Concerned: 8%
- Not Concerned at all: 23%
- Do Not Have an Opinion: 46%

Post-Tour Survey
- Very Concerned: 39%
- Somewhat Concerned: 54%
- Not Very Concerned: 8%
- Not Concerned at all: 23%
- Do Not Have an Opinion: 46%

N = 14
Influencer Tour Surveys

Please give a grade to cattlemen on responsible use of animal health technology such as antibiotics:

Pre-Tour Survey

- A: 7%
- B: 29%
- C: 57%
- D: 7%
- F: 7%

Post-Tour Survey

- A: 67%
- B: 17%
- C: 17%

N = 14
Feedlot Messaging - Cattle Treatment, Cattle Diet and Human Involvement are Most Compelling Message Areas.

SOURCE: Feedlot Messaging Study - 2011

Human Health Trumps all Others

Most Relevant/Important

Cattle Care

Cattle Diet

Human Involvement

Feedyard Benefits

Environmental Practices

Hormone Usage

Base: All Qualified Respondents Q335. The following messages are the ones that you ranked as number one in importance and relevance to you from each of the message sets you reviewed. Please rank order these messages from 1 to 6 with “1” being the message you find most relevant and important and “6” being the message you find least relevant and important.
1. When consumers see what the feedyard is all about, they are much more comfortable
2. There are important messages we can tell the consumer about feedyards ... around human involvement, cattle care and cattle diet
Industry View ...
Consumers keep most steaks in the fridge. When frozen, they are defrosted overnight.
The Research Discovery Process

- Question #1 in focus groups - “What is a hassle with beef?”
  - Respondent mentions defrosting beef
- Question #2 in an online survey – “Is this common?”. And “do you want a solution?”
- Solution Step #1 – Is there a fast defrosting solution?
  - Internal team (safety, new products) started to look at defrosting solutions
  - Identified critical factors, tested techniques
  - Have to be simple, safe, consistent, work in all types of kitchens
- Question #3 – Do consumers like the new solution?
- Solution Step #2 – Discuss with stakeholders … USDA, others
Online study ranked dozens of convenience concerns consumers had with beef. Top 4 were:

- Being able to cook from frozen
- Shortening defrost time
- Recipes needing hard-to-find ingredients
- Reheating hurts taste

Improving these convenience points will very likely increase beef use.
Steak Purchases
24% of Total

18%
Frozen*

82%
Fresh

Steaks
• 43% of fresh purchases = 35%
• 66% of frozen purchases = 12%
• Combined – almost 50% of steaks go into the freezer

Note that % of ground beef that is frozen is even higher.
What Does It All Mean

1. We must always challenge our assumptions
   • Consumers defrost overnight ... maybe not
   • Steaks are usually stored fresh ... maybe not

2. Then we need to explore whether there is a better way
Industry View ... Beef is Healthy
There are much healthier choices than beef for protein (#13)

Ground beef is not as healthy as other ground meats such as ground turkey (#10)

Ground beef can easily be replaced in recipes with ground turkey or chicken (#9)

It's sound nutritional advice to balance beef consumption by eating other proteins (#6)

It is not healthy to eat beef every day (#5)

It is healthier to eat more chicken or fish & less beef (#4 overall limiter - top 2 box)
Overall Importance – Nutrient Bundle MaxDiff

- Consumers now prefer messaging that is more specific about the nutrients provided or the cuts of beef being described as they are more informing and provide a stronger reason to eat beef.

Base: Each statement was evaluated by 700 respondents in a series of comparisons with 3 other statements, systematically rotated so that each statement was seen the same number of times. Each respondent evaluated one third of the statements, but multiple sets were used across respondents so that each statement was evaluated against all other statements an equal number of times across all respondents.

Note: The numbers shown are percentage most likely to be motivated to eat more beef scores that add to 100% across all respondents and within each subgroup examined. As such, the scores are on a ratio scale, meaning a value twice the size of another score means it is twice as likely to motivate.

Source: Nutrition Messaging – Feb 2012
Americans' favorite cuts of beef each have 10 essential nutrients for less than 10 grams of total fat.

<table>
<thead>
<tr>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lean beef is an excellent or good source of 10 essential nutrients including protein, iron, zinc and B vitamins.</td>
</tr>
<tr>
<td>Lean beef meets FDA definitions as an excellent or good source of 10 essential nutrients.</td>
</tr>
<tr>
<td>The most popular cuts of lean beef are comparable in fat to skinless chicken.</td>
</tr>
<tr>
<td>Just three ounces of lean beef delivers more than 10 percent of your daily value of 10 essential nutrients.</td>
</tr>
<tr>
<td>Lean beef naturally fortifies your diet with 10 essential nutrients.</td>
</tr>
<tr>
<td>On average, lean beef has only one more gram of saturated fat than skinless chicken breast.</td>
</tr>
<tr>
<td>Lean beef is packed with 10 essential nutrients per bite - making each calorie count.</td>
</tr>
<tr>
<td>Lean beef provides more nutrients in fewer calories than many foods.</td>
</tr>
<tr>
<td>Lean beef gives you a big nutrient bang for your calorie buck</td>
</tr>
<tr>
<td>Crowd-pleasing and nutrient-packed, lean beef satisfies on every level.</td>
</tr>
</tbody>
</table>

Source: Nutrition Messaging - Feb 2012
What Does It All Mean

1. We can’t depend on just selling beef’s “protein”
2. Need to communicate why frequent beef usage fits into a balanced diet
Industry View ... Beef is the perfect food for young kids
Q.11 Which of the following foods do you **PREFER** the MOST to prepare and serve for your child/children? (n = 506)

- BEEF: 2%
- CHICKEN: 74%
- FISH/SEAFOOD: 0%
- PORK: 1%
- VEAL: 1%
- GAME: 6%

**Millennial parents:**
- Most children still under 10
- Host of reasons given
  - Versatility
  - Price
  - Nutrition
Q.7 How FREQUENTLY do you prepare and serve the following foods for your child/children in an average week? (n = 506)

- **CHICKEN**
  - 3+ TIMES/WK: 38%
  - 1-2 TIMES/WK: 50%
  - OVER 2X serve chicken 3+ times a week versus beef

- **BEEF**
  - 3+ TIMES/WK: 21%
  - 1-2 TIMES/WK: 57%

- **FISH/SEAFOOD**
  - 3+ TIMES/WK: 4%
  - 1-2 TIMES/WK: 19%

- **PORK**
  - 3+ TIMES/WK: 3%
  - 1-2 TIMES/WK: 34%

- **GAME**
  - 3+ TIMES/WK: 1%
  - 1-2 TIMES/WK: 3%

- **VEAL**
  - 3+ TIMES/WK: 1%
  - 1-2 TIMES/WK: 3%
1. We must win the hearts of Millennials
   • They are serving their kids more chicken
Industry View ...
Beef is Safe
Q. Compared to five years ago, are you more concerned about overall food safety, less concerned or about the same...?

Consumers Say

- More Concerned: 37%
- Less Concerned: 8%
- About the Same: 55%

Q. Compared to five years ago, are you more concerned about the safety of BEEF, less concerned or about the same...?

Consumers Say

- More Concerned: 21%
- Less Concerned: 18%
- About the Same: 61%
Safety Grades for Fresh Meats
Year by year % of Americans rating A or B grade for safety

- Fresh beef steaks/roasts
- Fresh ground beef

SOURCE: IPSOS Public Affairs
What Does It All Mean

1. Beef has turned the corner on e-coli safety perceptions
   • Ongoing diligence is needed ... or we can quickly lose that victory
2. Success in mitigating risk with e-coli has changed the focal point
   • Salmonella
QUESTIONS?
Thank you!!