

AUTHORIZATION REQUEST FOR FY 2012

AR Title: CONSUMER ADVERTISING

Name of Contractor: National Cattlemen's Beef Association

CBB Budget Component: Promotion

I. OVERVIEW

A. AR Description: Checkoff advertising is the only guaranteed voice in the marketplace that is working to address the consumer health misperceptions of beef that have been dampening sales for years. Unlike chicken, the Beef industry does not have national advertisers who can shoulder this effort. Checkoff advertising works to reframe consumer perceptions on a mass scale. As a consequence, checkoff advertising works to move the needle -- as evidenced by past year checkoff-funded research results. In addition to improving consumer attitudes, checkoff advertising also works hard to sell beef, by creating crave, widely disseminating recipes and by selling-through product via retailer promotional partnerships. The program also works to create a positive image for the Beef industry by giving millions of consumers a look at the farming and ranching families behind the product.

Advertising is also the foundation of the Checkoff's marketing efforts. Advertising works closely with many strong national and state programs to get the Checkoff message across to consumers in a consistent and effective way. Many checkoff programs rely upon and benefit from a strong advertising program. For example, traffic to the Checkoff's core consumer Web site – BeefItsWhatsForDinner.com – would decrease significantly without consumer advertising support. This AR includes print, radio, online, mobile, social media and other targeted advertising to consumers with the primary goal of activating consumers to choose beef.

B. Costs Requested from this AR*: \$9,774,000

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$8,363,612	\$8,363,612	
Federation of SBCs (FSBCs)	\$1,410,388	\$1,410,388	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$9,774,000	\$9,774,000	

* Only Direct Costs are being requested in this AR.

Total estimated Implementation for this AR is \$354,935; implementation by Tactic in Table IV.

** Implementation for this and other PROMOTION ARs requested in separate AR P-08-2012.

C. Start date: 10/1/2011

Completion date: 9/30/2012

II. PLANNING INFORMATION FOR THIS AR

A. Long Range Plan Core Strategies/Strategic Initiatives Addressed by This AR:

- **Strengthen the Image of Beef and the Beef Industry**
 - Capitalize on the history, heritage and brand equity of family-based production agriculture and the farming/ranching lifestyle
- **Improve Domestic Consumer Preference for Beef**
 - Identify and track domestic consumer needs and preferences
 - Create stronger relationships and more consistent communication with meal-time decision makers
- **NCBA Initiatives Addressed by This AR:**
 - Increase consumer confidence in selecting and preparing beef
 - Contemporize beef to capitalize on consumers' diverse needs
 - Provide consumer/operator guidance on economizing with beef

B. Committee That Reviewed This AR: Joint Advertising Committee

C. **Committee Recommendations for This AR:** The Joint Advertising Committee recommends this AR to the Operating Committee for funding in FY 2012.

III. PROGRAM INFORMATION FOR THIS AR

A. Strategies 1 & 2: Product and Nutrition

Product: Strengthen the value proposition of beef in the marketplace.

Nutrition: Strengthen beef's position as a healthful food and as a premier nutritional protein so consumers and influencers feel good about the beef they love.

Strategy 1 Proposed Direct Cost: \$9,774,000

Specific Tactic Information:

Tactic 1A: National Advertising – This tactic includes the development and production of all “Beef. It’s What’s For Dinner” creative work (artwork, photography, copy, radio scripting) for targeted magazines, radio, online, mobile, social media and other advertising outlets. This tactic also includes the purchase of print (approximately 60%-65% of media budget), radio (20%-25%), online/mobile/social media (10%) and other media (5%) to place consumer-targeted advertising. (Note that media budget percentage allocations may change following the media negotiation process and as new media opportunities present themselves.)

The 2012 advertising recommendation is to continue the "29 Lean Cuts. One Powerful Protein." campaign the checkoff funded in 2010 and 2011, while incorporating learnings from recent “Brand Enhancement” consumer research insights.

The print advertising includes an arresting and educational look at the individual lean cuts that give consumers permission to satisfy their passion

for beef. The campaign uses a variety of media to reach consumers - print, radio, online and on their mobile phones – and is the foundation for a state and national checkoff-funded integrated communications plan. (Elements from the advertising campaign will also be leveraged across appropriate consumer touch point mechanisms, including consumer public relations, retail marketing, the nutrition influencer program as well as through billboard, radio, online and print advertising purchased by the State Beef Councils.) In addition, major supermarket chains will participate in promotions designed to leverage and stretch checkoff advertising dollars through retailer partnerships, trading on-air radio time for in-store retailer promotions and featuring.

The advertising program also puts a face on the beef industry. Beef ranchers and farmers tell consumers, in their own words, how they feel about their families, their ranches and their way of life – and what it means to them to provide food for others. These full-page “advertorials,” which are negotiated to be free-of-charge to the checkoff, will appear throughout the FY2012 national print plan. The Beef Checkoff is expected to secure around \$1 million in free media space – this translates into an estimated 25-30 national magazine advertising insertions in FY2012. These insertions are anticipated to generate around 300 million media impressions (the number of times consumers are exposed to a message), through magazines such as *Better Homes & Gardens* (39 million readers), *Sports Illustrated* (21 million readers), *Cooking Light* (11 million readers) and *Southern Living* (16 million readers). (Note that the publications may change following the media negotiation process which takes place after the checkoff advertising budget is approved.)

▪ **Measurable objectives:**

- Reach 75% of target consumers an average of 7 times through the fiscal year.
- Shift consumer perceptions about Beef in a positive way, as positive beef perceptions strongly correlate with greater beef consumption, including lean beef. Quantitatively demonstrate a positive and measurable attitudinal difference between consumers who see/hear the advertising campaign and those who are not exposed to the ads, because checkoff-funded market research shows that when consumers have favorable attitudes toward beef, they eat more beef.

- Benchmarking data from the FY2010 checkoff-funded Advertising Tracking Study include the following:

	Consumers Who Have Seen/Heard Checkoff Advertising (%)	Consumers Not Exposed to Checkoff Advertising (%)
“Beef is a food that is an ideal balance of good taste and good nutrition”	67	56
“Beef is a food that offers me many lean options”	58	47
“Beef is a food that is low in fat”	41	28

- Secure \$1 million worth of free media space in which to support the pro-ranching/farming message.

▪ **Proposed Direct Cost:** \$9,774,000

IV. DETAILED BUDGET SUMMARY

Strategy and Tactic	Program Manager	Completion Date	Total Est. FY 2012 Budget	Total Direct Cost	Direct Cost by Funding Source			Est. Impl.
					CBB/BPOC	FSBCs	Other	
Consumer Advertising	M. Roth	9/30/2012	\$10,128,935	\$ 9,774,000	\$8,363,612	\$ 1,410,388		\$354,935
Product Total			\$10,128,935	\$ 9,774,000	\$8,363,612	\$ 1,410,388		\$354,935
AR Totals			\$10,128,935	\$ 9,774,000	\$8,363,612	\$ 1,410,388		\$354,935

V. SUPPLEMENTAL INFORMATION

A. Will all of the work detailed in this AR be completed by the end of the fiscal year? If not, please provide an explanation. Yes.

B. Changes from FY 2011 Approved AR:

- Slightly reduced direct cost budget, from \$9,774,342 in FY2011 to \$9,774,000 in FY2012.
- This AR may also pursue opportunities to leverage checkoff funding with third party investments. The cost, both direct and implementation, related to pursuing these opportunities will be allocated between this AR and any other NCBA funding sources which receive the benefit of these opportunities.

C. Subcontractor information:

- **Name of proposed subcontractor:** Leo Burnett/Starcom
- **Will all work with subcontractors be competitively bid? If not, why not?**
The agency is reviewed annually by both staff and committee to assure strong performance and has met or exceeded targets and negotiated media to save checkoff dollars and secure added value each year. Contract and fees are also reviewed every year. Leo Burnett has invested significantly in beef to understand the product, our consumers and beef's differentiated and relevant advantage in the marketplace. As a result, the Joint Advertising Committee unanimously voted to not pursue an agency search in the coming fiscal year (Joint Advertising Committee Meeting, 2011 Cattle Industry Winter Convention, Denver, Colorado, February 4, 2011).

D. Identify any relationships between this AR and projects previously funded by the Operating Committee: Previous consumer advertising programs. Creative materials produced by the Consumer Advertising AR are also leveraged by other program areas, including Consumer Public Relations, Retail Marketing, the Nutrition Influencer Program as well as the majority of State Beef Councils.

E. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY 2011 Approved Budgets			FY 2011 Actual Expenses (NCBA's as of 5/31/11)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Product & Nutrition	\$ 8,562,142	\$1,212,200	\$ 9,774,342	\$1,752,459	\$ 258,631	\$2,011,090
AR Totals	\$ 8,562,142	\$1,212,200	\$ 9,774,342	\$1,752,459	\$ 258,631	\$2,011,090

F. Historical Summary of Budgets and Expenses:

Strategy	Total Approved Budgets			Total Actual Expenses		
	FY 2010	FY 2009	FY 2008	FY 2010	FY 2009	FY 2008
Product & Nutrition	\$9,923,600	\$10,045,310	\$15,000,000	\$9,813,974	\$9,915,495	\$14,750,807
AR Totals	\$9,923,600	\$10,045,310	\$15,000,000	\$9,813,974	\$9,915,495	\$14,750,807