

ANNUAL REPORT

FOR THE FISCAL YEAR 2016 - 2017

The Idaho Beef Council is the beef producer funded and directed beef promotion, research and consumer information arm of Idaho's beef community. A mandatory \$1.50 assessment is paid by ranchers and farmers every time they sell a bovine. The program is authorized under state and federal law to implement programs that increase demand for beef on behalf of local beef producers.

BUILDING CONSUMER DEMAND

IN AN INCREASINGLY DIGITAL WORLD, BEEF STANDS OUT

Today's world is a digital world. A large percentage of Americans now spend 10 hours or more per day on a computer. For some consumers, most of that time is spent on social media sites. It is estimated that eight in ten Americans use Facebook, a 7 percent increase from 2015. Growth in the social media world isn't just the younger population anymore. Generations older than the millennial generation are joining social media networks faster today than five years ago. What does this mean for advertising, and specifically for beef advertising? It means that it is even more important to use a multi-platform approach to reach our consumers, to find new and interesting ways to pique our consumers interest and to above all, stand out above the other advertisers also trying to take advantage of today's digital world.

The IBC works with the National Cattlemen's Beef Association to extend the national advertising campaign designed and created by them. By using the same advertising creative, we achieve a more consistent message and more efficiently use our checkoff dollars. Using their creative, the IBC works with an advertising agency to most effectively reach Idaho consumers. In fiscal year 2017, the Idaho Beef Council used more than eight media platforms to reach consumers, including both non-traditional and traditional media platforms. Using this unique blend of advertising and media, we were able to reach consumers, keep beef top of mind, reinforce their passion for beef and promote beef in a healthy diet.

In fiscal year 2017, more than 1 million Idahoans were exposed to beef messaging through 36 weeks of "live read" radio advertising during traffic reports, 15 weeks of steaming/online radio ads, 32 outdoor billboards placed strategically around the state, and 40 weeks of online digital and programmatic advertising. Many of these advertising weeks are strategically run during high beef consumption times including holidays, summer grilling, and fall slow-cooking months.

Streaming radio now accounts for more than half of all listening for today's millennial. Understanding the trend that some of our target audience is moving to streaming and away from traditional radio, we doubled our streaming radio advertising. Advertising buys were focused on Nutrition Month (March), Christmas and Summer Grilling (July). Using Pandora, the highest used and rated online radio brand, we reached 25 percent of our target audience more than 12 times. Our Nutrition Month ad promoted beef's low-calorie benefits and taste profile. The ad read "It's Nutrition Month. So, celebrate with something that'll keep you looking and feeling your best. Something with 10 essential nutrients and twenty-five grams of protein that clocks in at around a hundred and fifty calories per serving. And no, I'm not talking about a soy-chia-veggie whatever. I'm talking Beef! Delicious, lean beef. This March, Lean Toward Beef. Visit www.beef-itswhatsfordinner.com to get your lean on."

Capitalizing on our first Instagram Cooking Party where last year four Idaho-based food bloggers competed in an online blog competition, we continued this non-traditional advertising method for two more events. We recruited an additional millennial food blogger to join us, further increasing our reach. The events focused on the slow cooking trend of Crocktober and the tradition of making a prime rib for Christmas. All five bloggers created their own recipe, cooked the recipe online, and interacted with their online followers through the evening event.

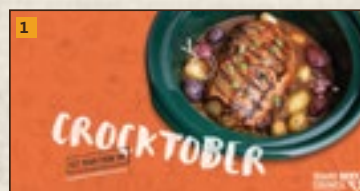
Food bloggers are an effective tool in reaching our target audience because in addition to being part of our target audience, beef's reach is also extended to their several thousand followers. These bloggers were recruited because they have a positive view of beef, they include beef in a healthy and nutritious diet, and they have a strong "foodie" following.

Throughout the events, we increased our following two-fold. We continue to work with these bloggers to promote a positive view of beef to our target audience.

Another social media platform that was added to our advertising deck for fiscal year 2017 was Pinterest. More than 200 million users visit Pinterest every month ready to act on the ideas they find, including recipes and food ideas. For food products, Pinterest is a fantastic opportunity to help people discover and save their food ideas because once a user saves a specific pin, that pin lasts forever. Further, their followers see what pins were saved, adding more effectiveness to Pinterest advertising. Over the four-week run, we received more than 500,000 impressions.

In total, Idaho's beef checkoff achieved over 26 million impressions with our advertising and media efforts during fiscal 2017. Our solid advertising and media plan compliments our in-state activities, increases awareness and helps drive demand.

1. Crocktober Instagram promotional graphic
2. Win a Christmas Dinner Facebook promotional graphic
3. Pinterest Ad
4. Pohley Richey featured on KTVB cooking segment



BUILDING CONSUMER DEMAND

MORE WAYS YOUR CHECKOFF DOLLARS ARE AT WORK

Other notable consumer outreach activities during fiscal 2017 include:

BEEF NIGHT AT THE IDAHO FALLS CHUKARS AND BOISE HAWKS

were two consumers events held that build loyalty and shape positive consumer attitudes about beef, push sales of beef hot dogs and hamburgers, and promote Idaho's beef industry.



PARTICIPATION IN THE FIT ONE RACE EXPO,

which is one of the largest races in Idaho with over 10,000 participants. At the 2-day expo, runners stopped by the IBC booth to sample a healthy beef recipe, learn about beef nutrition and pick up some new beef meal ideas. The booth also featured Lance Pekus, Idaho's Cowboy Ninja.

Cowboy Ninja recipe cards



BEEF MEAL SPONSORSHIPS

at the 4 Summit Challenge in Cascade, NAIA College World Series banquet in Lewiston, Mountain Home Air Force Community BBQ, Lemhi County Businessmen's Appreciation BBQ, Beehive Community Picnic in Rexburg and several more events around the state.



PARTNERSHIP

with the University of Idaho extension to celebrate "National Ag Week" with a drive-thru breakfast and educational activities in Butte, Custer, and Lemhi County elementary schools to educate youth and adult consumers about the economic impact of the beef industry.



PARTICIPATION

in numerous health fairs, ag pavilions and community expos around the state to educate and inform thousands of people about Idaho's beef industry and the many benefits of beef.

From THE CHAIRMAN

Dear Fellow Beef Producers,

Fifty years ago the Idaho Beef Council chartered new territory by becoming one of the country's first state beef councils. In 1967, producers like you created the organization to help promote beef in a challenging climate. Over the following years many other states followed and in 1985 the national Beef Checkoff program was formed to fund promotion, education and research programs to improve the overall marketing climate for beef.

Today the Idaho Beef Council is guided by a board of 8 council members representing each sector of Idaho's beef industry – cow/calf, feeders, livestock markets, and dairy. As a board, we take the stewardship of your Beef Checkoff investment very seriously. We know how hard you work for every dollar and how many challenges you face every day. We strongly believe that the Beef Checkoff is part of the solution to those challenges. We invest your dollars to position your product in the best places to be heard, seen and understood by as many consumers and influencers throughout Idaho as possible. The Idaho Beef Council staff is small and our budget isn't huge compared to other states or commodity groups...but the beef council is innovative and very dedicated to working hard every day to promote our product and tell our story.

As the chair of the Idaho Beef Council I am proud of the depth and effectiveness of the programs carried out each year. From our advertising and digital marketing efforts that generate millions of consumer impressions, to our outreach with the medical community to break down misperceptions and educate about the nutritional benefits of beef, to the partnerships we've formed with grocery retailers, foodservice operators and individuals to endorse our products, I am pleased with everything the Idaho Beef

Council does to share beef's story with consumers and influencers throughout Idaho. The information in this report isn't everything the Idaho Beef Council does, but it will give you an idea of the scope of work that is being conducted on your behalf.

I would like to thank Morgan Evans, past chairman of the IBC for his leadership and contribution to the board. His international knowledge was extremely beneficial to our industry and our producers. I would also like to thank our past board member, Scott McNeley, for his time and dedication to the board.

Most of all, I want to recognize the outstanding staff we have for their hard work and commitment throughout the year. They are the machine that keeps the Checkoff running in Idaho. Lastly, I'd like to recognize and thank Traci Bracco, our Executive Director, for the past 9 ½ years of service. All board members past and present want to let her know how much she was appreciated for all her hard work, long hours, and dedication she brought to our industry. She exemplifies what an Executive Director is. She put her heart and soul into her work, while always keeping the producers first and foremost. She always put the checkoff dollars toward those causes giving all of us the biggest bang for the buck. Happy trails; we all wish you the best.

I hope you enjoy reading about some of the highlights from fiscal 2017 and take comfort in knowing that the Idaho Beef Council team is working hard, every day, to ensure that beef remains the number one protein choice for Idahoans.

Sincerely,

LOU MURGOITIO

*Chairman
Dairy Beef Producer, Boise, ID*

IDAHO BEEF COUNCIL Audited Financial Statements

June 30, 2017

REVENUE:

Checkoff Assessments	\$2,310,415
Less Remittance to Beef Board	(781,851)
Net Assessments	1,528,564
Interest Income	225
Net In-State Revenue	1,528,789

EXPENSES:

National Programs	138,147
International Marketing Programs	143,337
Promotion Programs	494,853
Consumer Information Programs	208,480
Research Programs	110,079
Industry Information	31,337
Producer Communications	53,783
Collection Fee Paid to State Brand Dept.	98,802
Administration	205,471

Depreciation	0
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Total Expenses	1,484,289
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Increase in Net Assets	44,500
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NET ASSETS:

Beginning of Year	332,355
End of Year	376,855



CHECKOFF DOLLARS AT WORK OUTSIDE OF IDAHO

BEEF PROMOTION AND RESEARCH BOARD

By law, 50 cents of the \$1.50 collected in Idaho goes to the Cattlemen's Beef Board (CBB). These funds form the base for national beef promotion, education and research programs. For more information on how these funds are spent, contact the Idaho Beef Council or log onto www.mybeefcheckoff.com.

In addition to the \$0.50 we send to CBB, the IBC contributes additional funds each year toward national promotion activities through the Federation of State Beef Councils. Last year the IBC contributed \$114,000 and the IBC Board of Directors chose which national activities to fund based upon the IBC's strategic priorities.

INTERNATIONAL MARKETING

Expanding the opportunity to sell beef around the globe, in fiscal 2017 the IBC contributed \$115,000 to the U.S. Meat Export Federation (USMEF) for continued support of beef promotion in international markets.

The IBC teamed up once again with the Washington and Oregon beef councils to continue the Pacific Northwest beef initiative in Japan during fiscal 2017. A total of \$75,000 in checkoff funds were used (\$25,000 from each state), along with matching funds from targeted Japanese retailers and third party contributors, to introduce and promote Northwest beef to Japanese consumers, regional distributors, retail buyers and restaurant chains during fiscal

2017. The promotion generated more than 1.04 million pounds in incremental U.S. beef sales.



PROMOTING BEEF TO KEY INFLUENCERS

After decades of taking a back seat to publicity about carbohydrates and fat, protein is making a comeback. Today, the macronutrient is the focus of both research and positive information, and reasserting itself as a key component of a healthful diet. When it comes to nutrition, there are few proteins that carry the punch beef does. With 10 essential nutrients, more lean options than ever before, and the ability to leave one more satiated and satisfied, beef has proven to be not only delicious, but an important fuel for healthy bodies.

The IBC maintained a high level of visibility and distributed educational resources at conferences held by the Idaho Medical Association, Idaho Academy of Family Physicians, Idaho Healthcare Association, Idaho Perinatal Association, Idaho Nurses Association, and Idaho Academy of Physician Assistants during fiscal 2017.

Close to 200 registered dietitians attended the annual Idaho Academy of Nutrition & Dietetic Association convention where the IBC's exhibit booth shared the latest beef nutrition science. In addition, the beef checkoff provided Dr. Heather Leidy as the keynote speaker for the convention. A leading nutrition expert, her presentation "Does the timing of food consumption matter?" discussed the interaction between eating frequency and increased dietary protein. It also highlighted the benefits of beef protein for improved appetite control, satiety and weight management. Her presentation was the highest attended session of the entire conference.



▲ The IBC booth display, promoting and educating about the health benefits of protein found in beef.

RETAIL PROGRAMS TO DRIVE SALES

Grocery retailers represent the primary interface with consumers buying beef, so the IBC makes it a priority to develop impactful programs with this segment of the industry. IBC worked with retailers across Idaho to develop campaigns reminding consumers to choose beef for their holiday and summer grilling meals. Checkoff-funded Holiday Roast and Summer Grilling point-of-purchase merchandising kits were distributed to 155 retailers to grab the consumers attention in the meat case and encourage beef purchases. IBC also provided 24,500 recipe and educational brochures for Idaho retailers to hand out to their customers.

Broulims: In fiscal year 2017, the popular What's For Dinner Wednesdays weekly featuring program continued.

This campaign is aimed toward time-strapped consumers by highlighting on the radio, as well as in-store displays, a complete dinner meal that is available at their local Broulim's. During the 7-week campaign, each of the 10 Idaho Broulim's locations built in-store displays featuring the recipe being broadcasted on radio that included the beef cut, ingredients, side items and recipe card instructions. Placed at the front of the store, consumers could walk in, grab everything in one place and get on their way home. A great volume driving campaign, total beef sales increased 37% during the campaign period versus the previous year's sales numbers.

Winco: In partnership with the California and Washington beef councils, the IBC has coordinated and executed the placement of over 5,500 meat case dividers in over 115 Winco Foods stores in Arizona, Texas, California, Nevada, Utah, Oregon, Washington and Idaho.

These units not only help better organize the meat case, and make beef stand-out from the competition, they also highlight the benefitswhatsfordinner.com website for consumers.

Rosauers: To encourage consumers to create an Easter tradition with beef, the IBC partnered with Rosauers grocery store in the Treasure Valley to feature beef roasts during the lead up to Easter. The campaign consisted of a heavy radio blitz with ads reminding consumers that "It's time to plan your Easter meal. This year, make it a holiday to remember with a Bone-In Rib Roast for \$6.99 per lb."

The radio was complimented with in-store promotions on beef roasts and the campaign netted a substantial increase in pounds sold over previous year.



RESEARCH FOR OUR FUTURE

Research is an integral part of our continued success in the beef industry. In fiscal year 2017 the following research projects were funded:

- Relationship between heifer carcass maturity and beef flavor (Matthew Doumit, PhD, University of Idaho)
- Role of Calpain-1 and -2 in tenderization during extended aging (Matthew Doumit, PhD, University of Idaho)
- Solving the maturity grade and carcass quality problem through targeted gene analysis (Gordon Murdoch, PhD, University of Idaho)
- Improving color and color stability of the top sirloin through dietary rumen protected histidine supplementation (Gordon Murdoch, PhD, University of Idaho)



PROTECTING AND ENHANCING THE BUSINESS CLIMATE FOR BEEF

FOODSERVICE MARKETING AND OUTREACH

With consumers spending 50% of their food dollars on meals prepared away from home, marketing beef to foodservice professionals is a necessity for the industry. The IBC reaches influencers in the foodservice channel through checkoff-funded promotions and education programs.

The Idaho Beef Checkoff partnered with Sysco Foodservice, the largest foodservice distributor in Idaho, with a sales incentive program for their sales reps focused on increasing sales of beef and developing new business in the foodservice channel. Due to the very successful history of this program with Sysco, we now execute both a Fall and Spring sales program. The Fall promotion resulted in a 12% increase in the total beef category sales versus the prior year and the Spring program resulted in a 13% increase.

IBC offered “beef dollars” in fiscal year 2017 to chefs participating in culinary events like Savor Idaho Coeur d’Alene and Boise (attended by 1,000 consumers) and the Culinary Walkabout (attended by 500 consumers). Chefs feature beef as their main dish at the events and can be reimbursed for a portion of the beef used in the recipe. The beef checkoff is also a top-tier

sponsor of A Chef’s Affair annual event attended by 400 people each Fall. This exquisite 6-course culinary spectacular features the Treasure Valley’s top chefs and sells out each year. Investing in programs like these ensure beef is well-represented at these types of events, as well as showcasing the great taste and menu versatility of beef.

BEEF SHINES AT THE SPORTS NUTRITION SYMPOSIUM

Last year the Idaho Beef and Dairy Councils joined together and created the first ever Idaho Sports Nutrition Symposium, geared toward personal trainers, registered dietitians, and coaches, these individuals have an unique influence with their clients because many of them write personalized nutrition programs and spend numerous hours a week with their clients/athletes. The 1-day event featured three of the country’s leading sports nutrition speakers and was attended by 85 personal fitness trainers, high school and college coaches and sports nutrition professionals. Post-event evaluations indicated we overwhelmingly improved the perception of beef with this influential group.

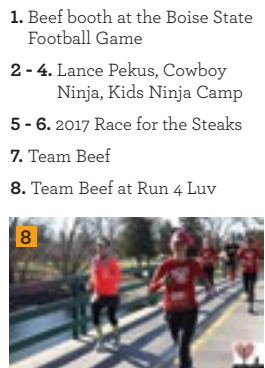
TOUTING BEEF’S NUTRITION

Other checkoff-funded partnerships this year included a campaign with the American Heart

Association to have beef on the menu at key community events like the Go Red for Women luncheon and Treasure Valley Heart Walk, nutrition workshops with regional dietitian groups and area hospitals throughout the State, and attendance at Oneida County, Jerome, Pocatello, and Franklin County health fairs, and various other community health and wellness groups.



▲ 2016 Sports Nutrition Symposium poster (above) and Go Red for Women luncheon ad (right).



1. Beef booth at the Boise State Football Game
 2 - 4. Lance Pekus, Cowboy Ninja, Kids Ninja Camp
 5 - 6. 2017 Race for the Steaks
 7. Team Beef
 8. Team Beef at Run 4 Luv

What's inside:

- A letter from our Chairman
- FY2017 Financials
- A recap of the year's marketing efforts



BOARD OF DIRECTORS

IDAHO BEEF COUNCIL BOARD OF DIRECTORS (2017 - 2018)

The board is comprised of eight appointed volunteers, representing various segments of the industry.

Lou Murgotio
Chair
(Boise)
Dairy

Jeff Johnson
Vice Chairman
(Parma)
Feeder

Trish Dowton
Secretary/Treasurer
(Ellis)
Cow/Calf Producer &
CattleWomen Rep.

Lee Bradshaw
(Caldwell)
Feeder

Bruce Mulkey
(Salmon)
Cow/Calf Producer

Bill Lickley
(Jerome)
Cow/Calf Producer

Bruce Billington
(Twin Falls)
Auction Market

Don Taber
Dairy
(Shoshone)

Cattlemen's Beef Board Representatives

Jared Brackett, Rogerson
Lynn Keetch, Montpelier

Federation of State Beef Councils Representatives

Lou Murgotio, Boise
Jeff Johnson, Parma
Trish Dowton, Ellis
Dan Hinman, Emmett
(ex-officio)

USMEF Representatives

Morgan Evans, Downey
(ex-officio)
Bill Lickley, Jerome

Our MISSION STATEMENT

To build global consumer
DEMAND FOR BEEF
thereby enhancing
PROFITABILITY
for
IDAHO PRODUCERS.

Idaho Beef Council Staff

T.K. Kuwahara, Executive Director
Katlin Davis, Marketing Coordinator (p/t)
Pohley Richey, Health and Wellness Specialist (p/t)
Sandy Sherman, Admin. Assistant (p/t)

