

## AUTHORIZATION REQUEST FOR FY 2012

**AR Title: Foodservice Marketing**

**Name of Contractor: National Cattlemen's Beef Association**

**CBB Budget Component: Promotion**

### I. OVERVIEW

**A. AR Description:** As the nation begins to emerge from one of the worst economic downturns, the U.S. restaurant industry also is on the road to recovery. According to the *National Restaurant Association's 2011 Forecast*, total restaurant industry sales are expected to increase 3.6% over 2010, reaching a new record of \$604 billion dollars in 2011.

Despite the flat market, total beef volume in foodservice actually *increased* over the past two years. Beef totals were 7.9 billion lbs. in 2010, which is a 54 million increase over 2009; dollar sales were up 10% (Source: 2010 Technomic Volumetric Research). Volume increases during this uncertain period is a strong indicator of beef's extraordinary ability to add value on the menu, drive traffic, increase overall check averages and build brand loyalty. While diners were eating out less frequently, they were also less inclined to experiment with new menu items or pay "restaurant prices" for commonplace items such as chicken and pasta. Steak became one of life's few "affordable luxuries." As a result, promotion for steak also increased as operators struggled to attract new customers and maintain their brand and menu integrity, while at the same time, cutting back on food ingredients and scaling back pantries.

Looking forward, our goal is to capitalize on the expected foodservice industry rebound, and fend off other center-of-the-plate competitors such as chicken, pork and seafood, especially as margins tighten and beef prices increase. Fewer operators are willing to commit to long-term beef purchases given market volatility. With nearly half of the total beef volume moving through foodservice, it's critical that the industry remain committed to clearly demonstrating beef's extraordinary value, versatility and importance in building restaurant profits.

**B. Costs Requested from this AR\*: \$1,370,000**

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$1,172,309	\$1,172,309	
Federation of SBCs (FSBCs)	\$197,691	\$197,691	
Other Sources ( <i>describe</i> )			
<b>Total Funds Requested</b>	<b>\$1,370,000</b>	<b>\$1,370,000</b>	

\* Only Direct Costs are being requested in this AR.

Total estimated Implementation for this AR is \$370,008; 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:

- **Improve domestic consumer preference for beef**
  - Identify and track domestic consumer needs and preference.
  - Collaborate with industry stakeholders to develop and implement demand generation initiatives based on consumer needs and preferences.
  - Develop and execute creative communication initiatives to improve consumer understanding of the beef production system and increase consumer confidence in the safety of beef.
  - Educate, enable and engage key influencers and opinion leaders in communicating the positive health and nutritional benefits of beef.
- **Strengthen the image of beef and the beef industry**
  - Engage all industry segments to develop and consistently communicate our positive beef production story.
  - Capitalize on the history, heritage and brand equity of family-based production agriculture and the farming/ranching lifestyle.
  - Implement and communicate continuous improvement efforts to enhance consumer trust in our product and production practices.
  - Promote our industry's commitments, ongoing investment and progress in ensuring beef safety.
- **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
  - Establish beef as an everyday part of a healthy meal
  - Minimize product quality and consistency outliers
  - Unite and lead the industry to solve beef safety issues
  - Reshape the conversation about modern beef production
  - Demonstrate beef is socially responsible

### B. Committee That Reviewed This AR: Joint Foodservice Committee

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

## III. PROGRAM INFORMATION FOR THIS AR

### A. Strategy 1: Product

**Strategy 1 Proposed Direct Cost: \$1,370,000**

### Specific Tactic Information:

**Tactic 1A: Foodservice Partnerships & Promotions** – The goal of this tactic is to keep beef the protein of choice with consumers when dining out for any occasion. This will be accomplished by generating interest around new beef cuts, implementing creative new beef cookery applications, or introducing beef menu items that showcase healthy dining options, exciting new innovations or flavor profiles. These partnerships with foodservice operators, regional/national restaurant chains, and/or the foodservice distributors who service them will leverage the checkoff investment and drive incremental beef sales across the channel. These partnerships may also be leveraged to address important checkoff priorities by focusing on beef as an easy choice for a healthy lifestyle, highlighting beef as an affordable menu option or demonstrating beef's value in a foodservice application.

- **Measurable objectives:**

- Conduct two (2) foodservice cooperative promotions with channel partners that result in an average increase of 10% in incremental beef pound and/or dollar sales with an emphasis on those items that add value to the carcass. Promotions will focus on one or more of the following priorities:
  - New beef cuts or applications
  - Steak/middle meats cuts
  - Lean beef cuts
  - Alternative or value cuts
- Leverage the checkoff investment by working with industry-related partners who will contribute a dollar equivalent investment that is, on average, at least ten (10) times greater than the beef checkoff investment. This lift allows for added exposure of beef's overall presence in the channel.

- **Proposed Direct Cost:** \$100,000

**Tactic 1B: Menu Development and Information Sharing** – As the economy begins to slowly recover, competition to own share of the menu remains fierce. Foodservice operators are looking for ways to add value and drive customer traffic, while reducing overall costs. This tactic is designed to promote beef's unique value proposition by providing operators trend-setting beef recipes, showcasing the beef portfolio of steak options and providing profitable marketing tips and economic and supply information. Elements of this tactic include:

Trade Advertising Campaign – Build broad visibility across all foodservice segments efficiently by developing new advertising materials for print and online trade media that build on the successful BeeFlexible ad campaign and leverage checkoff dollars through advertising bonus benefits. A strong media presence as an advertiser also increases access to editorial staff and subsequently enhances our ability to deliver positive messages about beef and beef production, and to manage issues within the channel as necessary.

Menu Merchandising – Introduce at least two chef-driven, trend-setting recipe resources that include food photography, beef cut information and tips for building profits with beef. Also, spotlight healthy beef recipe categories to meet consumer demand for flavorful, nutritious options when dining out and support operators' needs for menu labeling requirements. These marketing tools are used by the account development team, SBCs and industry partners to engage and educate foodservice influencers on the positive attributes beef can bring to their establishments and drive sales.

Menu Intelligence – Collect and evaluate accurate menu information to measure overall position and prominence of beef across the foodservice channel. Insights will be leveraged to spot emerging trends in foodservice, identify areas of growth opportunity for beef and showcase healthy beef options when dining out to consumers through traditional and social media channels and BeefFoodservice.com.

Education Tools – Inform operators and foodservice distributors about beef's value and versatility across the menu and engage them in the initiatives designed to build beef demand in the foodservice channel by developing and updating new tools for use in the field by State Beef Councils and Account Development Managers.

▪ **Measurable objectives:**

- Develop at least two (2) new executions of the BeeFlexible ad campaign with a targeted reach of twenty (20) million total media impressions (print and online) and results in at least 200 account leads as measured by fulfillment requests.
- Leverage checkoff dollars to secure free, value-added media merchandising opportunities with the targeted industry publications that exceed 50% of the total media spend.
- Establish an integrated web marketing platform to showcase beef menu intelligence, trends and menu success stories on BeefFoodservice.com and supporting e-mail campaigns designed to motivate foodservice operators, distributors, suppliers and industry stakeholders to choose and recommend beef to their customers. Program effectiveness will be reviewed through quarterly advanced analytics reports.

▪ **Proposed Direct Cost:** \$850,000

**Tactic 1C: Foodservice Channel Communications** – This tactic is designed to keep beef top-of-mind and in a strong and competitive position as the leading center-of-the-plate protein among the more than 1,000,000 units operating in the foodservice channel. The strategic focus of this tactic will be an aggressive media relations campaign that results in favorable editorial coverage of beef and the variety of ways it is being served by leading, trend-setting chefs across the country.

Efforts will also focus on communicating the value of beef and strategies to meet – and exceed – consumer purchase behaviors, and highlighting beef's unique

brand attributes relevant to editorial trends and issues such as sustainability and nutrition. Activities will include ongoing proactive media outreach, message development, interview coordination and spokesperson development to share positive beef stories and messaging with influential trade and business press such as the International Foodservice Editorial Council (IFEC) Annual Conference, as well as pursuing other media relations opportunities as they arise.

2012 Beef Backer Awards – As part of this tactic, the National Beef Backer program will work with State Beef Councils to identify and recognize independent and chain foodservice operations that exhibit strong commitment in their outstanding efforts to menu and market beef to their customers. The contest not only helps State Beef Councils build local relationships with operators, but also serves a valuable program to build and further enhance local and national publicity.

▪ **Measurable objectives:**

- Secure at least twenty (20) million favorable media impressions in national business and/or foodservice industry publications targeted to commercial and non-commercial segment operators to inform them of demand generating opportunities in a consistent and credible manner. 'Media impressions' is an industry standard measurement to report the number of times the audience see your message.
- Attend at least one (1) media event targeting high-profile foodservice trade editors to build and strengthen the media relationships vital to securing positive editorial coverage for beef. Media events are a cost-effective way to engage a group of influential journalist at one time.

▪ **Proposed Direct Cost:** \$200,000

**Tactic 1D: Foodservice Channel Outreach:** The purpose of this tactic is to provide a direct connection to the foodservice trendsetters, thought leaders and high-volume decision makers vital to expanding beef's presence on the menu. Whether through event participation and sponsorship of key industry conferences or customized meetings on new beef cuts and/or menu ideation with the top national accounts, these efforts address the need for beef to be present and part of the conversation where foodservice influencers and decision-makers are gathered.

Key Event Sponsorships: Key industry events will be selected and sponsored and/or attended over the next twelve months, each focusing exclusively on a unique group of foodservice decision-makers. These targeted influencers include restaurant chain and other industry CEOs, CMOs, Purchasing/Procurement executives and Corporate R & D Chefs. Event selection will be evaluated based on the amount of direct access checkoff personnel will have to these key attendees. In addition, events and sponsorships will also be evaluated based on their opportunities to develop strong advocacy for beef, share the latest information, provide beef samplings, demonstrate new cuts or cooking methods, and cultivate new and lasting partnerships.

Key Account Development: One-on-one meetings will be conducted with targeted foodservice accounts to further the discussions on checkoff industry priorities and share valuable educational resources. In addition, these meetings will focus on exploring alternative cuts and menu applications, identifying trends, and steering the development of new beef items being tested and evaluated for future menu placement. The goal of these meetings is to prove beef’s value and versatility and keep it a vital part of every menu mix and foodservice operation.

▪ **Measurable objectives:**

- Reach over 1,000 key foodservice decision-makers and expose them to the Beef Checkoff through sponsorships and attendance at three (3) or more strategically significant industry events. This exposure will develop strong advocates for beef and build confidence among key decision-makers to increase the occurrences of beef used in their foodservice operations.
- Initiate relationships with a minimum of twelve (12) new foodservice channels decision-makers, establishing follow-up appointments to provide menu ideation, cutting demonstrations, present beef industry information, and explore ways to get more beef utilized in the foodservice channel and added to menus.

▪ **Proposed Direct Cost:** \$220,000

**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	
Foodservice Partnerships and Promotions	P. Nau	9/30/2012	\$ 137,001	\$100,000	\$ 85,570	\$ 14,430		\$ 37,001
Menu Development & Information Sharing	P. Nau/ M. Pusey	9/30/2012	\$ 931,402	\$850,000	\$ 727,345	\$122,655		\$ 81,402
Foodservice Channel Communications	P. Nau/ M. Pusey	9/30/2012	\$ 303,602	\$200,000	\$ 171,140	\$ 28,860		\$103,602
Foodservice Channel Outreach	P. Nau/ J. Ethridge	9/30/2012	\$ 368,003	\$220,000	\$ 188,254	\$ 31,746		\$148,003
<b>Product Total</b>			<b>\$1,740,008</b>	<b>\$ 1,370,000</b>	<b>\$1,172,309</b>	<b>\$197,691</b>		<b>\$370,008</b>
<b>AR Totals</b>			<b>\$1,740,008</b>	<b>\$ 1,370,000</b>	<b>\$1,172,309</b>	<b>\$197,691</b>		<b>\$370,008</b>

**V. SUPPLEMENTAL INFORMATION**

**A. Will all of the work detailed in this AR be completed by the end of the fiscal year?**  
 YES, all work will be completed by end of fiscal 2012.

**B. Changes from FY 2011 Approved AR:**

- We are requesting an increase of \$10,000 in Tactic 1D – Foodservice Channel Partner Outreach to provide the resources needed to establish and enhance

relationships with the top national and emerging chains and increase beef's prominence in the foodservice channel. We have a dedicated team of six Field Marketing Managers in position to work directly with operators across the U.S. and coordinate outreach opportunities with State Beef Councils and Distributor Sales Representatives.

- 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:** Ketchum, Technomic
- **Will all work with subcontractors be competitively bid? If not, why not?** All subcontractors are evaluated annually based on performance and budget availability. At this time, all partners meet or exceed expectations.

**D. Identify any relationships between this AR and projects previously funded by the Operating Committee:** This AR builds on brand equity and positioning in foodservice to create positive momentum for beef in the foodservice channel.

**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	\$ 1,185,100	\$ 174,900	\$ 1,360,000	\$ 518,681	\$ 76,546	\$ 595,227
<b>AR Totals</b>	<b>\$ 1,185,100</b>	<b>\$ 174,900</b>	<b>\$ 1,360,000</b>	<b>\$ 518,681</b>	<b>\$ 76,546</b>	<b>\$ 595,227</b>

**F. Historical Summary of Budgets and Expenses:**

	Total Approved Budgets			Total Actual Expenses		
	FY 2010	FY 2009	FY 2008	FY 2010	FY 2009	FY 2008
Foodservice Marketing	\$1,699,315	\$ 1,552,135	\$ 2,255,000	\$1,627,719	\$2,346,941	\$ 2,100,294
<b>AR Totals</b>	<b>\$1,699,315</b>	<b>\$1,552,135</b>	<b>\$ 2,255,000</b>	<b>\$1,627,719</b>	<b>\$2,346,941</b>	<b>\$ 2,100,294</b>