

A herd of bison is grazing in a field of tall, golden-brown grass. On the left side of the frame, a large, leafy tree stands prominently. The background consists of a dense forest of tall, thin trees under a dark sky. The overall scene is illuminated by warm, golden light, suggesting late afternoon or early morning.

What's Ahead in the Bison Meat Marketplace

Summary of the NBA
2013 Commercial Marketers' Survey

About the Survey

- Conducted in late May among largest marketers
- Intent was to get an accurate, honest assessment from the industry's commercial marketing leaders
- 15 responses received (compared to 9 in 2012)
- Respondents represent more than 80 percent of commercial bison meat marketed (estimate)



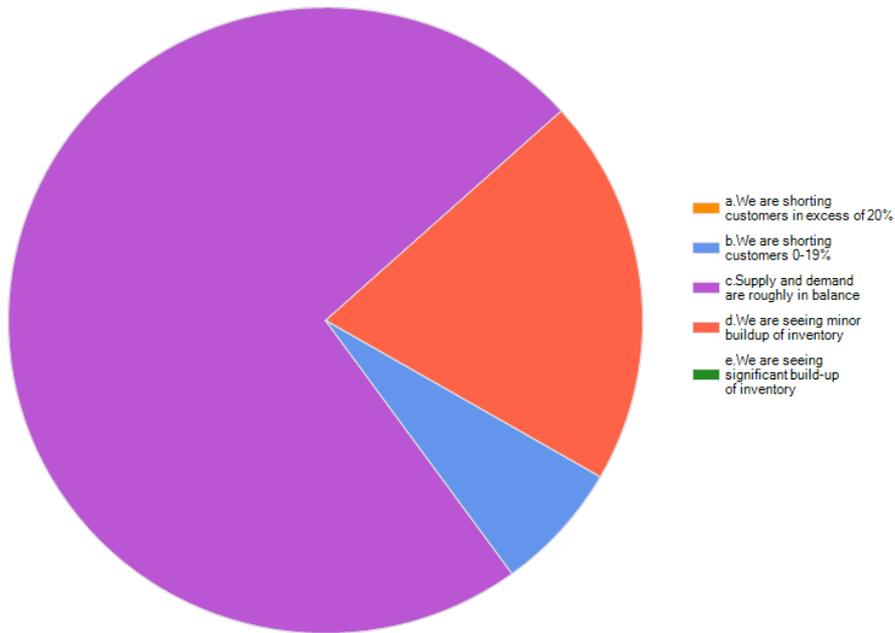
The top line...

- Supply roughly in balance with demand, with some inventory build-up
- More animals are available to processors
- Increased availability expected to increase in near term, then to drop long-term.
- Majority of respondents could sell more product at today's prices
- Grass-finished beef is our primary competitor
- Majority expect industry consolidation



What is the supply-demand situation?

1. What is the supply-demand situation with your customers?

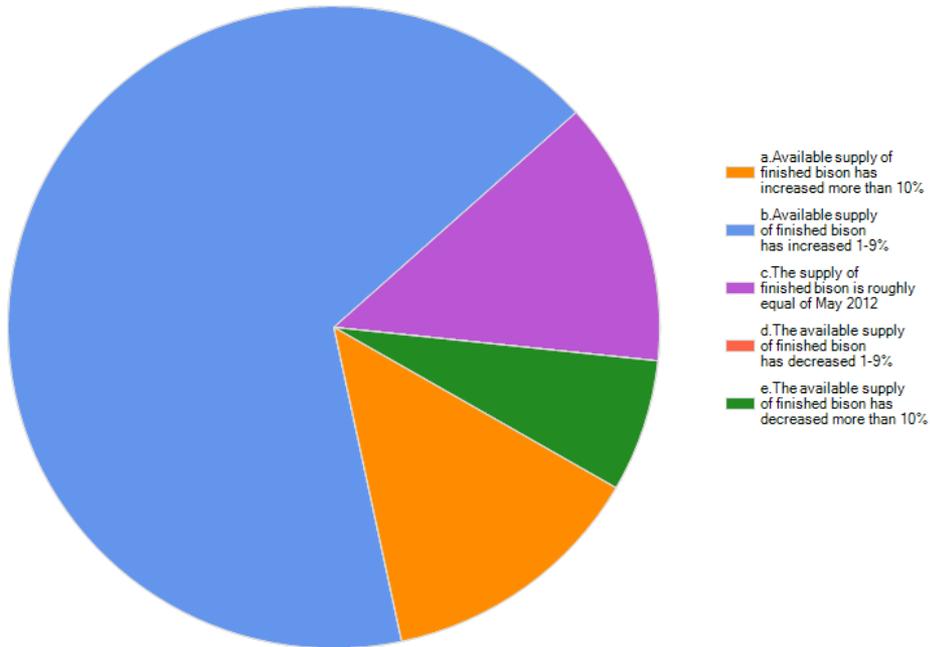


- 73% - roughly in balance
- 20% - Minor buildup in inventory
- 7% Shorting customers 0-19%
- Question wasn't asked in 2012



How has supply situation changed since May 2012

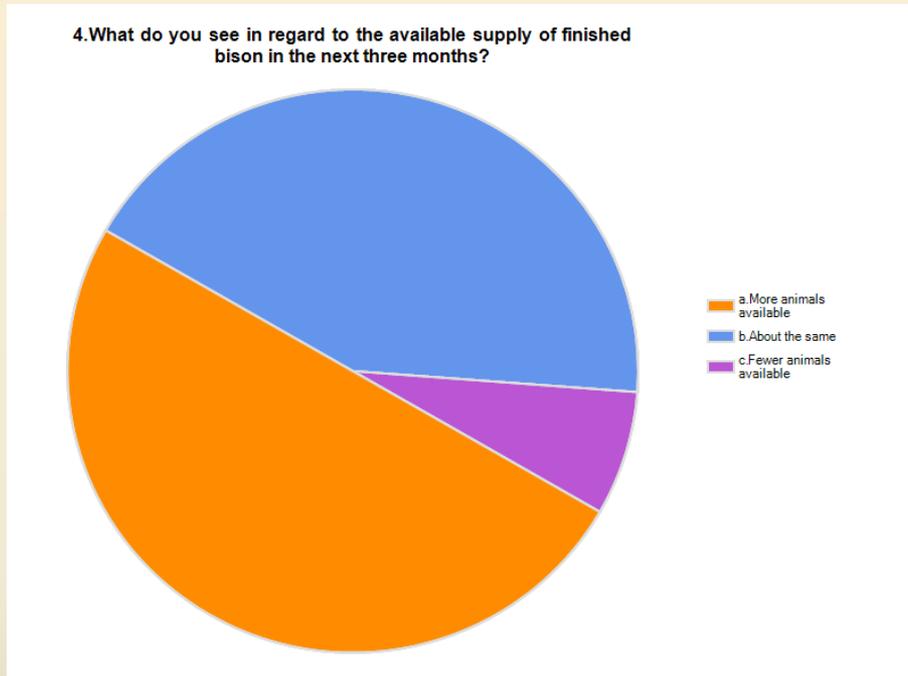
3. What has changed in regard to the supply situation since May 2012?



- 67% say supply has increase 1-9%
- 13% say it has increase more than 10%
- 13% say it has remained the same.



Supply forecast for next three months

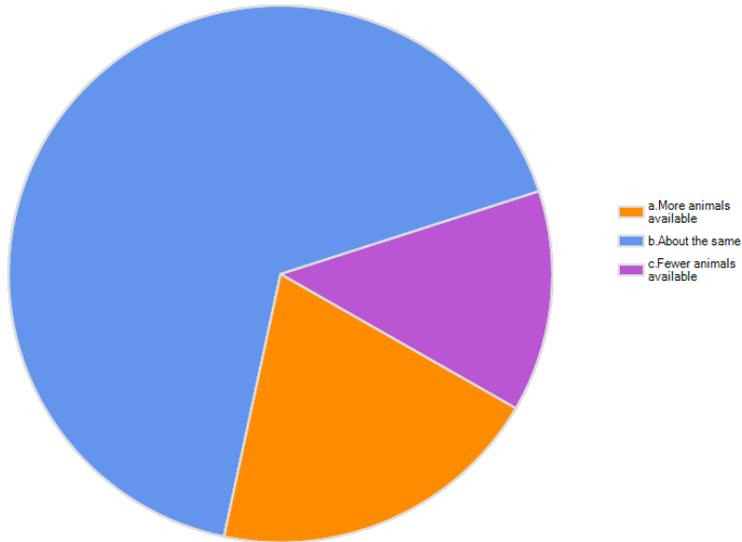


- Half say more animals will be available
- 43% say supply will be about the same
- 7% say fewer will be available.



Supply 4-6 months

5. What do you see in regard to the available supply of finished bison in the next 4 - 6 months?

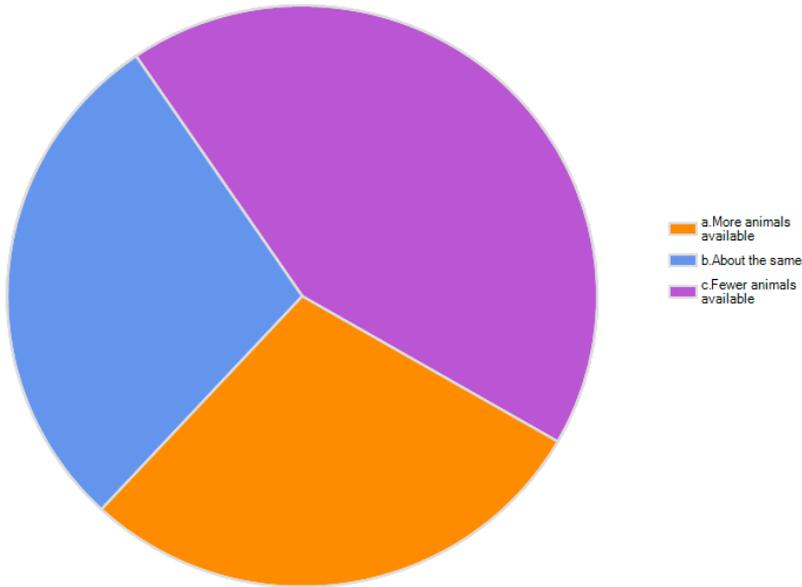


- Two thirds predict about the same
- 20% predict more animals being available
- 13% predict fewer animals being available.



Available supply 7-12 months?

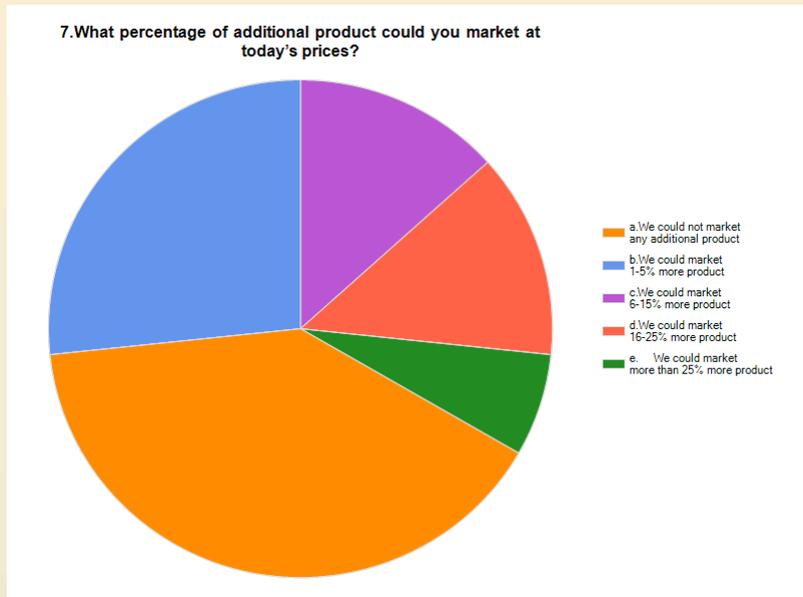
6. What do you see in regard to the available supply of finished bison in the next 7 - 12 months?



- 43% say fewer animals will be available
- 29 % say more will be available, but the same percentage predicts about the same level of availability.



How much extra product could you market at today's prices?



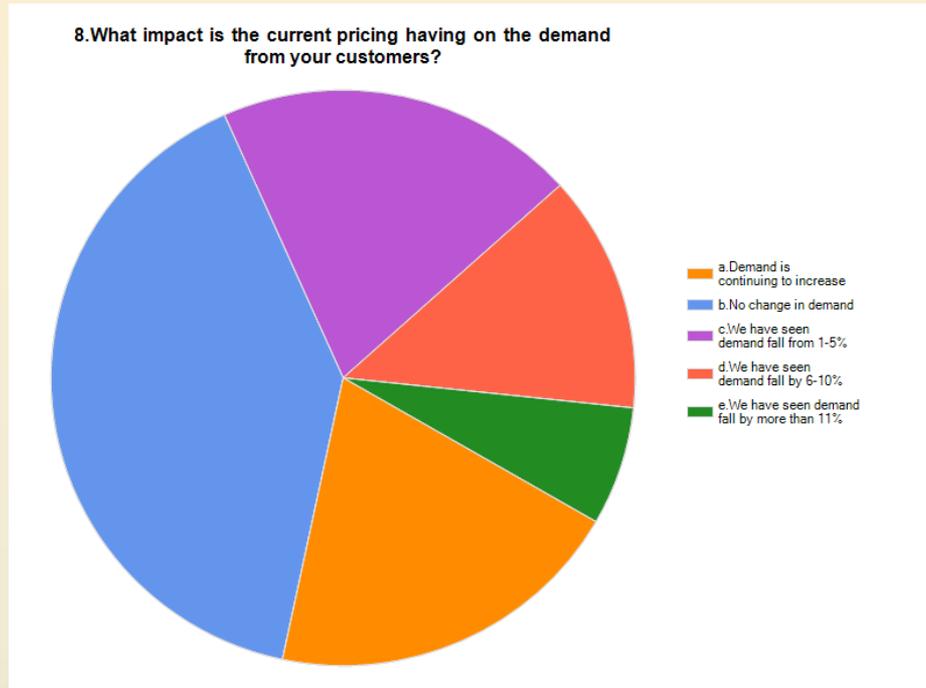
- 40% say none
- 27% say up to 5% more
- 13% say up to 15% more
- 13% say up to 25% more
- 7% say up more than 25%

In 2012...

- 33% said up to 15% more
- 11% said up to 25% more
- 22% said more than 25%



How are prices affecting demand?



- 40% see no change
- 20% see demand continuing to increase
- 20% see demand falling up to 5%
- 20% see demand falling more than 5%

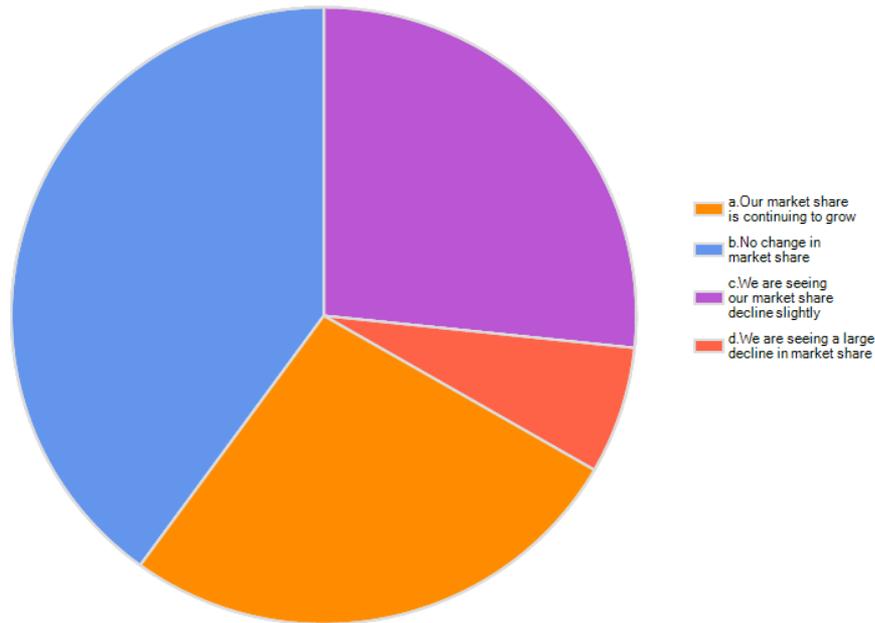
In 2012...



- 33% saw no change
- 33% saw decline up to 10%
- 33% saw decline of more than 10%

How are prices affecting market share?

9. What impact is the current supply/price situation having on the market share for bison vs. other red meats?



- 40% say no change
- 27% say share is continuing to grow
- 27% say market share is declining slightly
- 7% say share is declining significantly

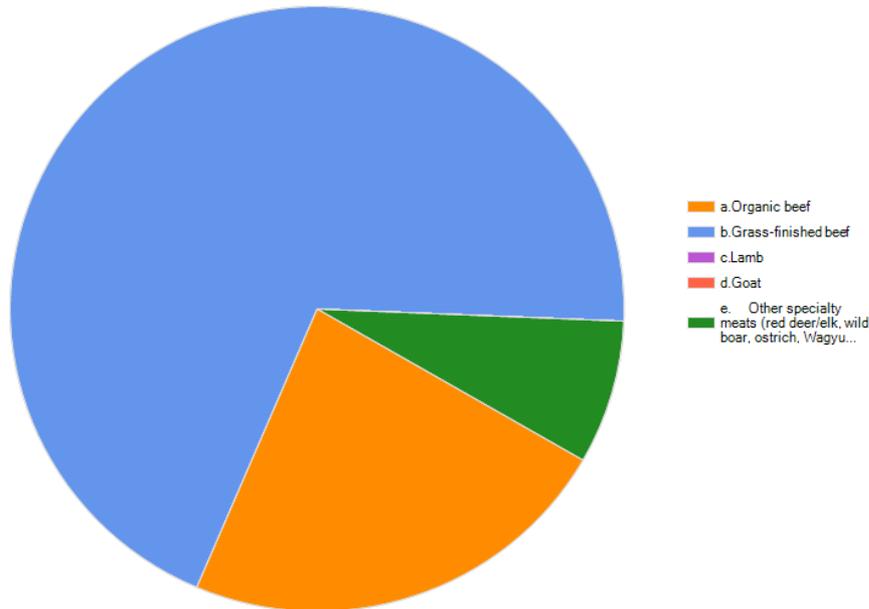


In 2012...

- 33% were seeing no change
- 67% were seeing some loss in market share

What protein is our major competitor?

10. What other protein sectors are emerging as primary competitors for bison? (check all that apply)



- 69% - grass-finished beef
- 23% - organic beef
- 8% - Other specialty meats

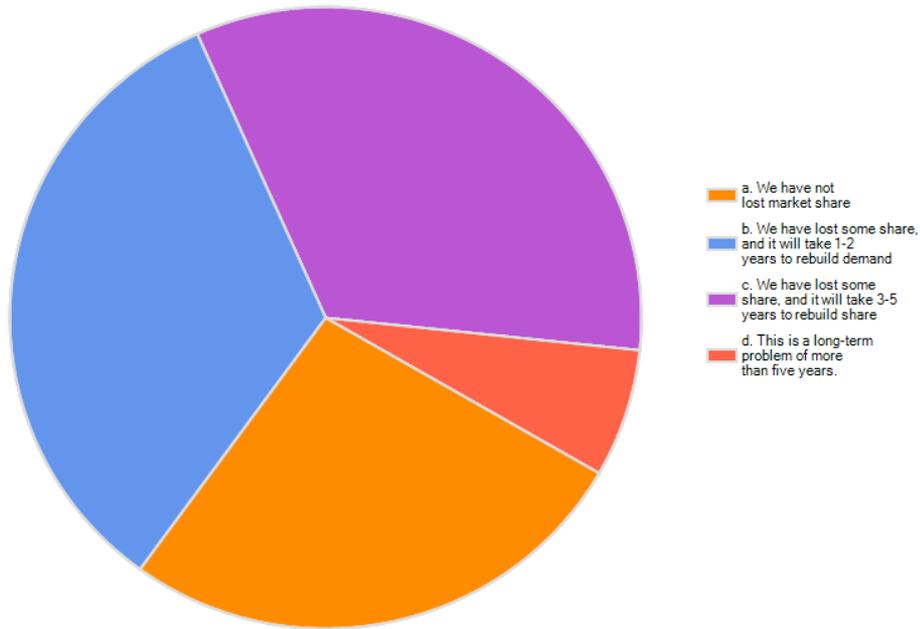


In 2012...

- 89% listed grass-finished beef
- 11% listed organic beef

If we've lost market share, how long will it take to rebuild?

11. If the bison business loses market share, how long will it take for us to rebuild our share.

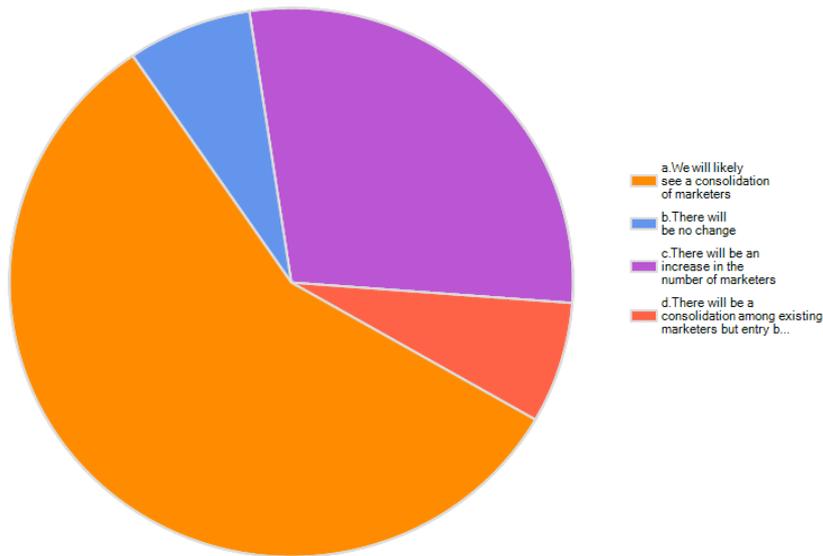


- 33% say up to two years
- 33% say up to five years
- 7 % say it is long-term
- 27% say we haven't lost market share



How will the number of marketers change over next 18 months?

12. What do you see as the outlook for the infrastructure of bison marketers in North America over the next 18 months?



- 57% expect consolidation
- 29% expect an increase
- 7% say no change
- 7% say consolidation of marketers will be offset by new entrants

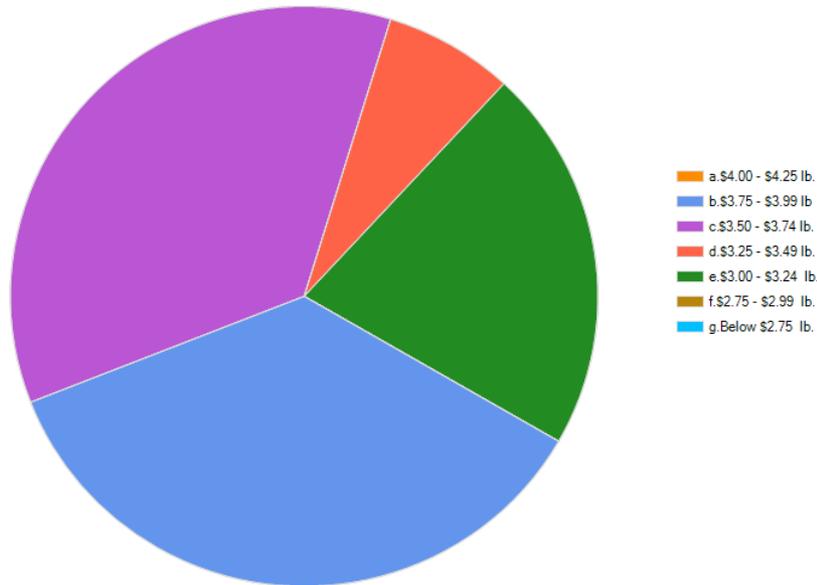


In 2012...

- 67% expected consolidation

What's a sustainable price on the rail?

13. In what price range do you believe that the bison business will be sustainable for both producers and marketers, and will allow our industry to continue to build consumer demand?



- 36% -- \$3.75 - \$3.99
- 36% -- \$3.50 - \$3.74
- 7% -- \$3.25 - \$3.49
- 21% -- \$3.00 - \$3.24

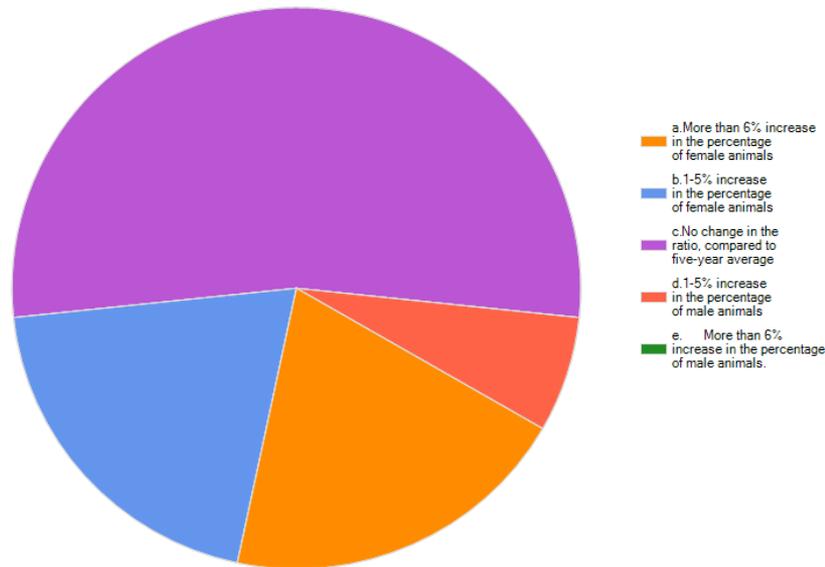
In 2012...

- 44% -- \$3.75 - \$3.99
- 44% -- \$3.50 - \$3.74
- 11% -- \$3.00 - \$3.24



What change in male vs. female animals compared to past five years?

14. What change, if any, are you seeing in the ratio of male/female animals coming through your business, compared to the past five years?

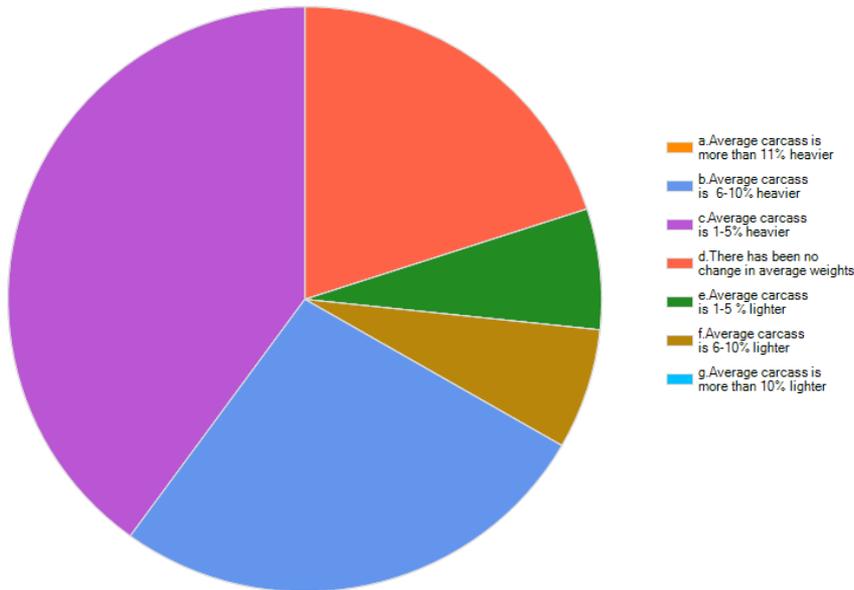


- 53% say no change
- 20% say up to 5% increase in female animals
- 20% say more than 5% increase in female animals
- 7% say slight increase in male animals



What change in carcass weights over past 6 months

15. What difference have you seen in carcass weights over the past six months, compared to your historic average?



- 40% say 1-5% heavier
- 27% say 6-10% heavier
- 20% say no change
- 13% say up to 10% lighter

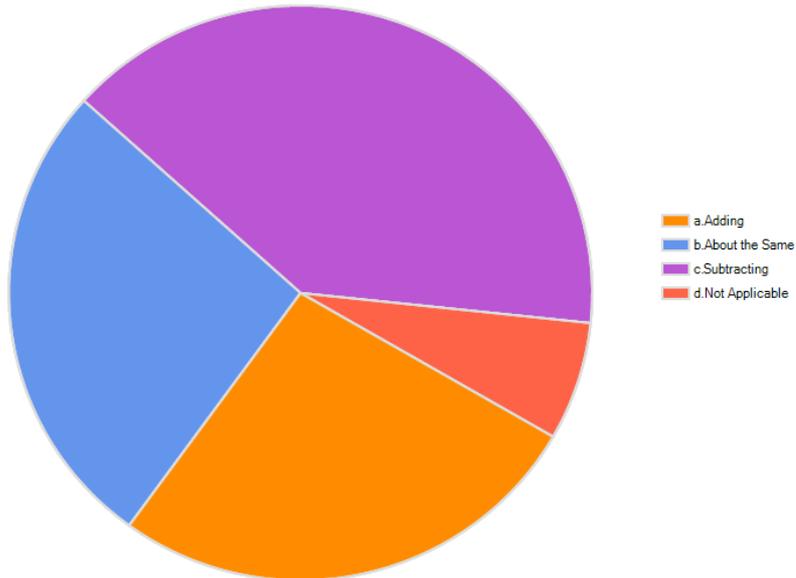
In 2012...

- 44% said no change
- 44% said up to 10% heavier



Are you adding or subtracting trim from inventory compared to May 2012?

16. Are you adding or subtracting trim inventory in cold storage compared to this point in time last year?

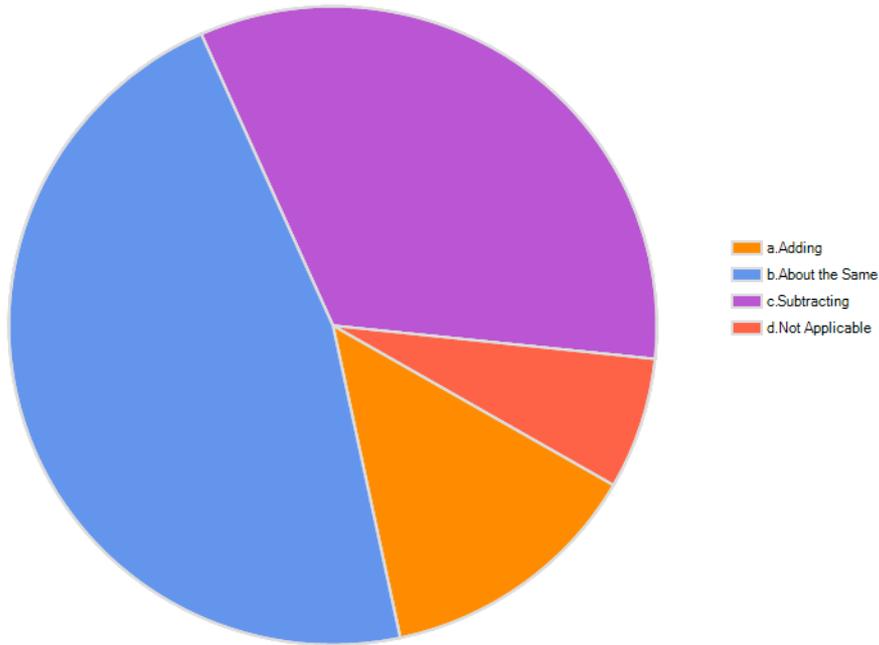


- 40% subtracting
- 27% adding
- 27% - no change



Are you adding or subtracting middle meats compared to May 2012?

17. Are you adding or subtracting middle meats (loins, ribeye, etc) inventory in cold storage compared to this point in time last year?



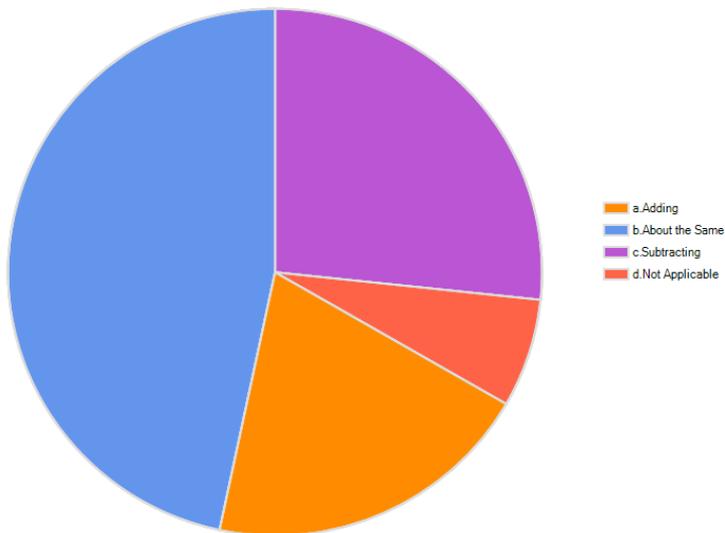
- 46% - no change
- 33% - subtracting
- 13% - adding



Are you adding or subtracting end meats compared to May 2012

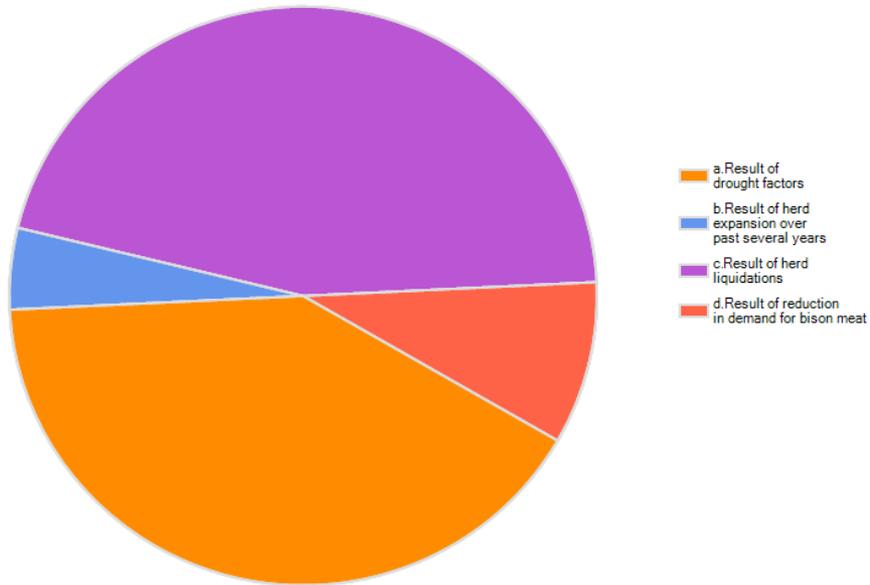
- 47% - no change
- 27% subtracting
- 20% adding

18. Are you adding or subtracting end meats (chucks, Rounds, Etc.) to inventory in cold storage compared to this point in time last year?



USDA slaughter is up 1% compared to 2012, but down 28% below 2008. Why?

19. According to the USDA, the 2013 year-to-date slaughter of bison in federally-inspected plants is 1% higher than during the comparable period in 2012 (but still 28% below the YTD level in 2008). What do you believe are the key factors behind this trend? (check all that apply)?



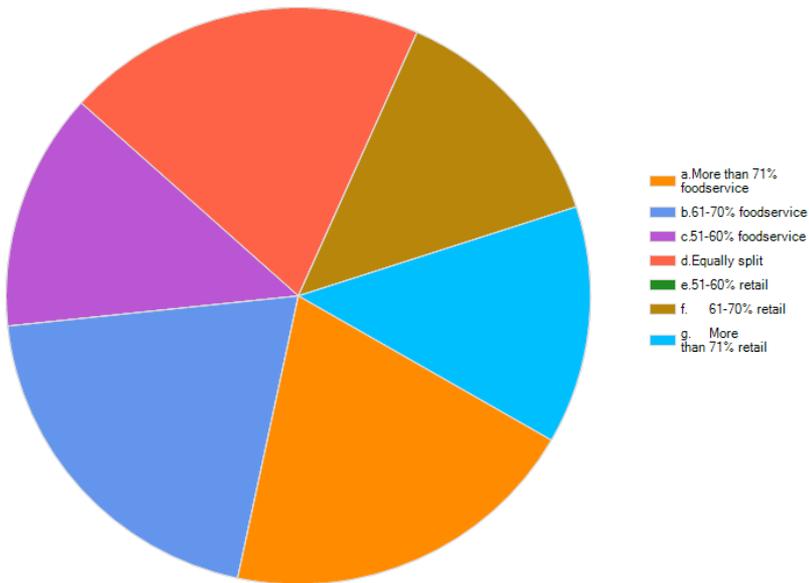
- 67% - drought
- 60% - liquidation
- 13% reduction in demand

Note: participants were allowed more than one category



What percentage goes to foodservice vs. retail?

20. What percentage of your product is currently going to retail vs. foodservice?



- 20% - more than 71% foodservice
- 20% - 61-70% foodservice
- 13% - 51-60% foodservice
- 20% - equally split
- 13% - 61-70% retail
- 13% - more than 71% retail

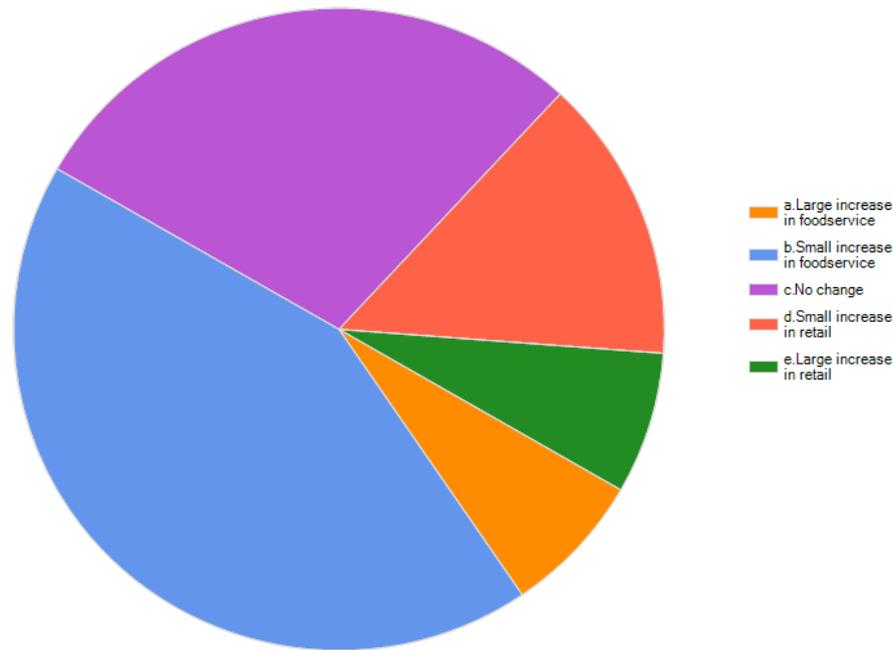


In 2012...

- 67% said retail accounted for more than 61%
- 33% said foodservice accounted for more than 61%

How has demand shifted for retail vs. foodservice

21. How has the ratio of foodservice and retail customers changed in the past three years?

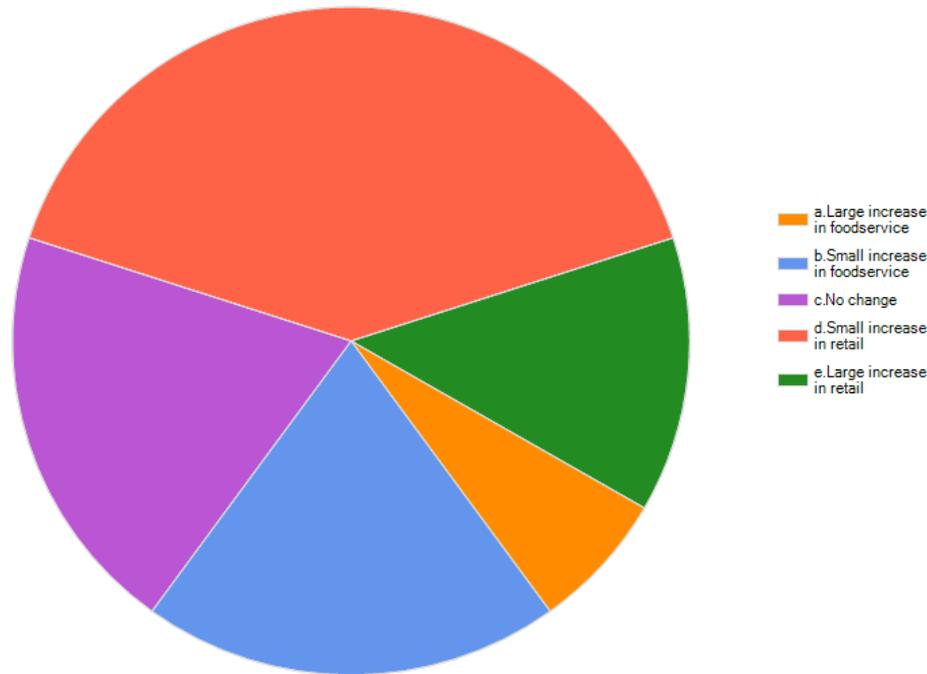


- 43% - small increase in foodservice
- 29% - no change
- 14% small increase in retail
- 7% said large increase in foodservice, and an equal percentage said large increase in retail.



How do you anticipate the foodservice vs. retail demand to change in next 3 years?

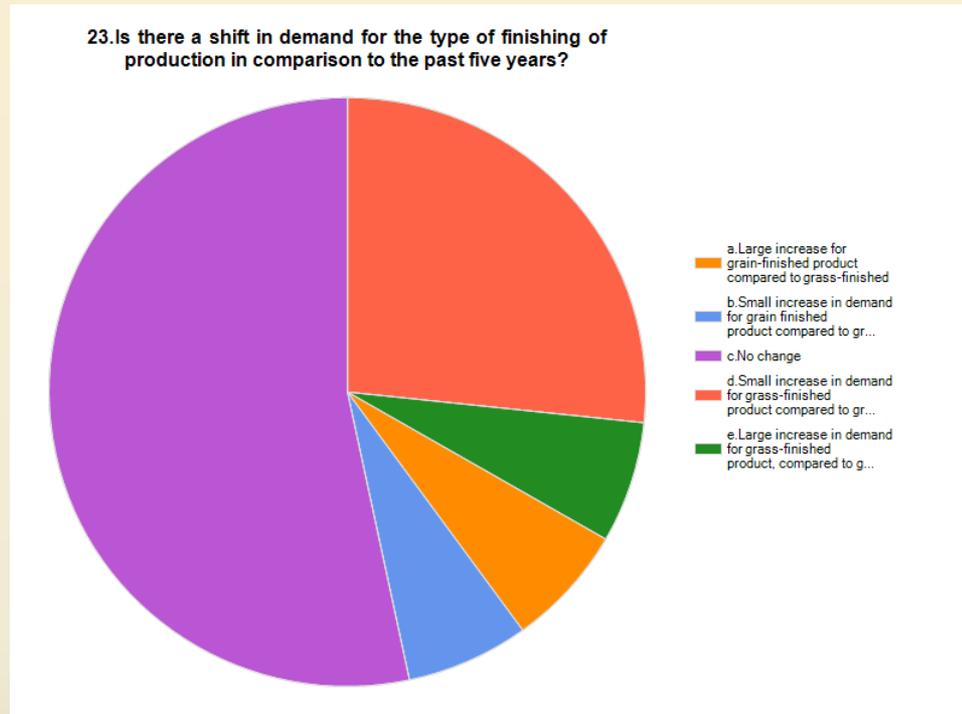
22. How do you expect the ratio of foodservice and retail customers to change in the next three years?



- 40% see small increase in retail
- 20% see no change
- 20% see small increase in foodservice
- 13% see large increase in retail
- 7% see large increase in foodservice



How is demand shifting for grass vs. grain finished animals?



- 53% - no change
- 27% - small increase for grass-finished
- 7% - large increase for grass-finished
- 7% - small increase for grain-finished
- 7% large increase for grain-finished



In 2012...

- 88% said no change
- 22% said large increase for grass-finished

Other thoughts...

- We must move forward with the message we want to be heard.
- The limited supply limits our ability to be aggressive in the food service market.
- The consolidation of slaughter capacity, particularly in the heart of the main bison kill area, CO, is concerning
- VERY CONCERNED WITH TRIM BUILD UP IN CANADA
- As companies look to increase or start their program of owning their herds, will certainly give the independent rancher pause for where they will be taking their animals and if there is a future for them as the need for them will diminish and will most assuredly bring price concessions. This could really hurt the independent rancher and the growth of bison in the future.



Thoughts (cont.)...

- Favorable opinion for our future as long as prices continue to be stable.
- Long term we see a reduction in producers in the US and Canada which will reduce the available supply
- Looking into retail exposure



Where should NBA focus its efforts?

- Public Education. Both for consumer base but also for special interest groups in the food service market because that is where the largest amount of people are going to ultimately be introduced to bison and be able to source it conveniently as they are used to for their other meats.
- Position itself as the go-to spot for reporters to fact-check their stories as well as the voice of reason, intelligence and facts to counteract those who write without fact-checking.
- Helping to promote the utilization of middle meats. Harvesting more animals from our perspective is all around the utilization of the middle meats. We can sell more ground bison but cannot market the middles as well so if we can improve that part, we can sell more meat and buy more animals.

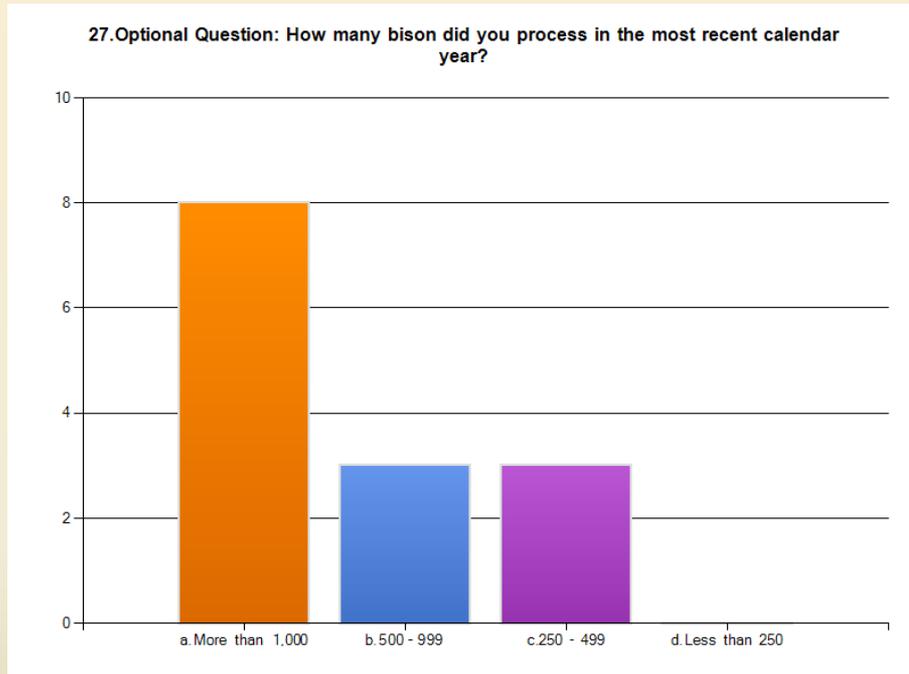


Where should NBA focus (cont.)...?

- Continue broad based marketing effort for meat as well as well as the bison advantage to try and bring on new producers.
- Promotions
- make an interest for national restaurant chain for frozen burger
- 50/50 split to increase consumer awareness and increase production (more producers)



How many bison did you process in the past calendar year?



- 8 respondents - > 1,000
- 3 respondents – 500-999
- 3 respondents – 255- 499
- 1 processor did not respond.

