



Consumer Insights

June 9, 2020





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Consumer Insights

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Introduction

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Consumers
and BQA

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Consumer
Insights
and COVID





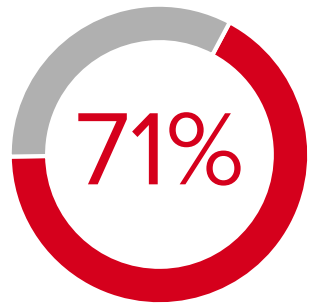
2

Consumer Landscape

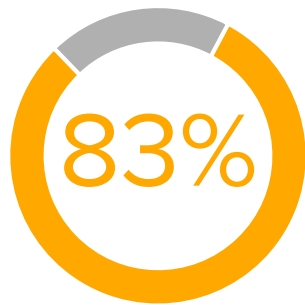
Average - At Least Weekly Consumption

Beef and chicken are consumed by most consumers on a weekly or more basis

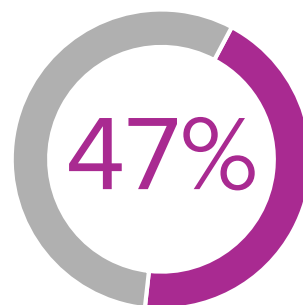
Average Consumed at Least Weekly



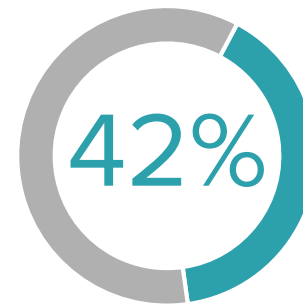
Beef



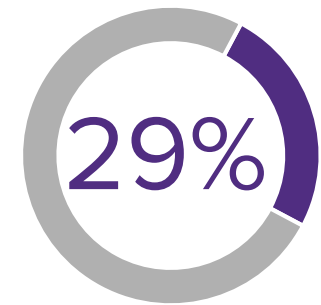
Chicken



Pork

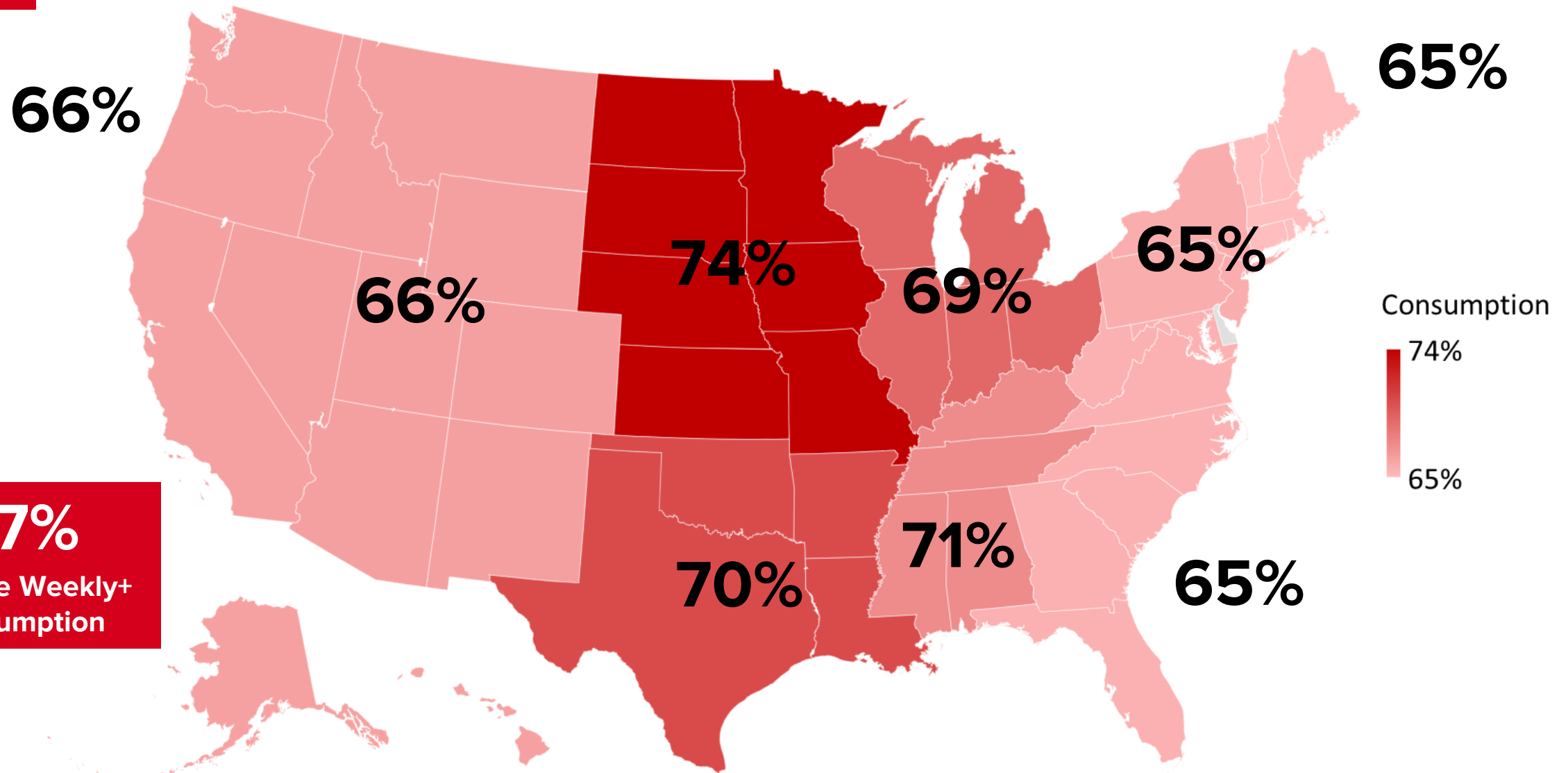


Fish



Meat
Alternatives

Regional Beef Consumption



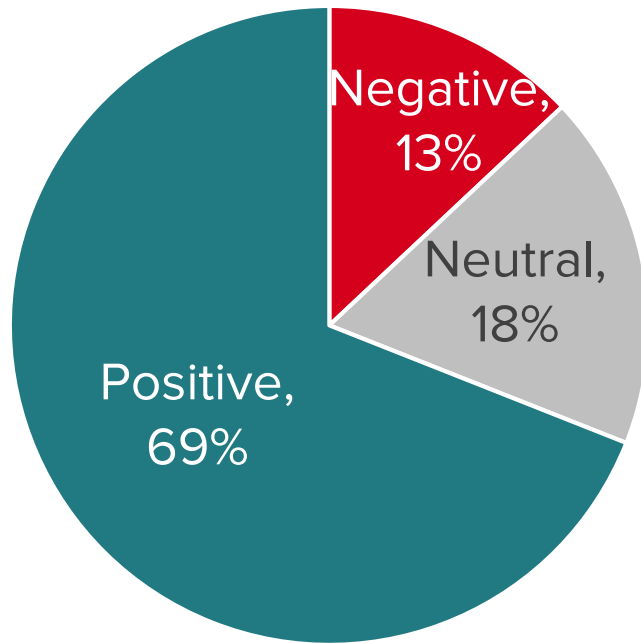
Source: Consumer Beef Tracker Jan 2019 - Dec 2019

Pacific (WA, OR, CA, AK, HI) West South Central (TX, OK, AR, LA) New England (ME, NH, VT, MA, RI, CT) Mountain (MT, ID, WY, NV, UT, CO, AZ, NM) East South Central (KY, TN, MS, AL) Middle Atlantic (NY, NJ, PA) West North Central (ND, SD, NE, KS, MN, IA, MO) East North Central (WI, IL, MI, IN, OH) South Atlantic (FL, GA, SC, NC, VA, WV, DC, MD, DE)

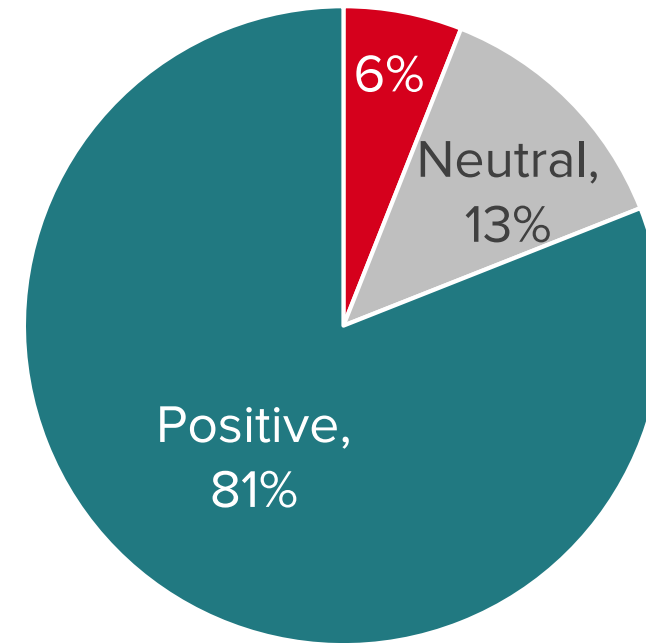
Overall Perceptions

Overall perceptions have increased slightly for beef over time, but beef still lags behind chicken

Overall Beef Perceptions



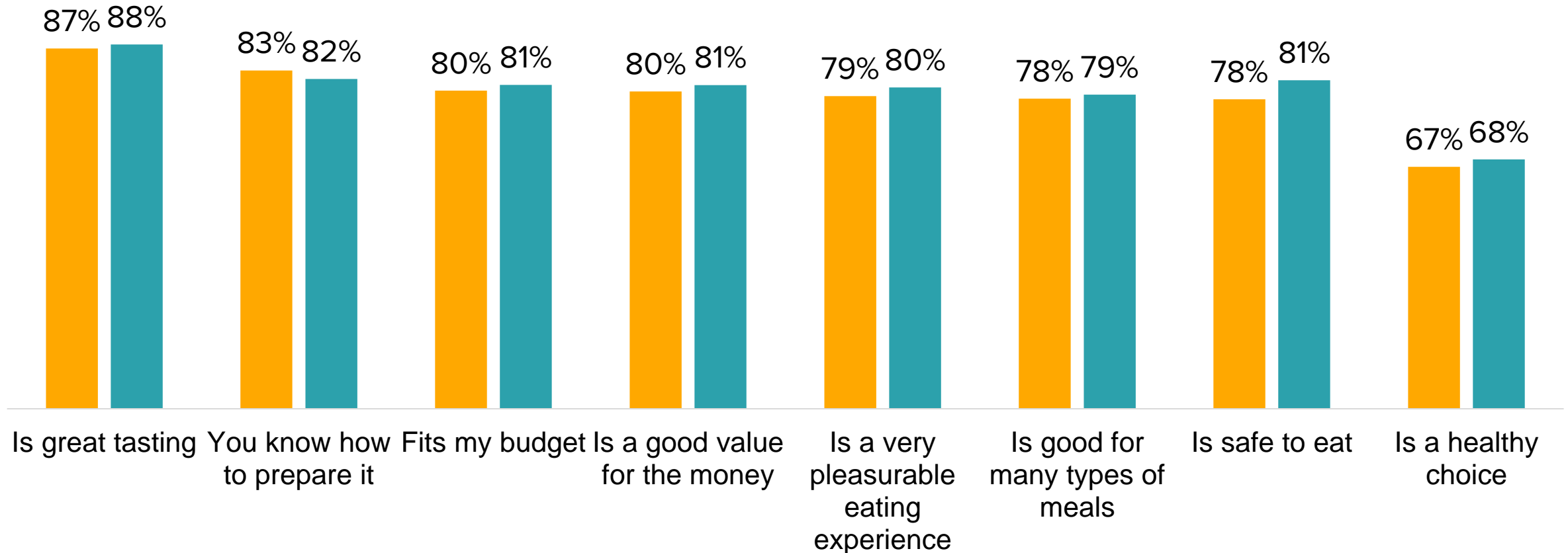
Overall Chicken Perceptions



Protein Consideration

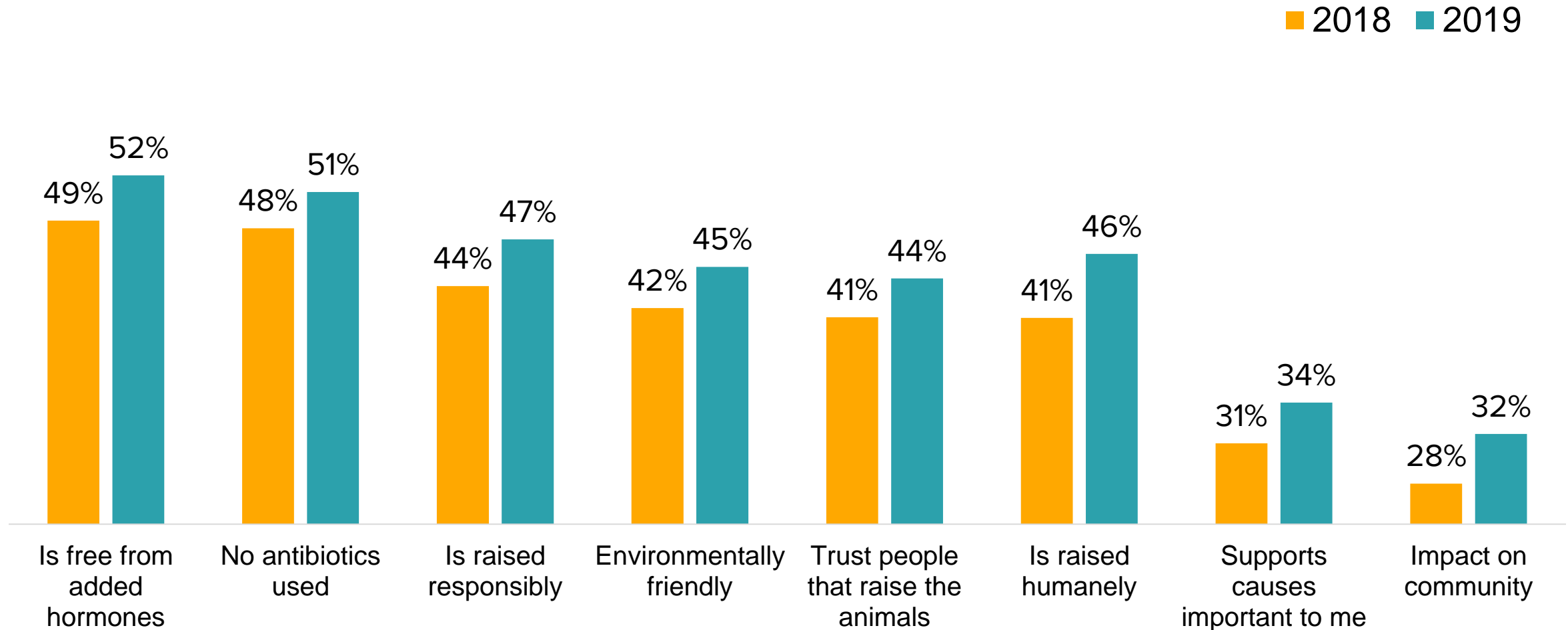
Protein consideration is driven most by taste, followed by things like safety, value, and the eating experience

■ 2018 ■ 2019



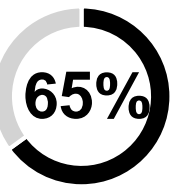
Consideration Yearly Comparison

Across production related attributes, consumer consideration has increased from 2018 to 2019



Future Consumption of Beef

Plan to Eat
the Same

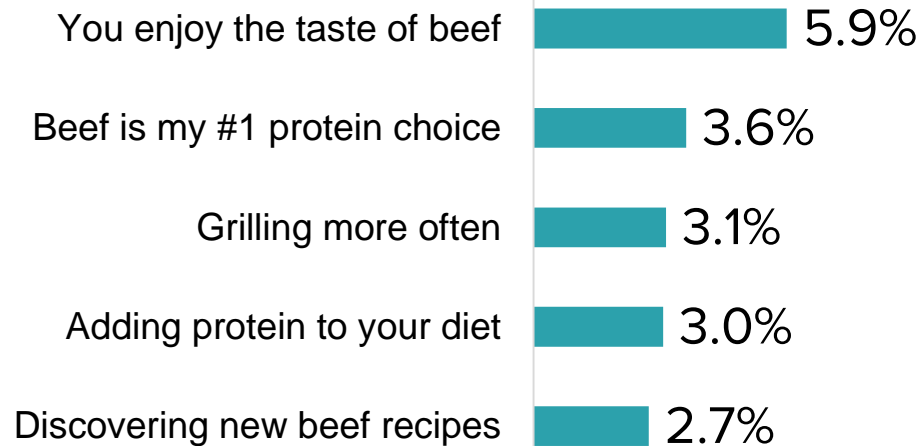


Consumers plan to eat more beef largely due to its taste, while consumers have a variety of reasons to eat less beef

Reasons to Eat More

12%

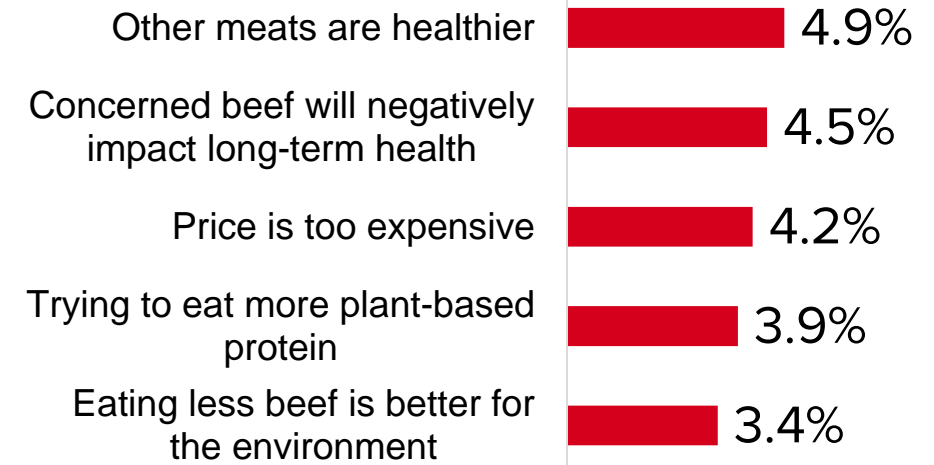
Plan to Eat More



Reasons to Eat Less

16%

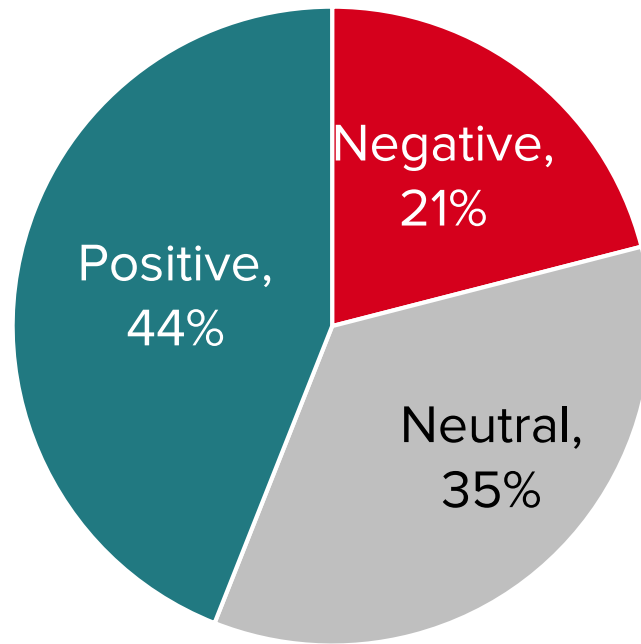
Plan to Eat Less



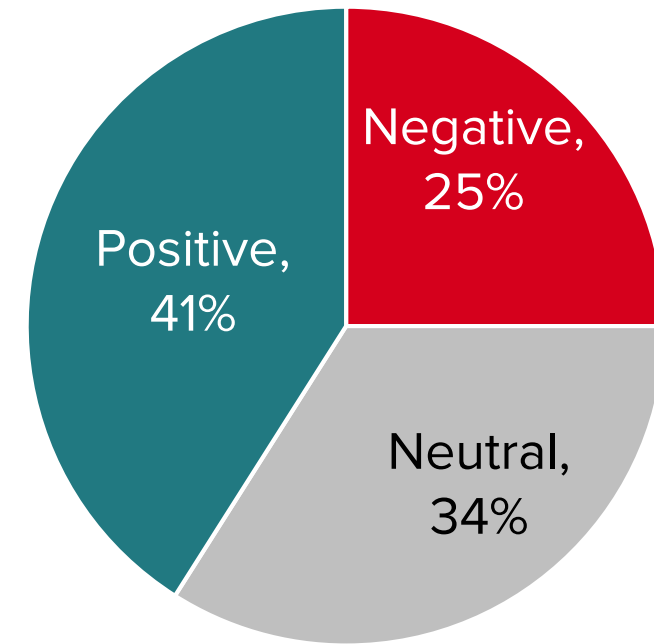
Production Perceptions

When it comes to production perceptions, beef outperforms chicken

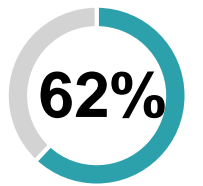
Beef Production Perceptions



Chicken Production Perceptions



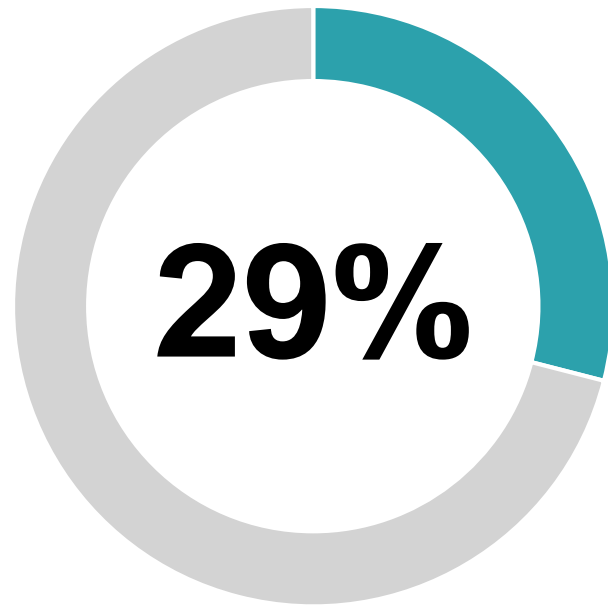
Unaided Concerns with Production



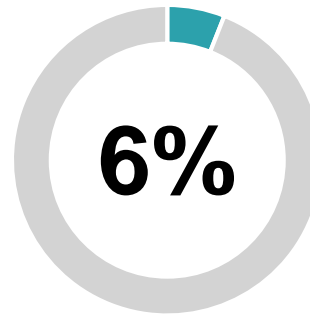
Had a
Concern

Unaidedly, animal welfare issues rise to the top of concerns with cattle production, specific topics are low

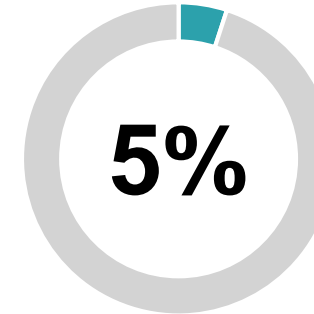
Animal Welfare



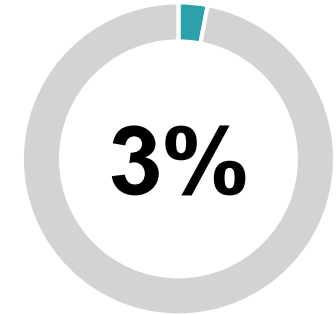
Hormones



Antibiotics



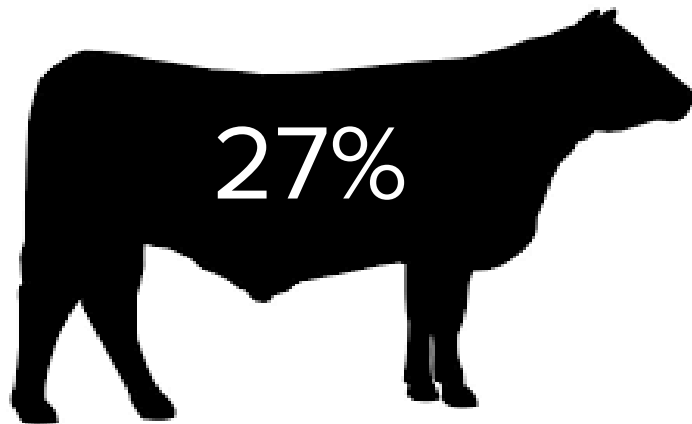
Environment



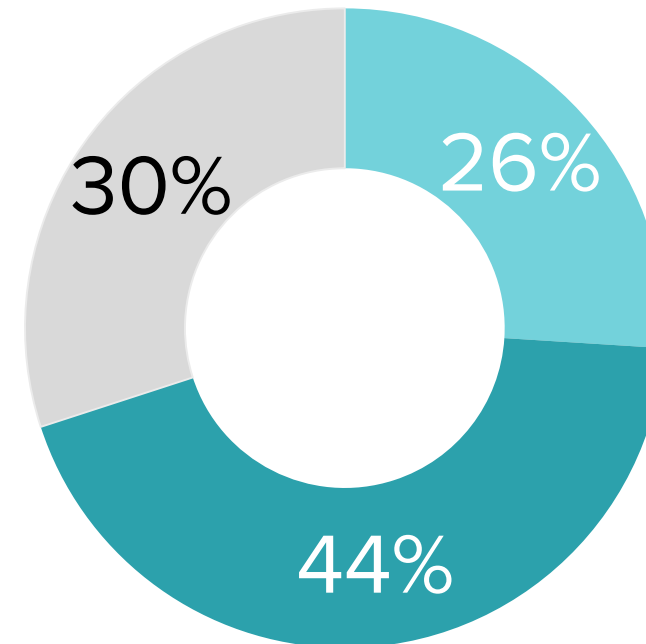
Consumer Knowledge

Consumers are unfamiliar with how cattle are raised, but consider this aspect when choosing a protein

Familiarity with How Cattle
are Raised



Consider How Food Was
Raised/Grown



■ Sometimes ■ Often/Always ■ Never/Rarely

A close-up photograph of a red wooden barn door. The door is made of vertical wooden planks and features a white-painted frame with a diagonal brace. The door is slightly ajar, revealing a dark wooden floor. The lighting is soft, highlighting the texture of the wood.

3

Consumers and Beef Quality Assurance

Responsible Beef Exploratory Research

Objectives

Understand consumer perceptions on food and beef production

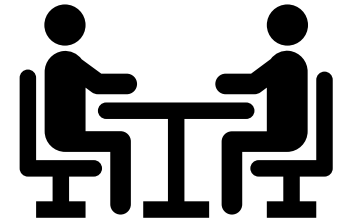
Understand consumer reactions to Beef Quality Assurance (BQA) program

Understand the most relevant and effective ways to communicate BQA and “Responsibly Raised” message

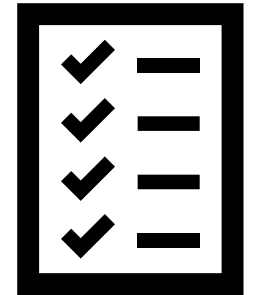
Understand consumer reactions to 2 potential storyboards to be produced into videos

Methodology

**9 Focus Groups in
3 regional cities**



**Survey among
1,003 consumers**



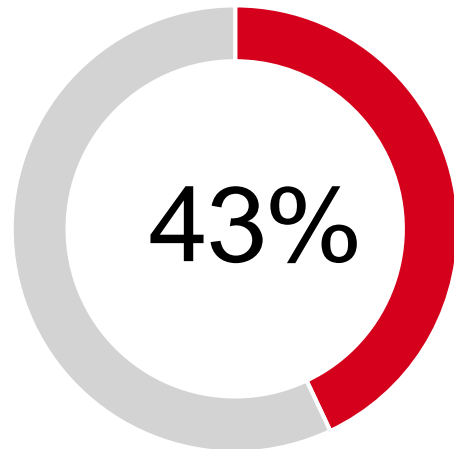
**2 Online Discussion
Boards with 95
Consumers**



Low Knowledge Level

A portion of consumers believe cattle live in confinement all of their lives, and most consumers have little knowledge of how cattle are raised

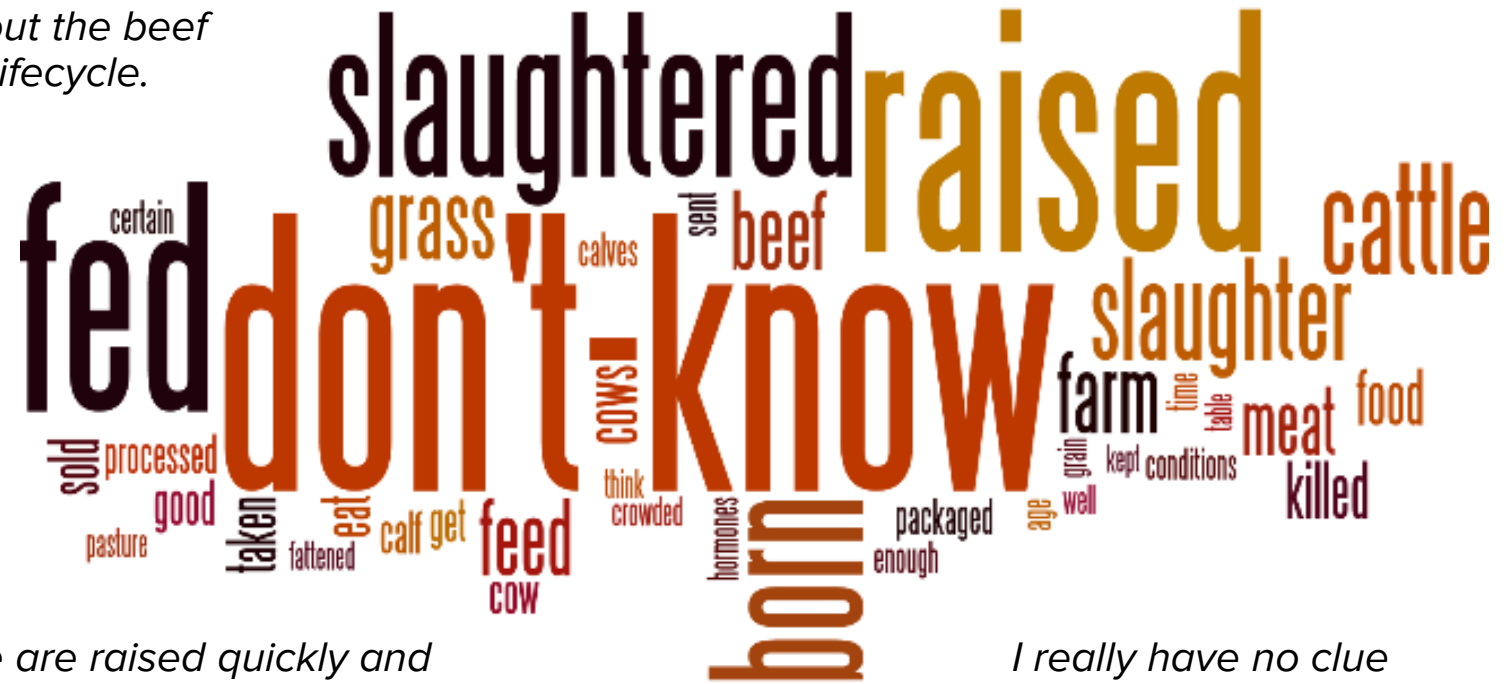
Confined Conditions



I have no idea about the beef lifecycle.

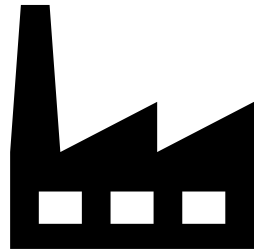
Cattle are raised quickly and fed cheaply. They're pumped with hormones and antibiotics that transfer to the meat we eat when they're slaughtered.

I really have no clue whatsoever what goes into the lifecycle.



Issues For Consumers

General consensus is there are large scale farms/ranches that operate like “corporations” and then, there are small family farms



Focused on money

Large scale

Inhumane treatment, crowding, overuse of ABX

Current state of food production

“You see documentaries and it’s like a prison – they are all caged together.”



Smaller, family-owned farms

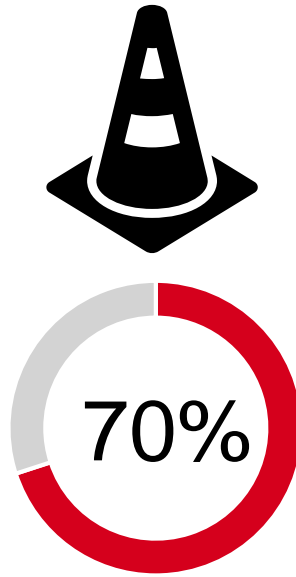
Higher quality, better conditions

Dying breed

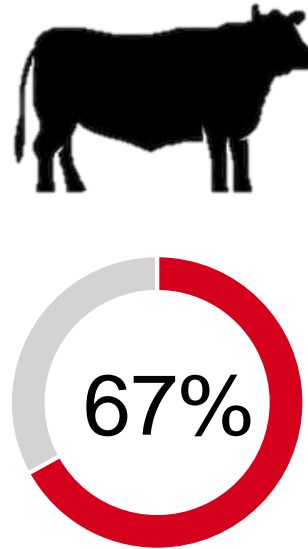
Niche Markets

Impact of BQA

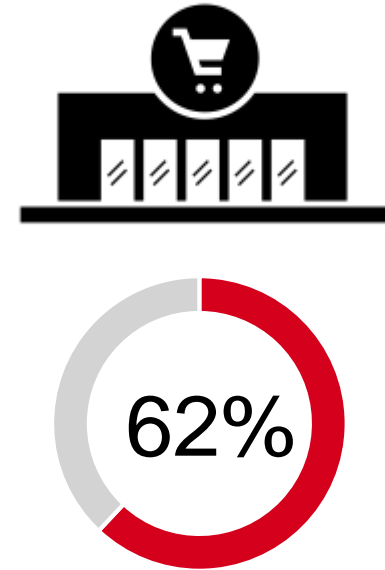
Learning about BQA made consumers more confident in safety and animal welfare, while also showing potential to represent the industry



Confidence in Beef
Safety



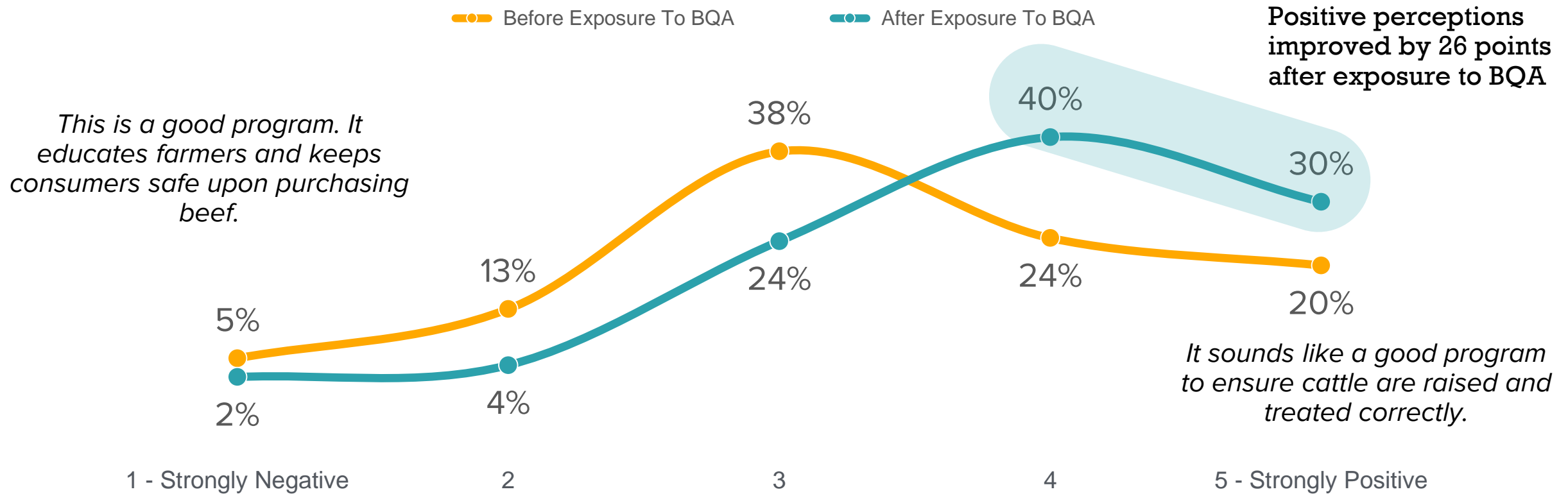
Animals Treated
Humanely



BQA represents beef
at their grocery store

Perceptions of how cattle are raised improved markedly after exposure to the BQA program

Perception Of How Cattle Are Raised For Food



C1a. What is your perception of how cattle are raised for food? Please select one response.

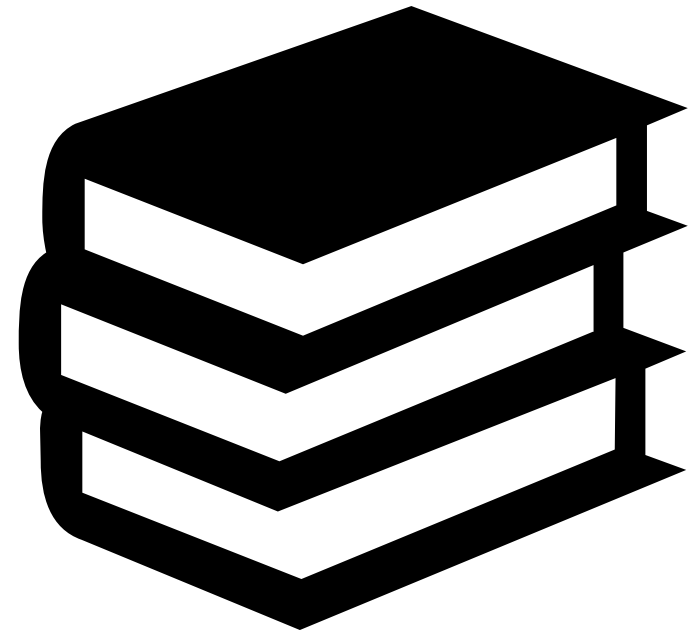
B11. Now after everything you have read about the Beef Quality Assurance Program, what is your perception of how cattle are raised for food?

BQA Response

There are varying levels of details that consumers desire



VS



Video Testing Using Interest Tracking

* Please drag the icon below on the scale to gauge your interest throughout the ad. Drag the scale to the right to show more interest and to the left to show less interest.

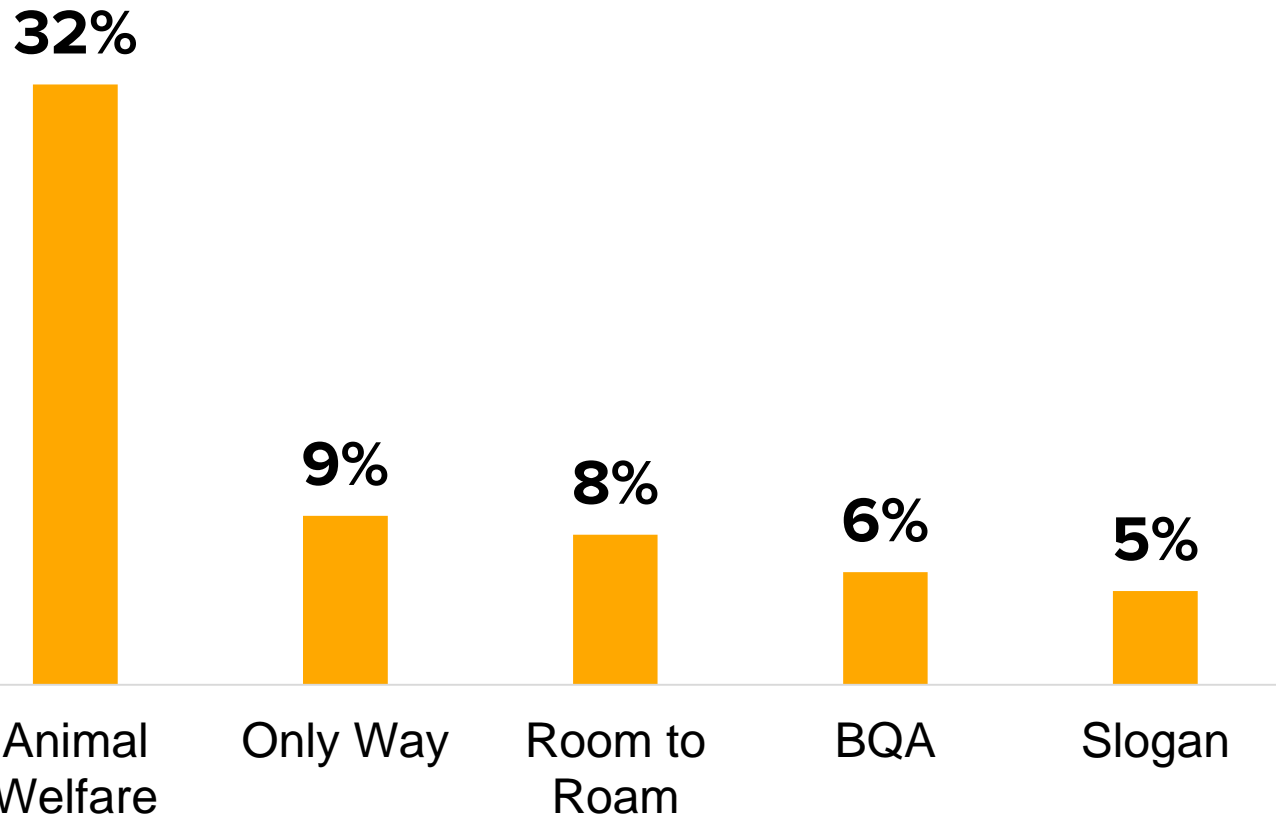


Used to better understand and assess consumer reactions and feedback to two video ads surrounding the BQA campaign



Interest Tracking

Animal Welfare scenes increased interest the most for consumers



Thinking about the ad you just saw, what part did your interest increase the most

“Seeing the cattle roaming around and being able to see the living arrangements because it makes me trust that they are doing what they say they are for the animals”

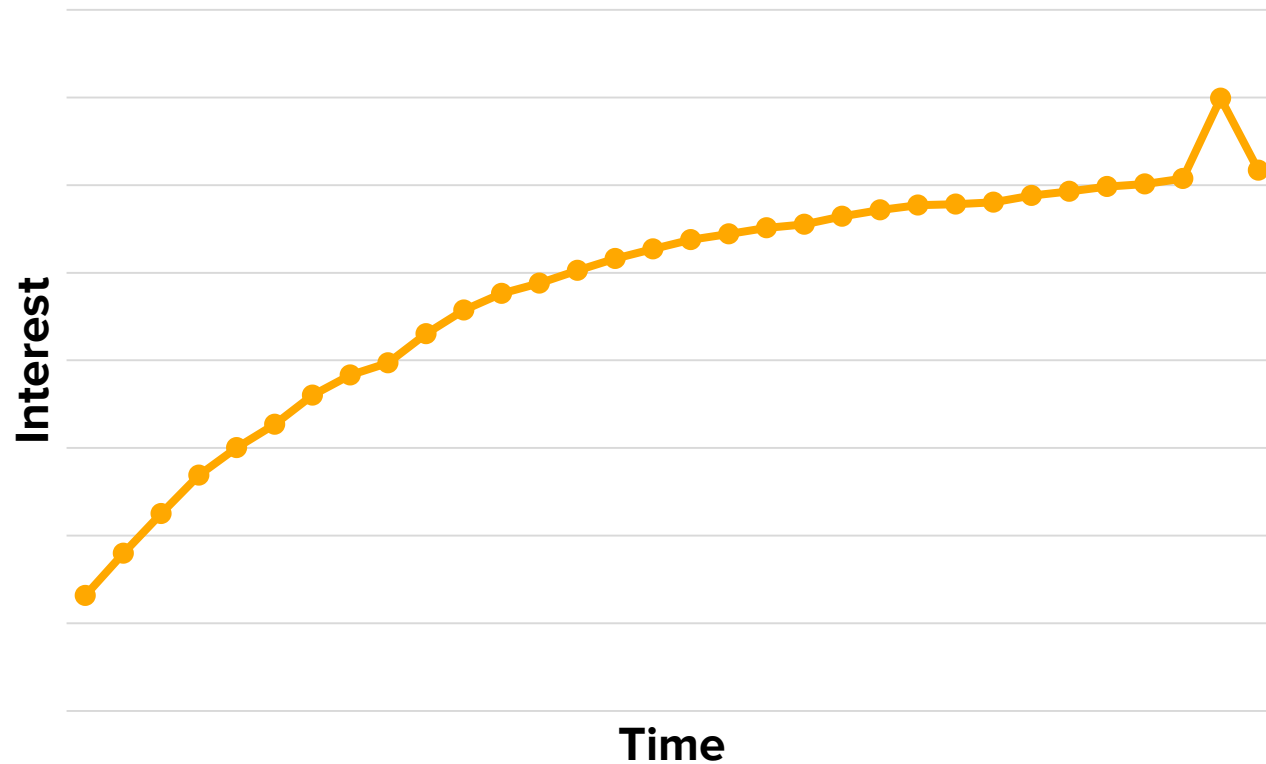
“My interest increased when it showed the ways the company takes care of the animals that the beef comes from.”

“My interest increased most when mentioning gentle handling and raising because I want my food animals to be treated with care throughout their lives. I feel it's a moral responsibility.”

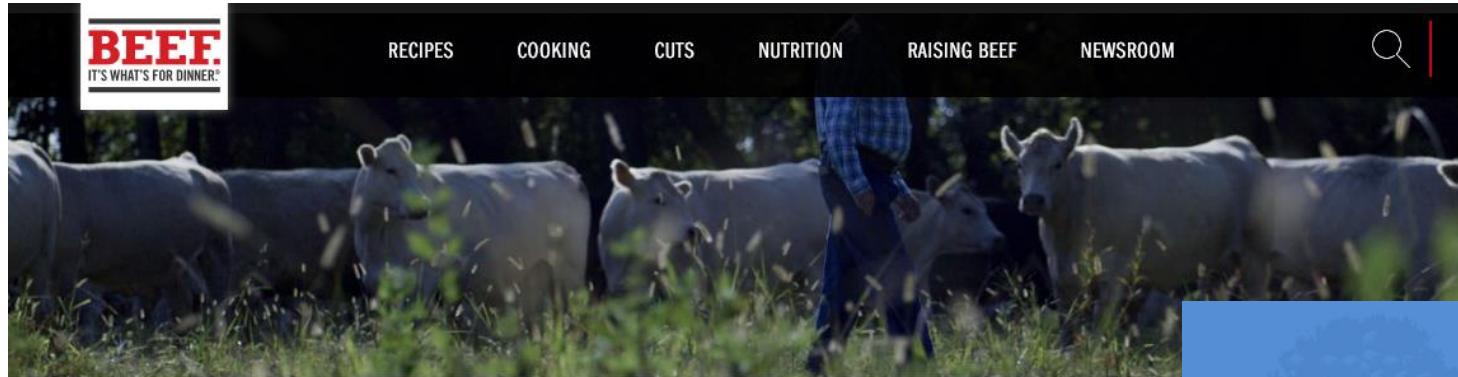
“More and more ranchers are choosing the right way to raise cattle, because it is the only way....that way the animals have a better life...”

Interest Tracking

The video had a consistent increase in interest with a jump at the BIWFD slogan and Rodeo music



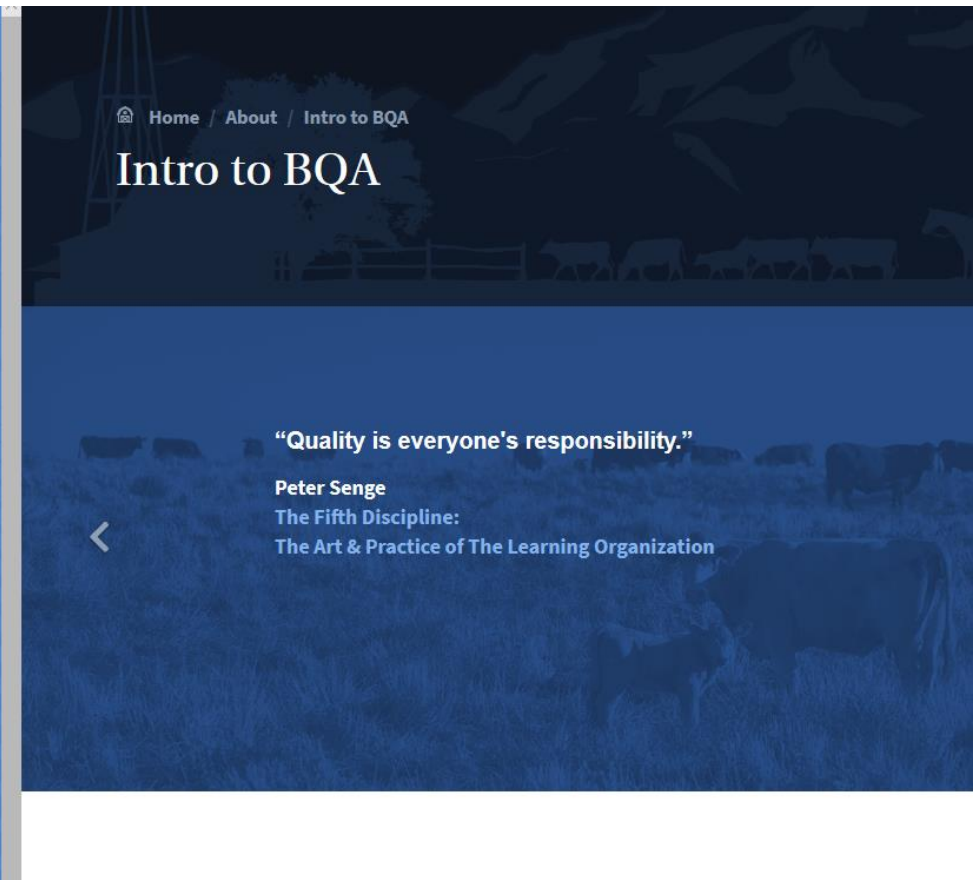
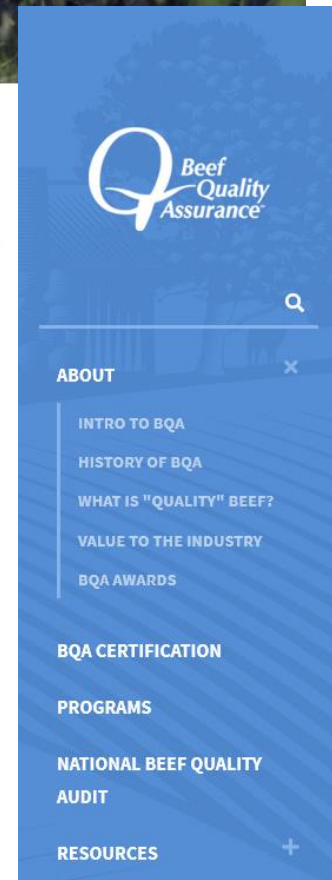
For Those Who Want More Info



BEEF QUALITY ASSURANCE: RAISING THE BAR ON RAISING CATTLE

The beef community has a long-standing commitment to caring for their animals and providing families with the safest, highest-quality beef possible. Beef Quality Assurance (BQA) is a program that trains farmers and ranchers on best practice cattle management techniques to ensure their animals and the environment are cared for within a standard set of guidelines and regulations across the U.S. beef industry.

Learn more about the BQA program.



BQA Campaign Overview

BQA was introduced to consumers and other non-producer audiences in mid-October as part of continuing efforts to help consumers better understand how beef is responsibly raised and show how farmers and ranchers are committed to producing safe, high-quality beef.



BQA Campaign Overview

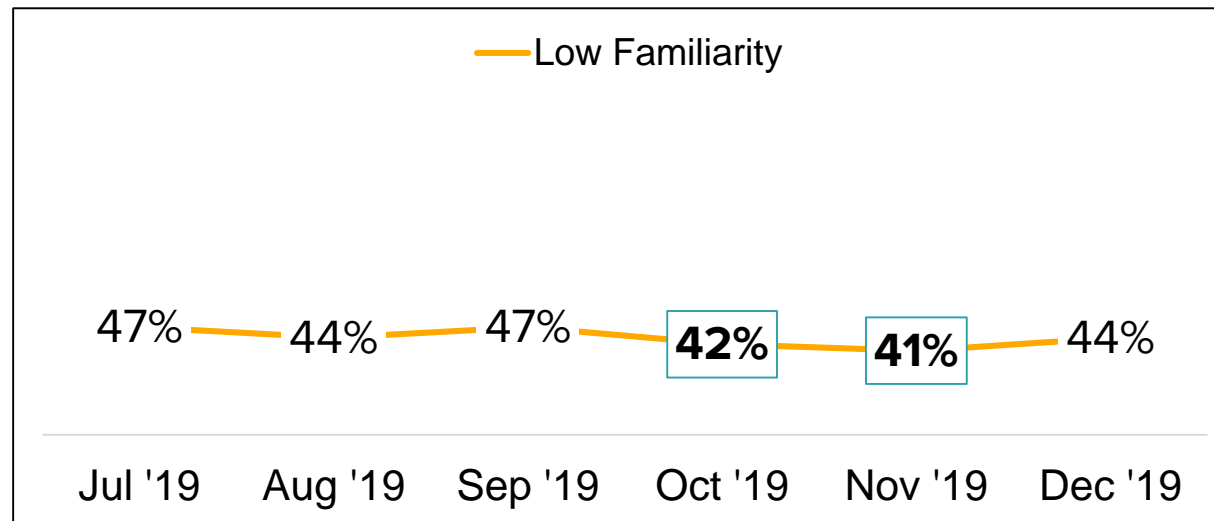
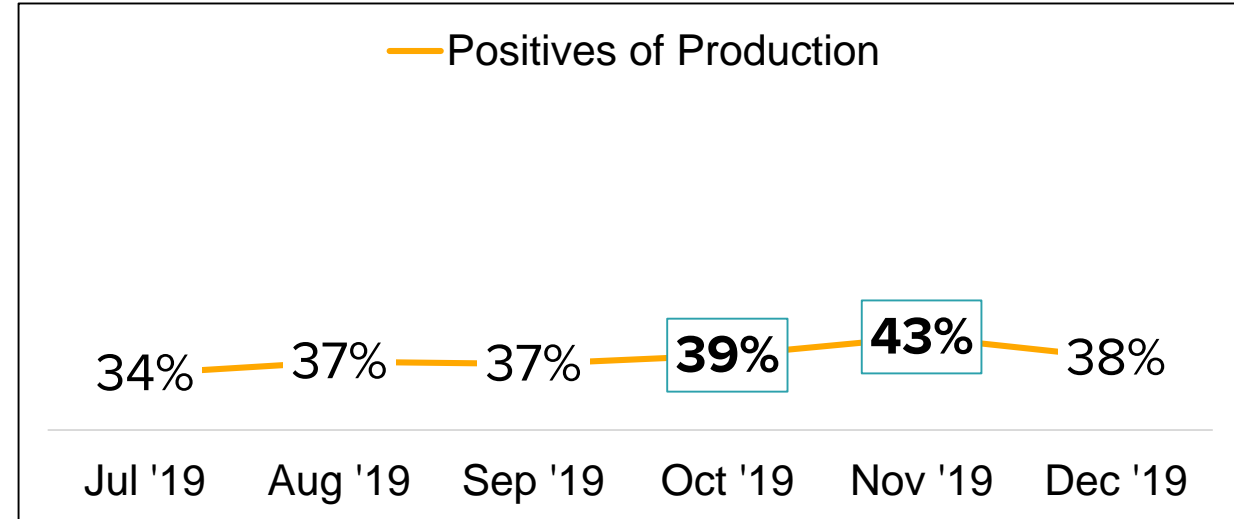
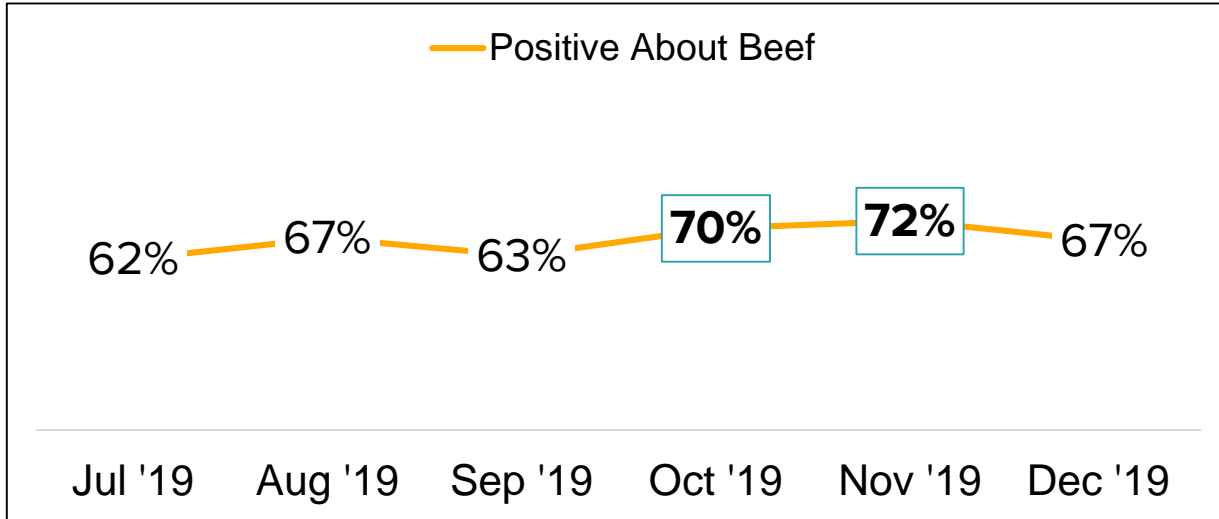
The Goal: Help consumers continue to feel good about how beef is raised by highlighting the commitment of farmers and ranchers, through BQA, to raising beef safely, humanely, and sustainably.



Campaign Key Performance Indicators

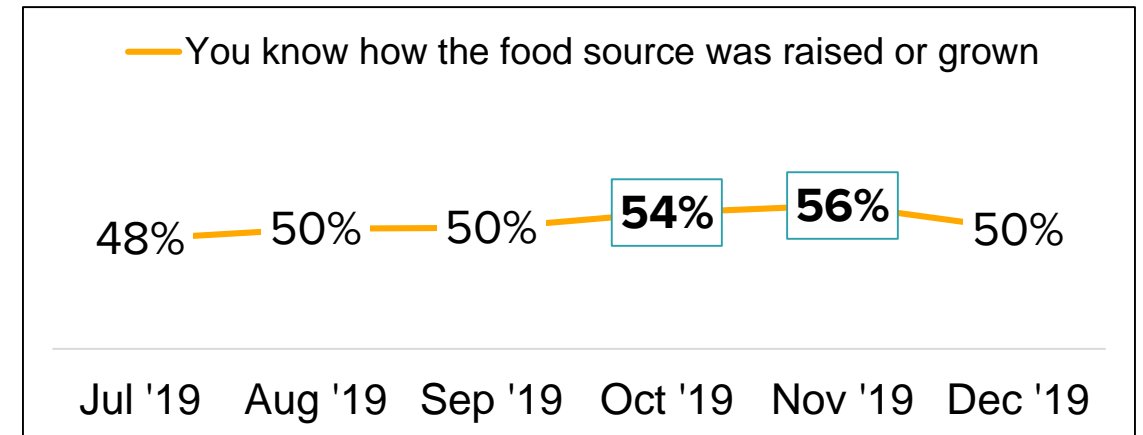
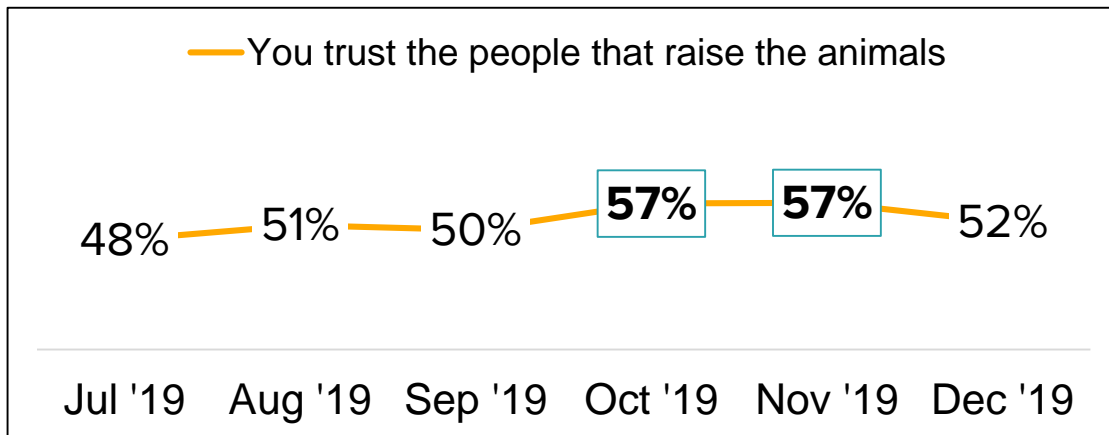
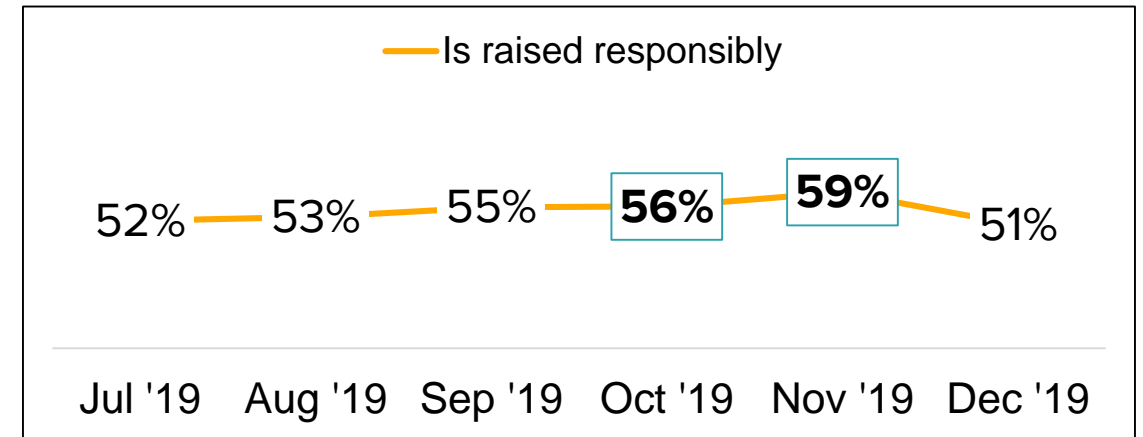
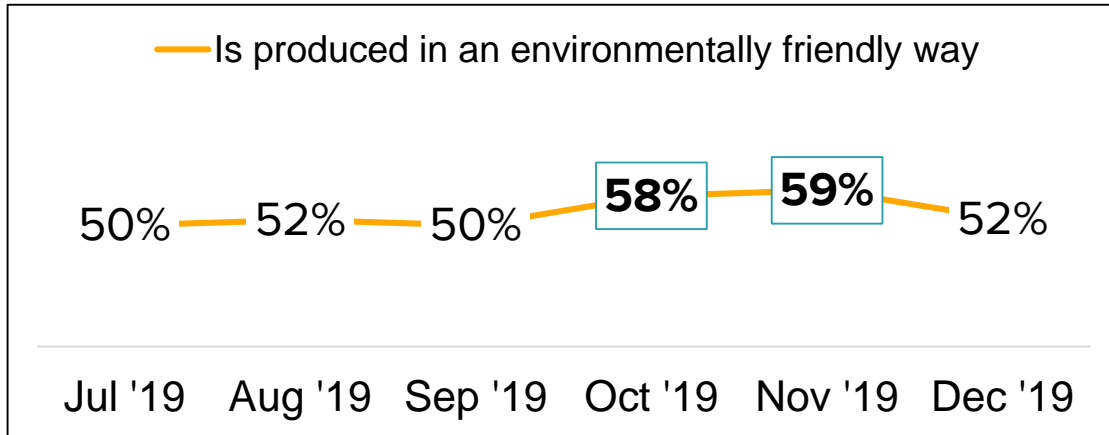
- 11 million BQA/BIWFD video views
- 58.6 million media impressions of BQA/BIWFD ads
- 10.5 million audio listens of BQA/BIWFD radio ads
- 4 million social media engagements
- 15,000 MBA grads received information about campaign
- 150 business-decision makers registered for supply chain webinar
- 146 media outlets received press release with an audience of 178 million
- 16 radio interviews from radio media tour, airing more than 700 times and reaching more than 22 million consumers

Beef Tracker Data - Agreement



BQA Campaign Impact

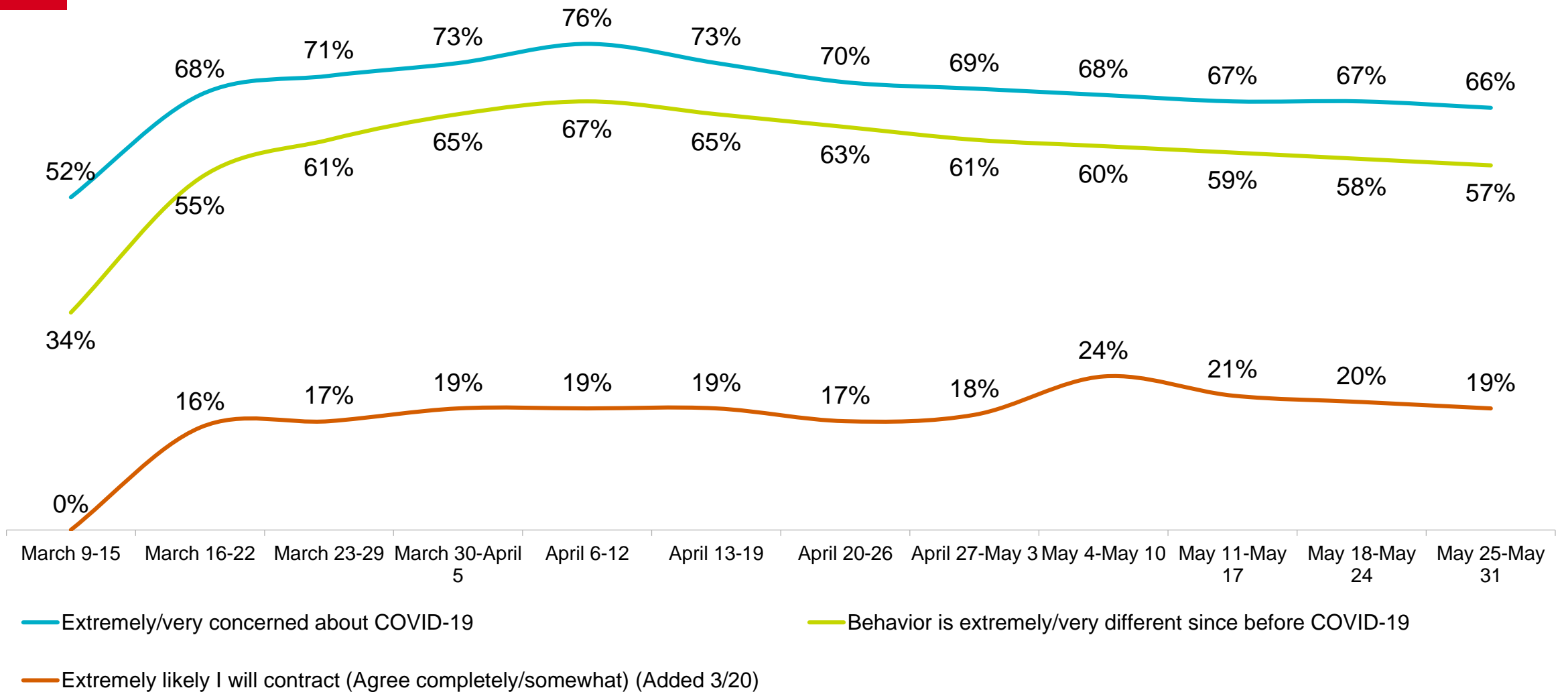
During and after the campaign launched, production perceptions increased significantly





4 Current Dynamics

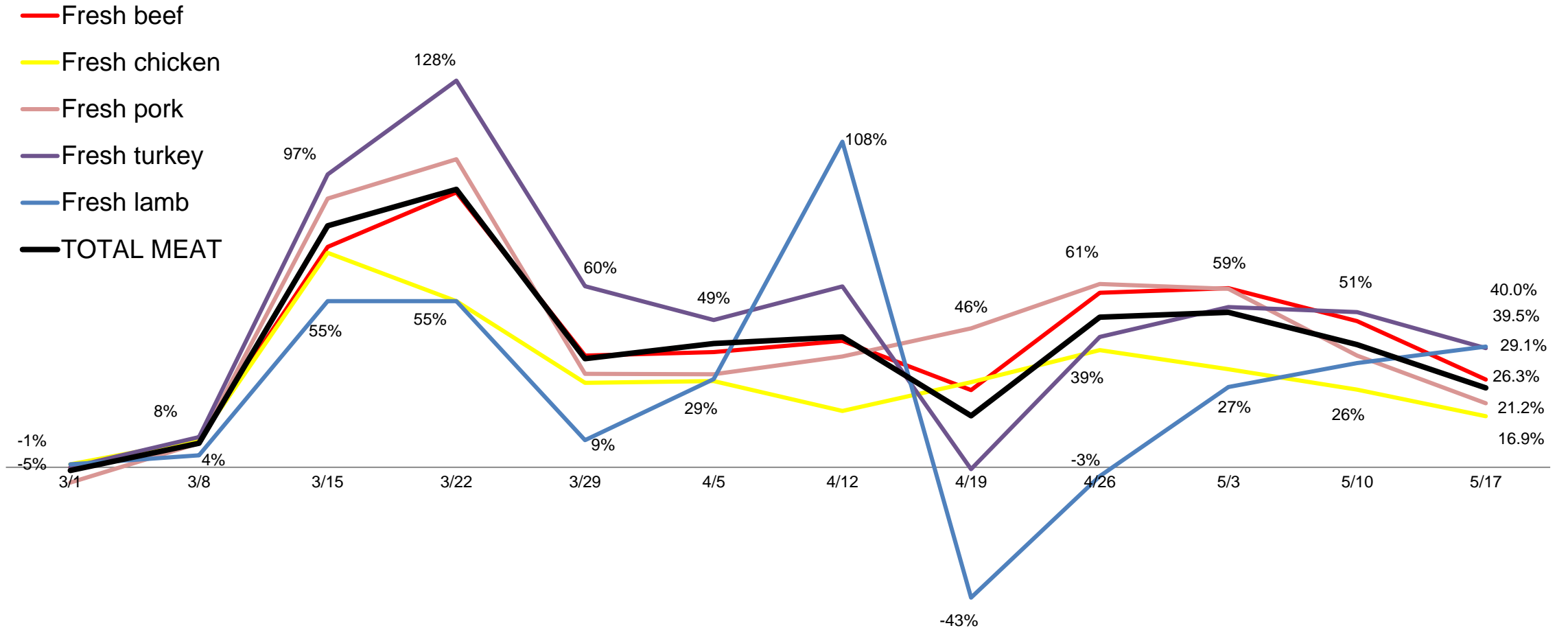
Directions COVID Dashboard - Concern



COVID Update – Retail Sales



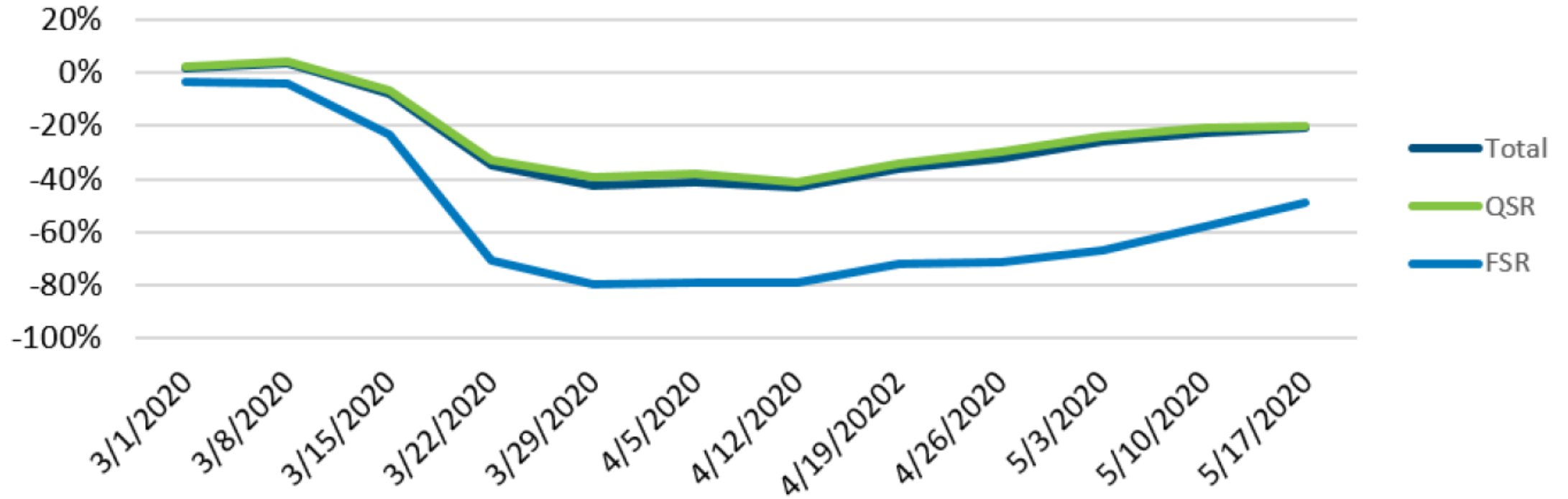
\$ Sales Growth Vs. Comparable Week in 2019 ending



Source: IRI, Total US, MULO, 1 week % change vs. YA

COVID Update – Restaurant Transactions

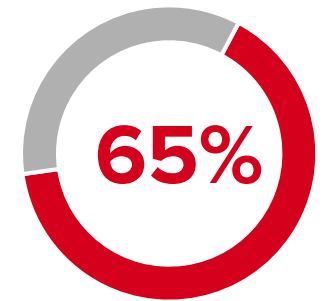
U.S. Restaurant Weekly Transactions PCYA



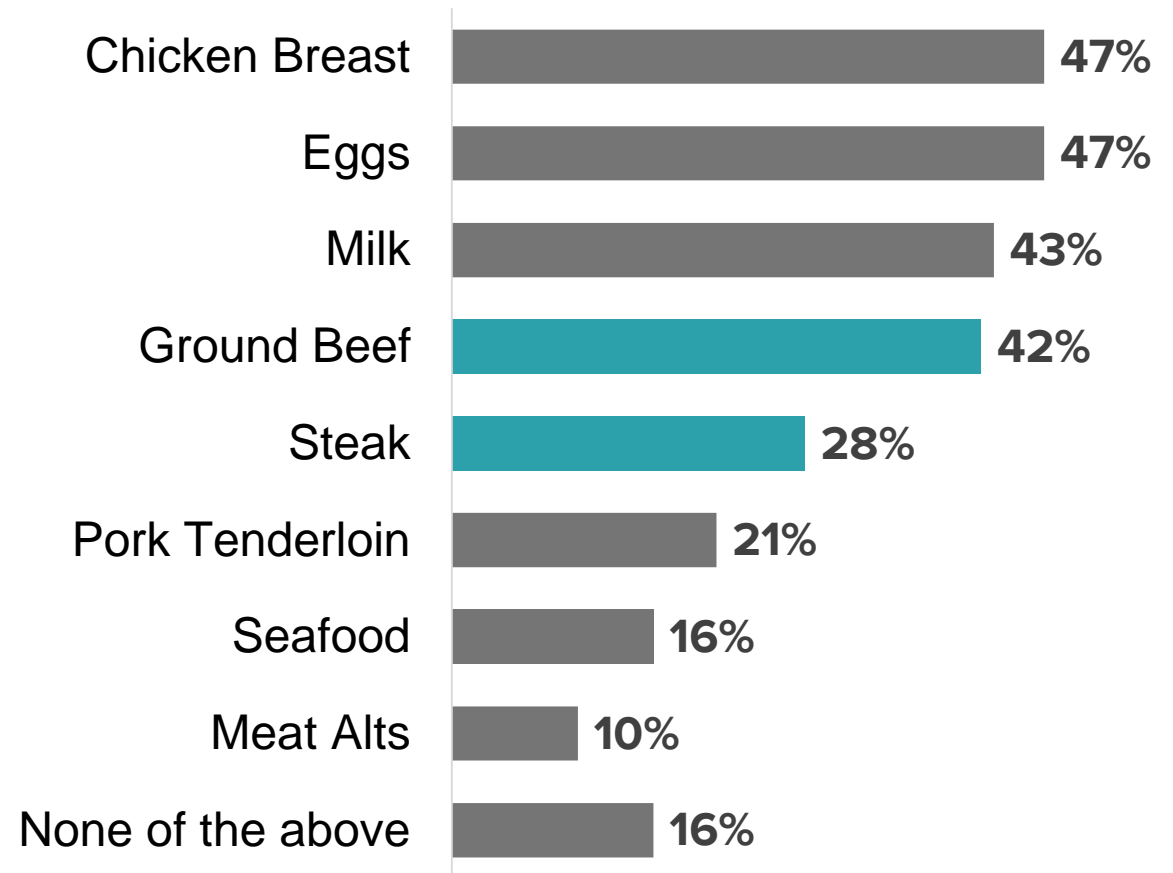
COVID Snapshot

About 2/3 of consumers show **concern for future food shortages**, noting staples as the items they are most concerned about

Overall Concern for Food Shortages



Concerned

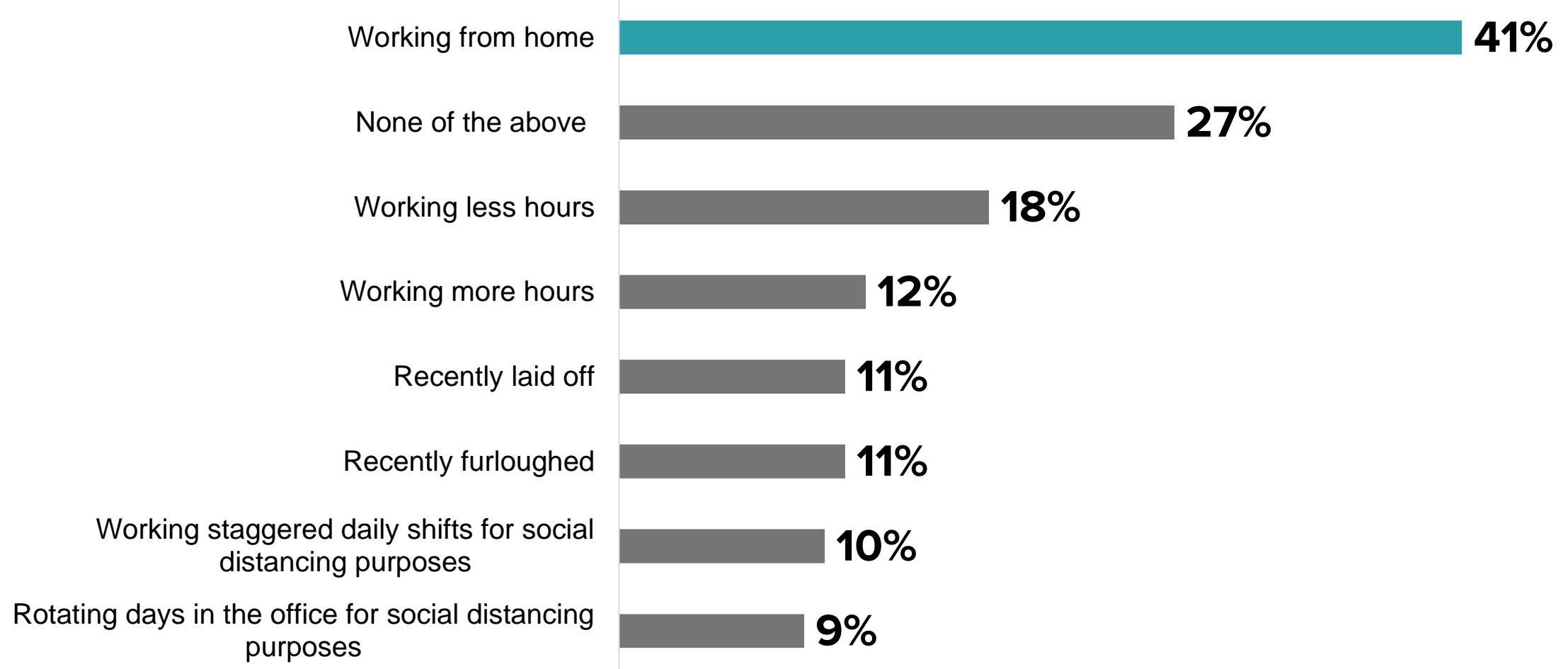


Thinking about the current coronavirus situation, how concerned are you today about the possibility of food shortages?
What foods are you most concerned about being in short supply?

Source: COVID Snapshot survey April – May 2020

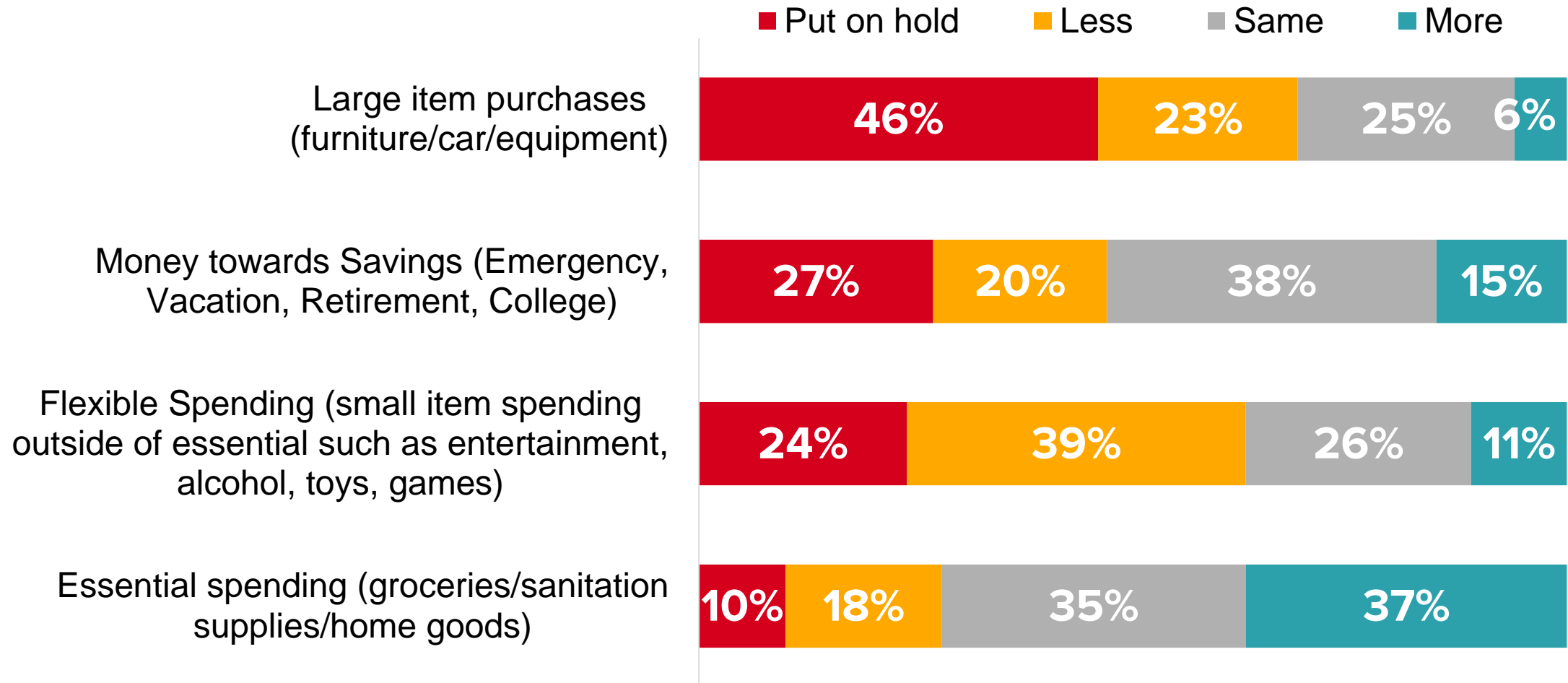
COVID-19: Current Circumstances

While many are working from home, most of these other circumstances do not apply to a significant portion of consumers



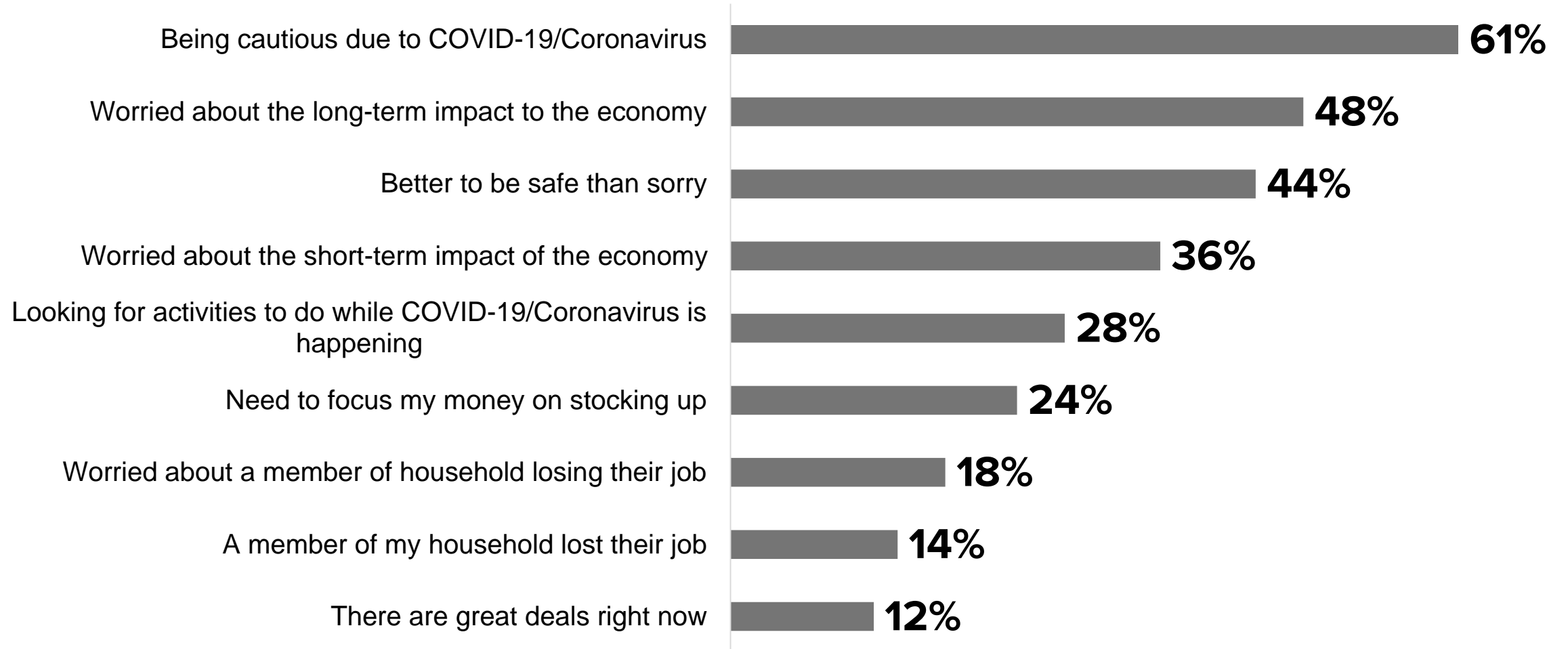
COVID-19: Detailed Spending Changes

Large item purchases are being put on hold, flexible spending has declined, and essential spending has increased the most



COVID-19: Why Spending Has Changed

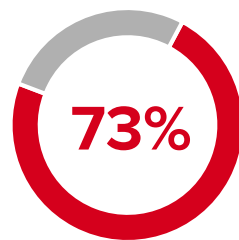
Not surprising, consumers are being more cautious with their money as a result of COVID-19 and are worried about the economy



Food Safety: Impact of COVID-19

The majority of consumers are more concerned about food safety as a result of COVID-19, with half of those being significantly more concerned

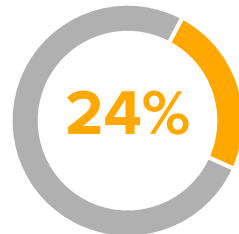
As a result of COVID-19, consumers are....



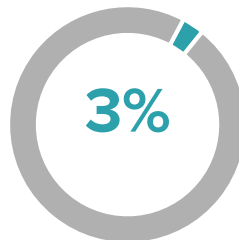
More concerned

36%

are significantly more concerned about food safety, compared to **37%** who are somewhat more concerned



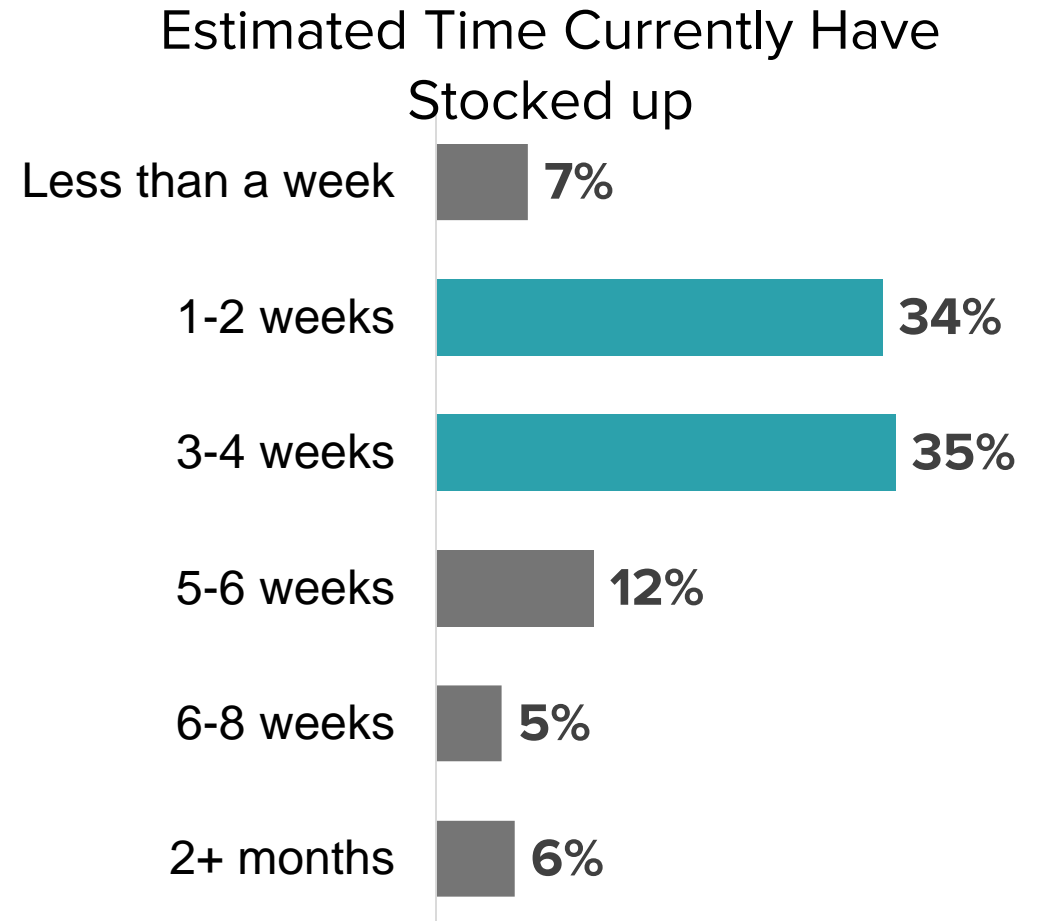
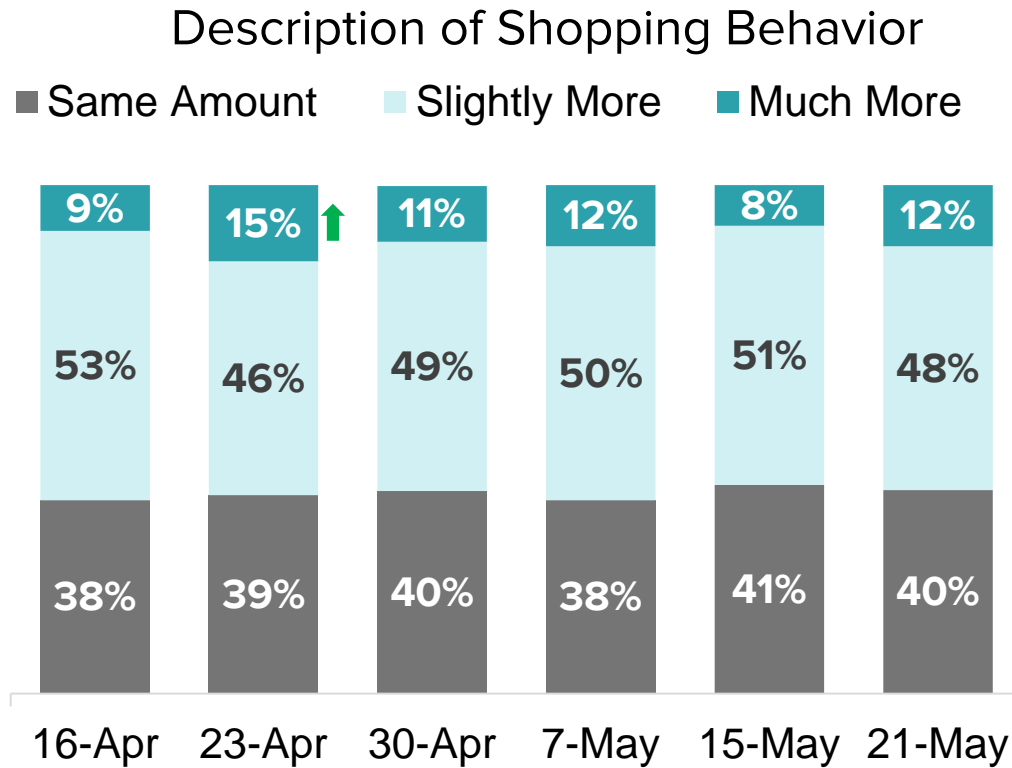
Unchanged



Less concerned

Stocking Up Dynamics

Most consumers have at least a week of food on hand, but few with more than 3-4 weeks worth



↑ ↓ Significantly Higher/Lower than Prior Period

Which of the following best describes your shopping behavior during the current COVID-19/Coronavirus environment. If you were to estimate the amount of time you could eat adequate substantial meals from your current stock of food in your pantry, fridge, freezer, deep freezer, extra storage, how long would it last for you and your family?

SOURCE: Beef Behavior and COVID Report, April 2020

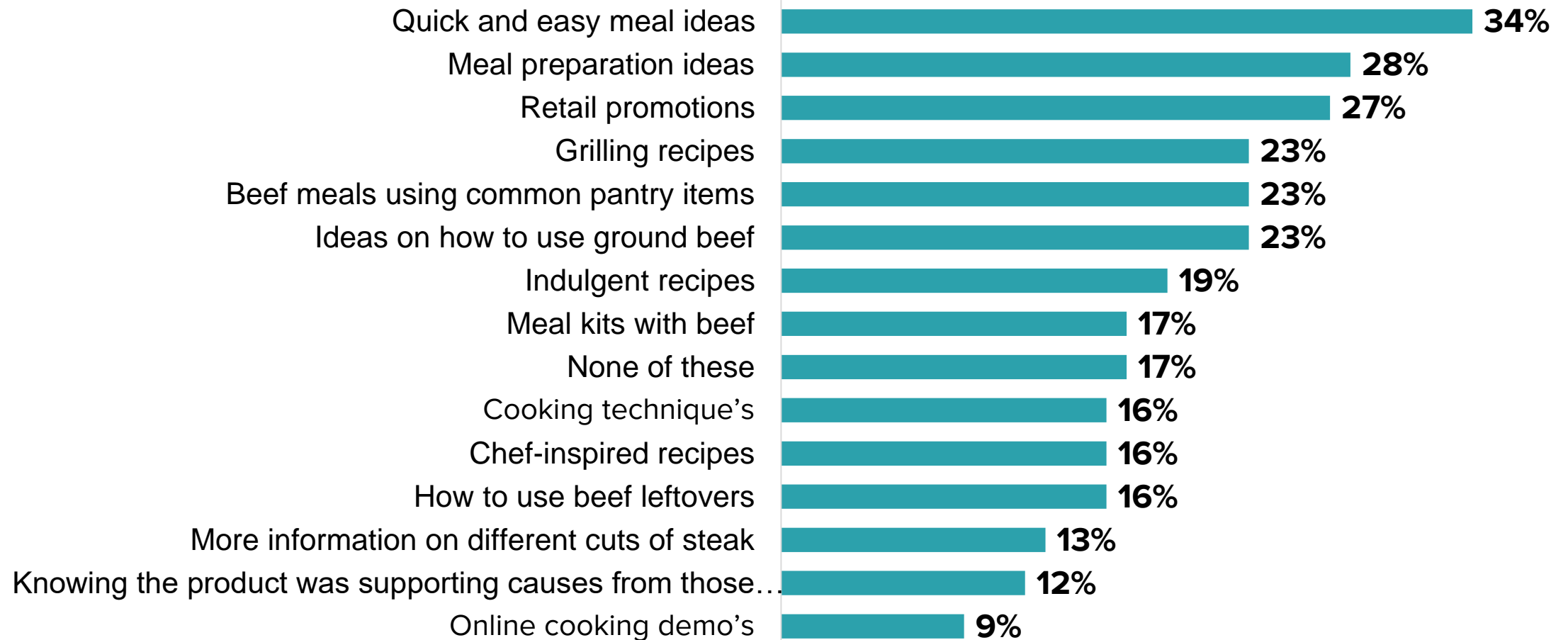
Stocking Up Research

About 20% say they have over five steak meals saved up. Over 30% say the same for ground beef meals

	Roasts	Steak	Ground Beef
Do Not Have	49%	36%	17%
1-2 Meals Worth	20%	28%	21%
3-4 Meals Worth	16%	15%	29%
5-6 Meals Worth	7%	13%	18%
7-9 Meals Worth	4%	5%	10%
10+ Meals Worth	3%	3%	6%

Incentives To BUY Beef

Similarly, in order to buy beef in the future people are also looking for convenient meal ideas and retail promotions



Verbatims Mentions of Concerns/Fears

The number of consumers with concerns, particularly with meat shortages has declined, while pricing concerns remain consistent

Consumers mentioning....	Week 1 (4/10-16)	Week 2 (4/17-23)	Week 3 (4/24-30)	Week 4 (5/1-7)	Week 5 (5/8-15)	Week 6 (5/16-5/22)
No concerns/fears	43%	38%	41%	38%	31% ↓	38% ↑
Are afraid of things being out of stock	15%	15%	16%	20%	27% ↑	15% ↓
Economy/Prices going up	11%	10%	7%	7%	12%	13%
Food handling/Contamination going out	7%	9%	8%	6%	8%	6%
Food supply/animals getting	4%	3%	3%	4%	3%	2%
Packing plant closure/exposure	2%	7%	6%	4%	3%	3%
Having seen things out of stock	2%	1%	1%	0%	1%	2%
Farmers/Ranchers running low or struggling	0%	1%	0%	0%	0%	0%

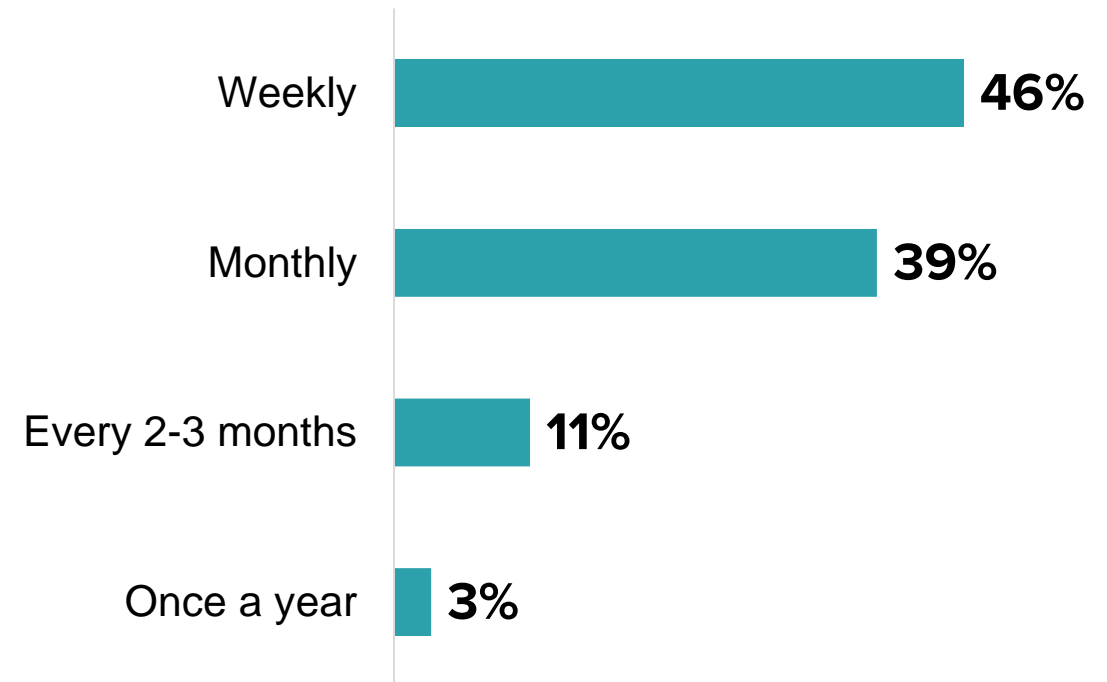
↑ ↓ Significantly Higher/Lower than Prior Period

Online Meal Orders

The number of consumers ordering meals online is high with almost half doing so on a weekly basis

86% Of consumers are currently ordering meals online

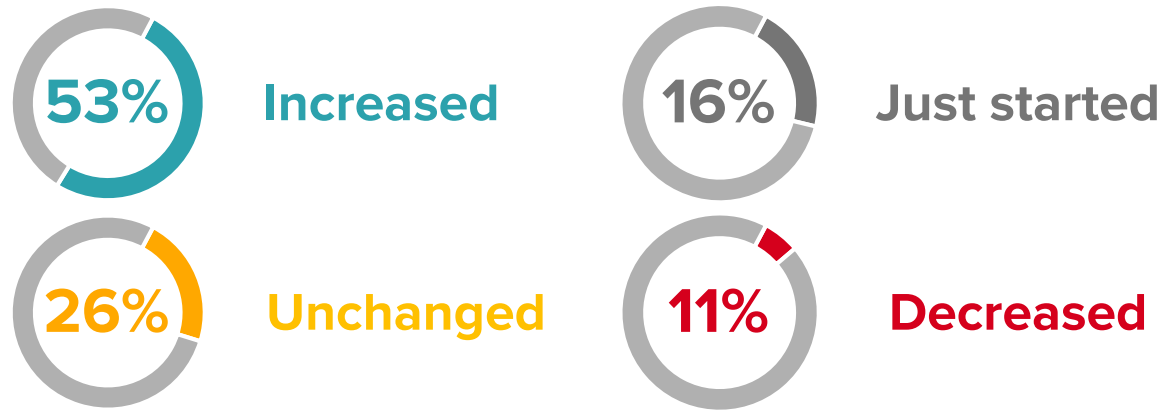
Among those consumers, they order...



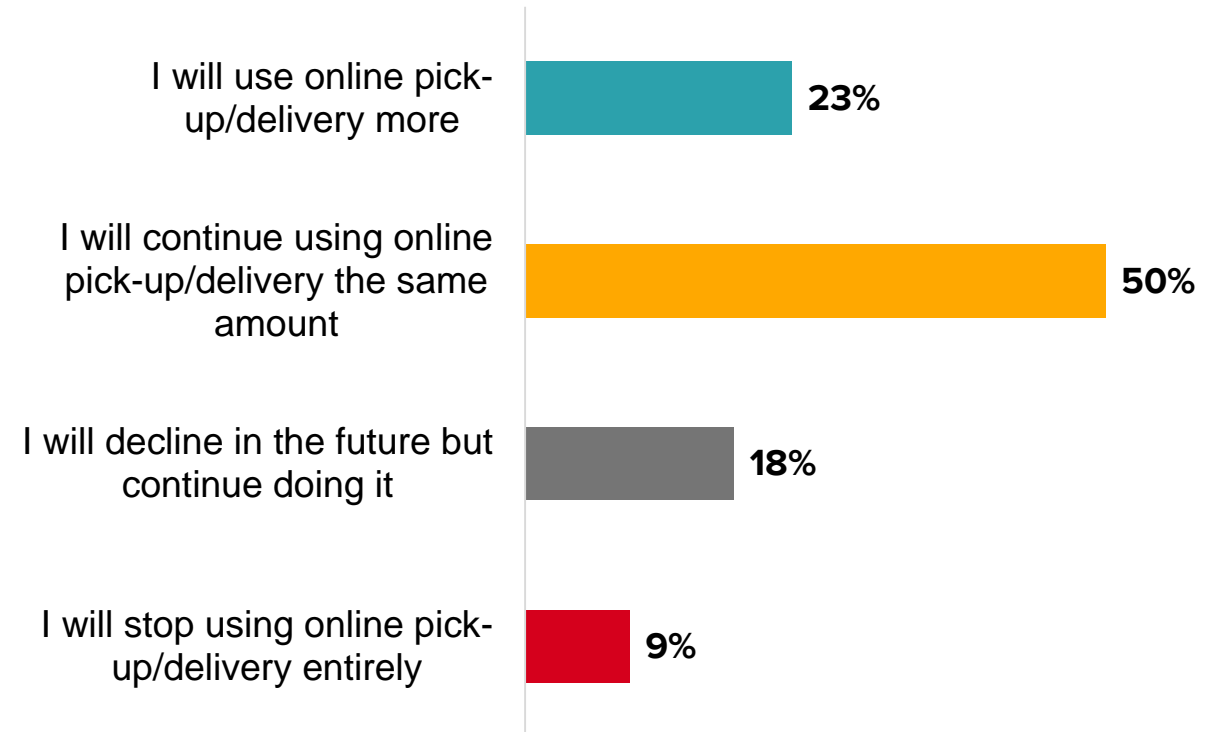
Online Meal Ordering

Two thirds of consumers have increased or just started online meal ordering and plan to continue or increase this behavior

How consumer online ordering has changed



Future Expectations



SOURCE: Online Ordering Meal Delivery – April 2020

How has the frequency of when you order meals online for pick-up or delivery changed in the past few weeks? Which of the following best describes what you believe will be your future online meal pick-up/delivery purchase frequency? 44

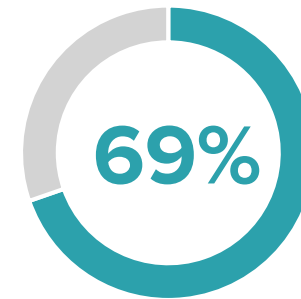
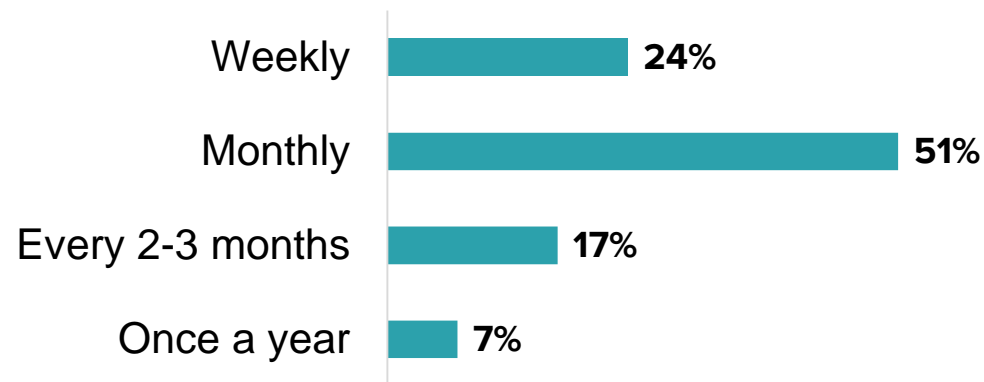
Source: Online Meal Ordering Study, May 2020

Online Grocery Shoppers

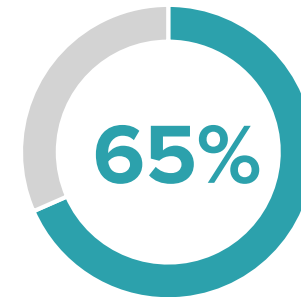
Online grocery shoppers tend to be younger, have a mid to high income, and half have kids

67% Of consumers are currently buying groceries online

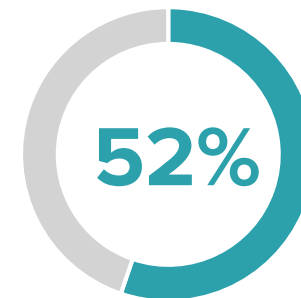
Among these consumers, they shop....



Are younger than 45



Are middle to higher income

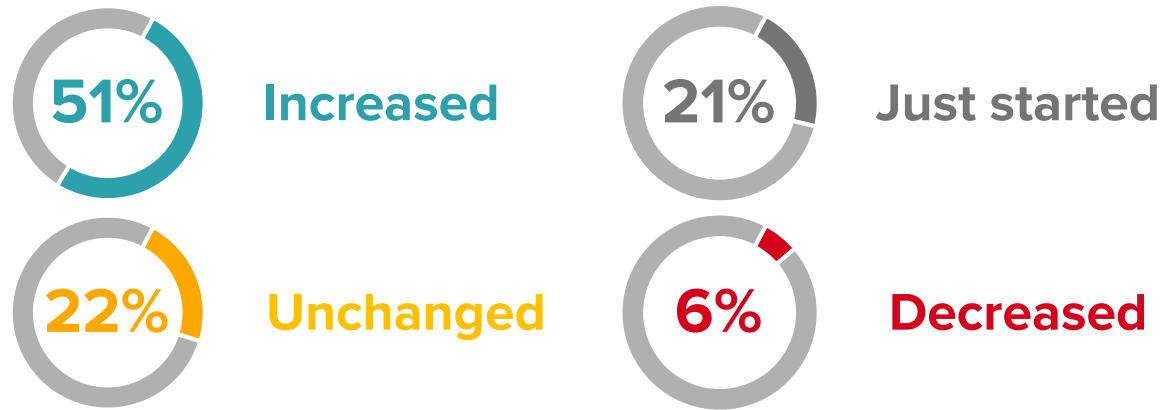


Have kids in the house

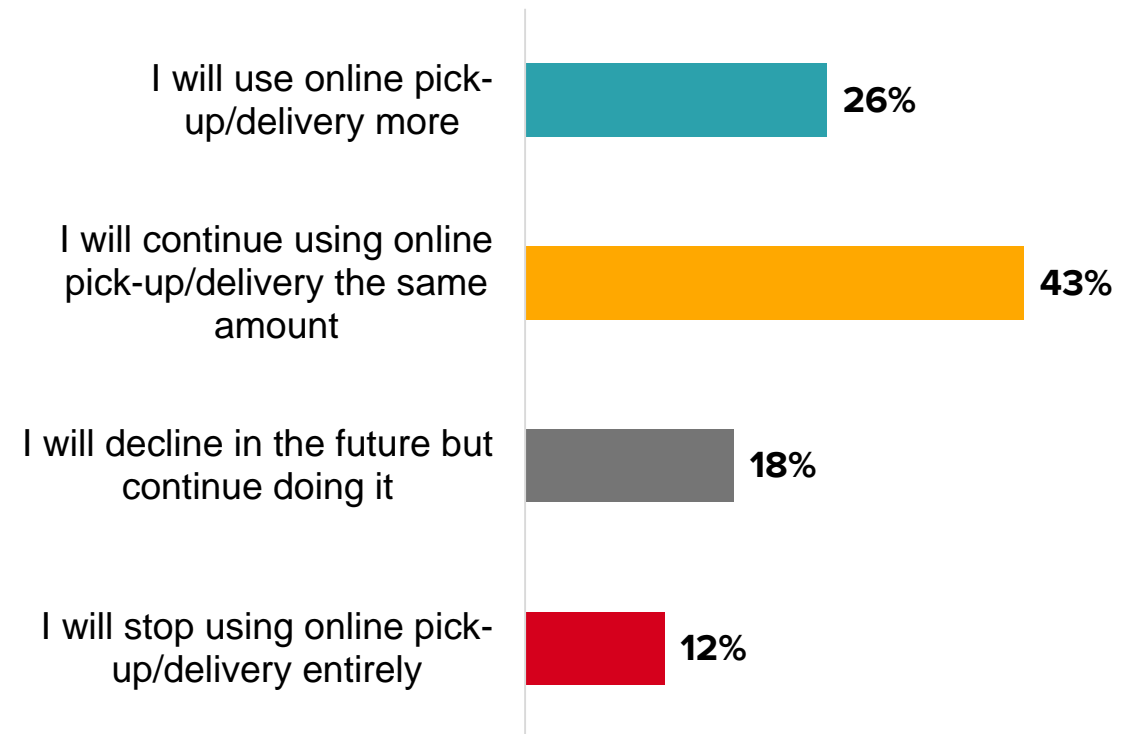
Online Grocery Shopping

In light of current events, online grocery shopping has increased and for others it's an entirely new behavior they plan to continue

How consumer online shopping has changed



Future Expectations



SOURCE: Online Ordering Meal Delivery – April 2020

How has the frequency of when you order groceries online for pick-up or delivery changed in the past few weeks? Which of the following best describes what you believe will be your future online grocery pick-up/delivery purchase frequency? 46



THANK YOU

Shawn Darcy
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National Cattlemen's Beef Association
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Funded by Beef Farmers and Ranchers

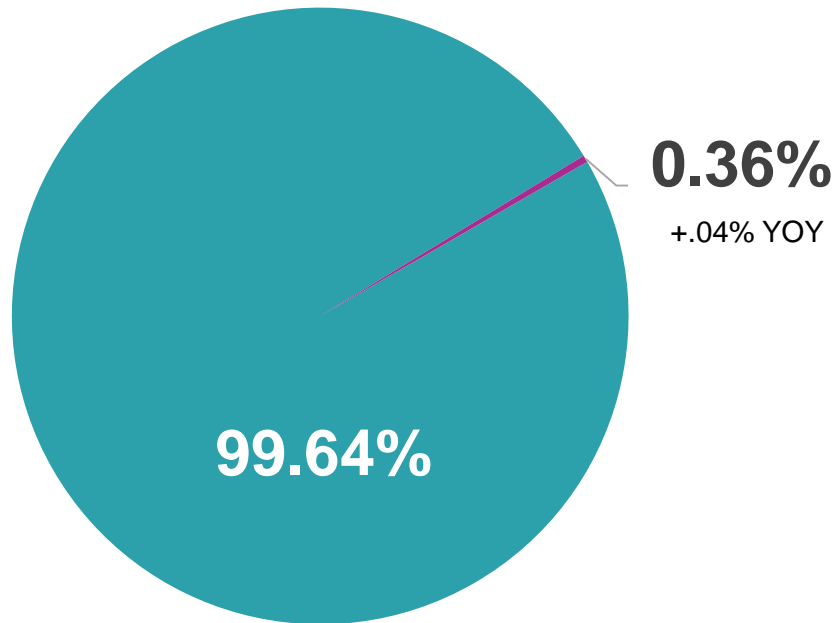


8

Appendix

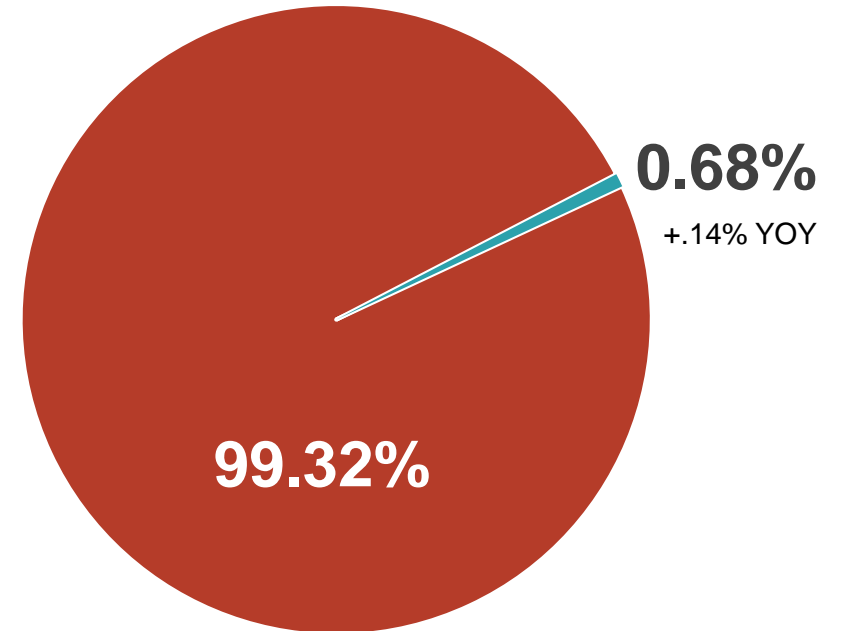
2019 Market Share – Year End

Animal Proteins vs. Substitutes



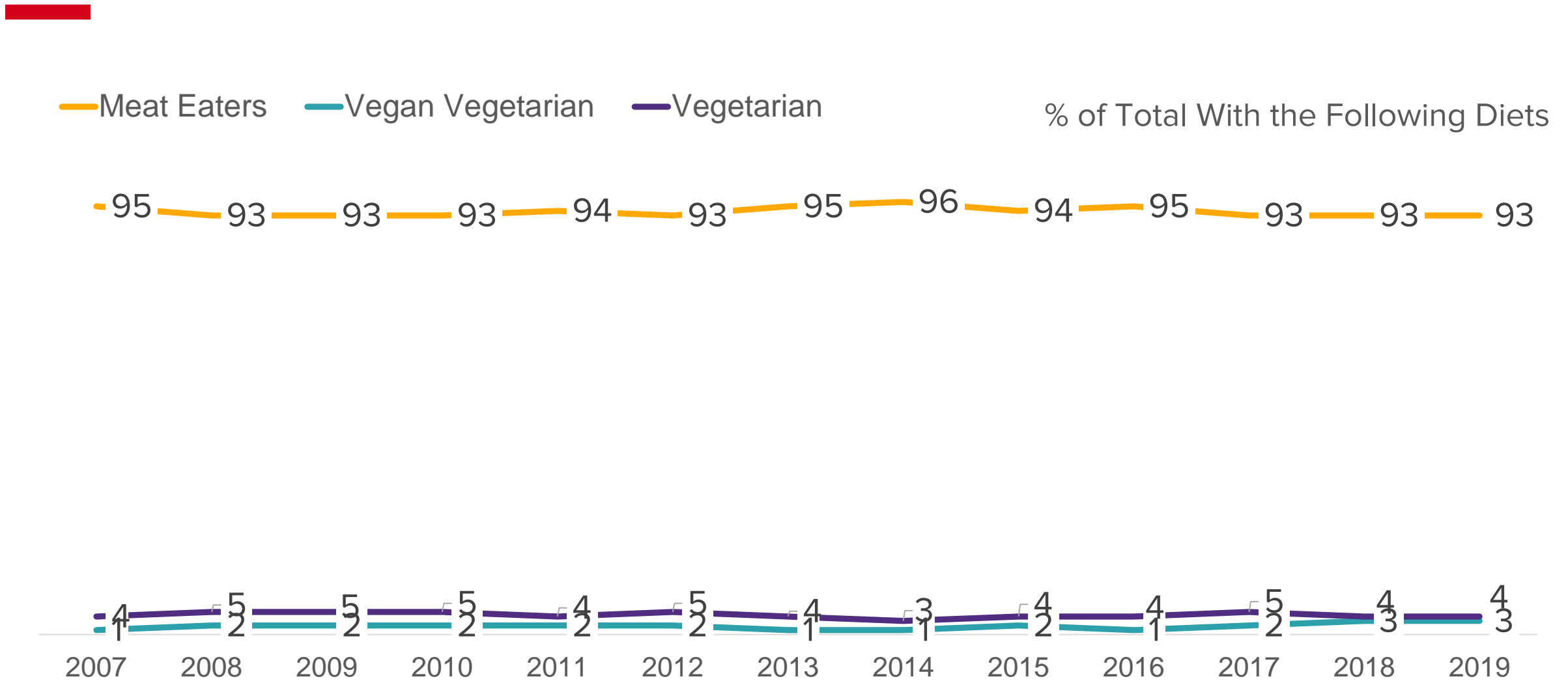
■ All Animal Proteins ■ AP Substitutes

Beef vs. Beef Substitutes



■ Beef ■ Beef Substitutes

Vegan/Vegetarian Consumers Over Time



Source 2007-2017 Consumer Beef Index Data; 2018 and on Consumer Beef Tracker
 Due to different panels and surveys definitions, the diets listed and the sample have slight variations

Change in Meat Substitutes



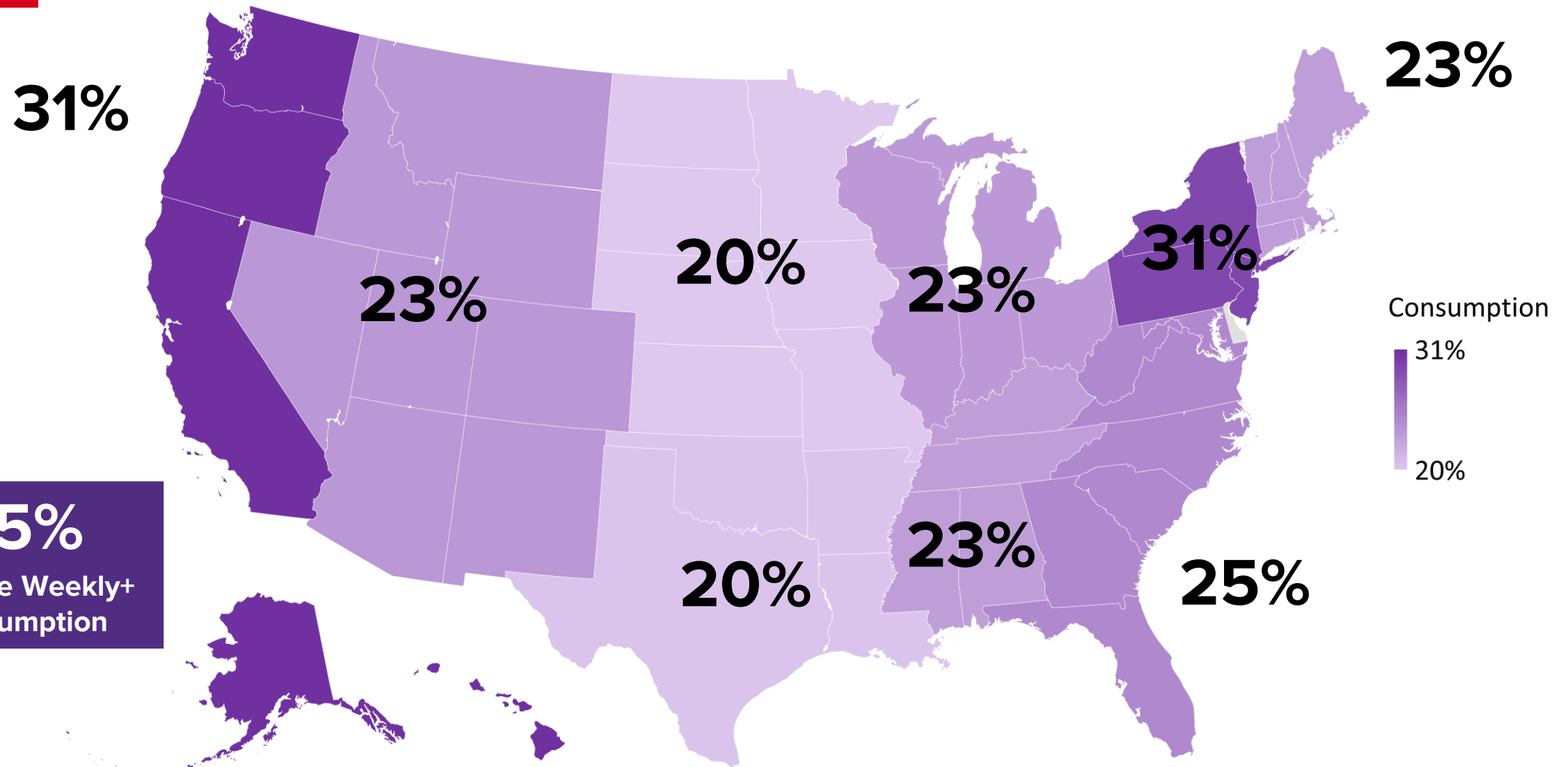
Retail

- Increase is minimal
- Distribution is nearing saturation
- Increase now driven mostly by same store sales
- Continued growth in Beyond sales
- Introduction of Impossible at retail

Foodservice

- Increase is minimal
- Increase driven mostly by additional menu items
- Menu items added mostly at Quick Service (e.g., Burger King)

Regional Meat Alt. Consumption



25%

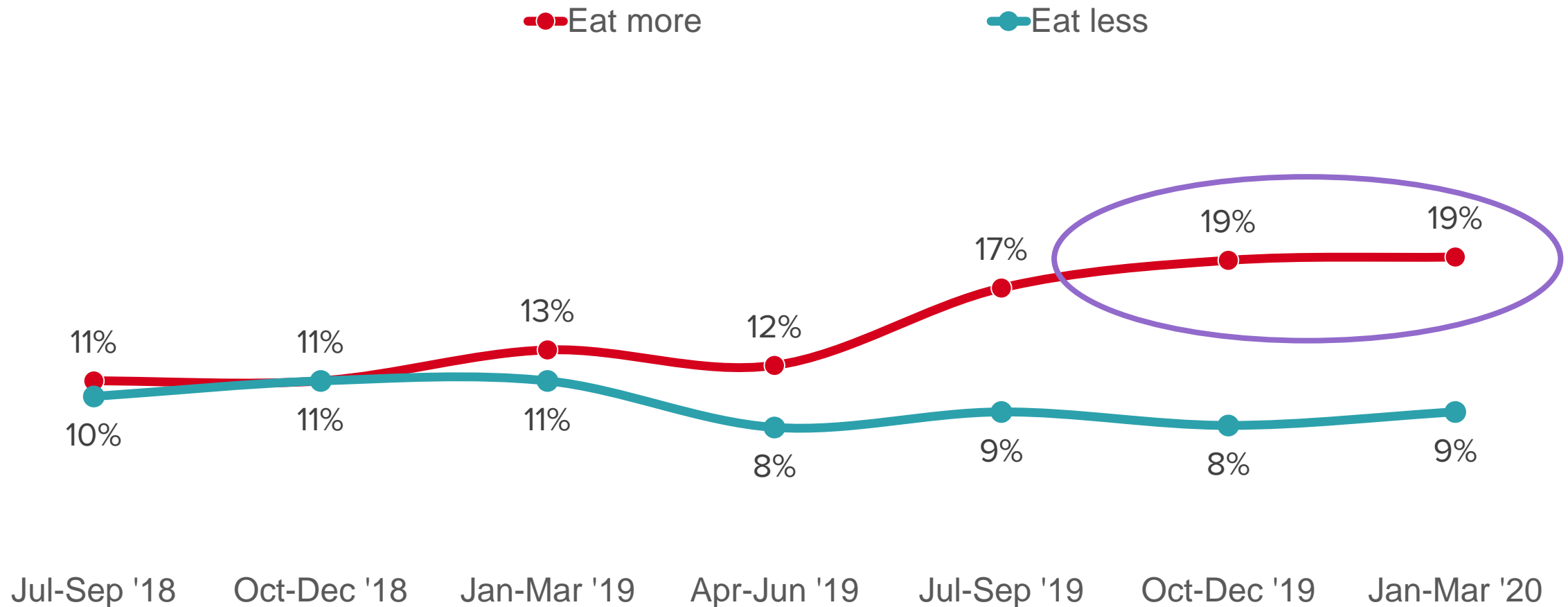
Average Weekly+
Consumption

Source: Consumer Beef Tracker Jan 2019 - Dec 2019

Pacific (WA, OR, CA, AK, HI) West South Central (TX, OK, AR, LA) New England (ME, NH, VT, MA, RI, CT) Mountain (MT, ID, WY, NV, UT, CO, AZ, NM) East South Central (KY, TN, MS, AL) Middle Atlantic (NY, NJ, PA) West North Central (ND, SD, NE, KS, MN, IA, MO) East North Central (WI, IL, MI, IN, OH) South Atlantic (FL, GA, SC, NC, VA, WV, DC, MD, DE)

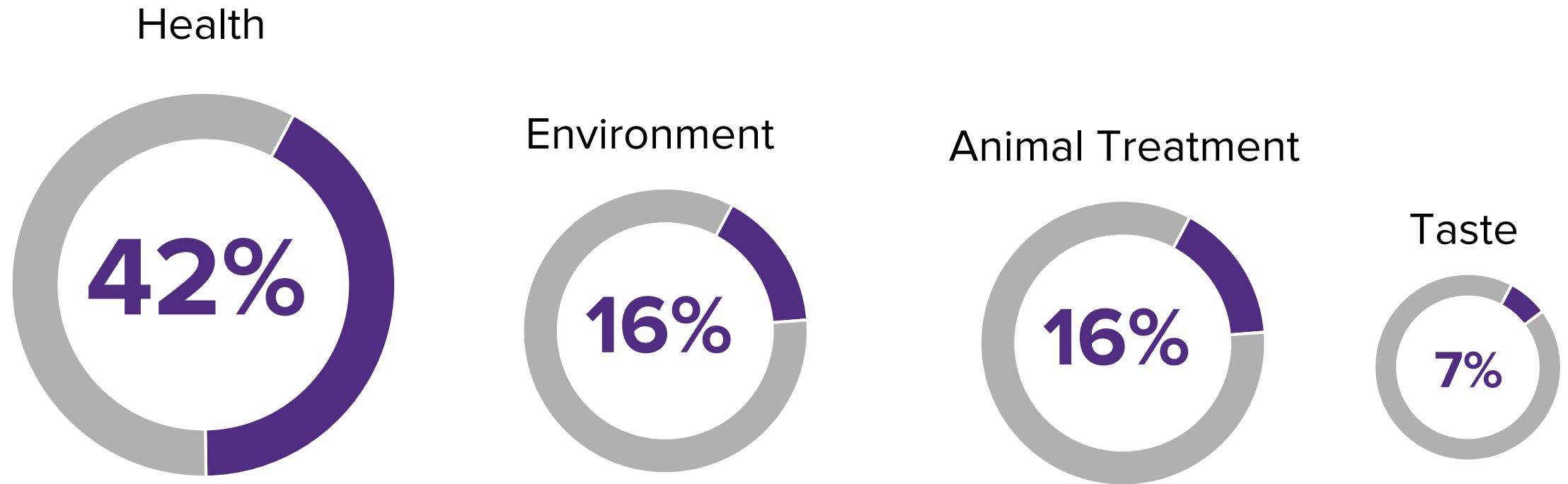
Future Consumption of Meat Alt.

The number of consumers planning to eat more meat alternatives has leveled off after slowly increasing the past two years



Reasons for Future Consumption

Health is largely the reason consumers plan to eat meat alternatives in the future, as compared to the environment or animal treatment



Consumption of Protein

Frequent meat alternative consumers are eating a variety of other meat proteins including a consistent level of beef as the average consumer

