

AUTHORIZATION REQUEST FOR FY 2012

AR Title: Retail Marketing

Name of Contractor: National Cattlemen’s Beef Association

CBB Budget Component: Promotion

I. OVERVIEW

A. AR Description: Over 50% of all domestic beef volume in the U.S. is sold through the retail channel. In 2010, the domestic retail channel moved nearly 4.6 billion pounds of fresh beef valued at \$16.6 billion.

A comprehensive Retail Marketing Program focused on stimulating short-term beef sales and maintaining long-term beef demand in America’s 37,000 supermarkets, wholesale club stores and military commissaries is critical to beef industry profitability.

This program will stimulate beef sales at retail through promotional partnerships with retailers and food and beverage companies and by introducing beef merchandising and education programs at the meat case. Both of these strategies use tactics that leverage checkoff investments and expand the placement, overall use and visibility of beef in the retail channel. In addition, systems have been created that provide consistent product identification and access to accurate scan data that is essential to evaluating programs and monitoring beef’s performance in the channel.

All of these elements are supported by ongoing public relations and communication efforts that ensure access to – and build solid relationships with – the key decision makers and influencers throughout the retail food industry.

B. Costs Requested from this AR*: \$2,687,000

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$2,299,266	\$2,299,266	
Federation of SBCs (FSBCs)	\$387,734	\$387,734	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$2,687,000	\$2,687,000	

* Only Direct Costs are being requested in this AR.

Total estimated Implementation for this AR is \$1,919,921; 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
 - Create stronger relationships and more consistent communication with meal-time decision makers.
 - Identify and capitalize on growth opportunities with targeted market segments (e.g. ethnic, generational, attitudinal, etc.)
- **Strengthen the image of beef and the beef industry**
 - Engage all industry segments to develop and consistently communicate our positive beef production story
 - 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
 - Strengthen efforts to proactively anticipate and rapidly respond to attacks on beef and the beef industry
- **NCBA Initiatives Addressed by This AR:**
 - Increase consumer confidence in selecting and preparing beef
 - Contemporize beef to capitalize on consumers' diverse needs
 - Establish beef as an everyday part of a healthy diet
 - Provide consumer/operator guidance on economizing with beef
 - Minimize product quality and consistent outliers
 - Unite and lead the industry to solve beef safety issues
 - Demonstrate beef is socially responsible
 - Reshape the conversation about modern beef production

B. Committee That Reviewed This AR: Joint Retail Marketing Committee

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

III. PROGRAM INFORMATION FOR THIS AR

A. **Strategy 1: Product** – Strengthen the value proposition of beef in the marketplace.

Strategy 1 Proposed Direct Cost: \$2,687,000

Specific Tactic Information:

Tactic 1A: National Beef Promotions and Partnerships – In this tactic, the checkoff will develop and execute targeted promotions in the retail channel that reach a broad consumer base and stimulate incremental beef sales throughout the entire year. The goal of this tactic is to keep beef top-of-mind with consumers while emphasizing its value, convenience and versatility. The overall impact of these partnerships will be further strengthened through participation by retailers and State Beef Councils (SBCs), thus extending the reach, duration and size of each beef promotion.

National Promotions – This tactic includes the development and implementation of at least five (5) partnership promotions with nationally-recognized consumer brands that will stimulate beef sales across the country. This will be achieved through the implementation of beef purchase incentives, rebates, in-store signage and displays, recipes and cooking tips all designed to showcase beef's value and drive purchase behavior.

Retail-Specific Promotions – This approach includes the development and extension of at least eight (8) retailer-specific promotions with targeted retail chains designed to drive incremental beef sales during their key promotional periods. These promotions will be supported with point-of-sale materials, meat case signage, on-pack labels and other program elements designed to stimulate purchases and enhance beef's overall presence in the meat case.

Key Seasonal Campaigns – In addition to targeted consumer promotions, two (2) multi-month national campaigns will be designed to support retailers' sales efforts during the peak seasonal promotional periods for steaks (grilling season) and roasts (winter season). These campaigns are designed to promote the positive attributes of beef and increase consumer awareness of beef at the point-of-purchase. With the support of national product partners, we will develop turnkey marketing programs that include point-of-sale materials, meat case signage, on-pack labels and other promotional elements that can be easily implemented by retailers and adopted by SBCs at the local level.

▪ **Measurable objectives*:**

- Place at least sixty (60) million consumer purchase incentives into the retail channel, including dollar-off beef coupons and rebates valued at over \$60,000,000. These incentives are negotiated as part of our industry partnerships and are not funded with checkoff dollars.
- 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 and keeps beef top-of-mind with consumers.

** Accomplishing these measurable objectives is contingent upon securing at least seven (7) promotional partnerships once the budget is approved in September.*

- **Proposed Direct Cost:** \$1,000,000

Tactic 1B: Retail Education and Meat Case Solutions – These programs are strategically focused on creating and bringing innovative retail merchandising programs designed to meet the evolving needs of today's consumers. Food prices are rising at a time when consumers' confidence in the economy is down and other commodity prices are up, and retailers need creative solutions to keep beef affordable for their shoppers.

Current Merchandising Programs – This tactic maintains and enhances merchandising tools created to capitalize on purchasing trends such as buying in bulk to stock up and save (i.e., Slice 'N Save, Beef Bargain Bundles). The tactic encourages retailers to employ new cutting and packaging techniques that meet the needs of the increasing number of shoppers looking for smaller portion sizes and addresses the growing segment of single-family and smaller households (i.e., Beef Alternative Merchandising). It also keeps beef top-of-mind for growing populations like Hispanics and Millennials (American Heart Association Certification, Hispanic materials).

New Recipes for On-Pack Labels – Promote quick and simple meal solutions to consumers where it matters most – the point of purchase. Labels are conveniently displayed on fresh beef packages in the meat case to showcase beef's value and boost consumers' confidence in their ability to choose the best cut for the meal they want to prepare. Efforts include recipe development, food photography and promotion to targeted retailers.

New Merchandising Programs – This tactic starts with the development and testing of one (1) new retail merchandising program focused on improving the consumer's confidence in beef during this time of uncertainty in the economy. It also addresses the increasing demand from the consumer for simplicity, convenience, and micronutrient and lean solutions (caloric intake) through the creation of new merchandising tools focused in these areas.

Supermarket RD Influencer Outreach Pilot – Development and execution of a program to empower, educate and evangelize supermarket registered dietitians (RDs) to serve as beef brand ambassadors to their shoppers. This program will provide this targeted group of in-store influencers with the knowledge to prove beef's role in promoting health and the tools to help shoppers experience beef in a healthy lifestyle, empowering them to endorse beef as an everyday food.

Nutrition Labeling – This tactic will also support retailers that are willing to optimize final nutrition labeling requirements to market the nutritional aspects of beef. Efforts will include customizable merchandising and promotional solutions that leverage beef's nutritional profile, and consumer resources that stores can use to educate shoppers on how to interpret new meat case labeling. This program will continue collaborative efforts with the Meat Nutrition Labeling Coalition, an industry-wide partnership focused on providing holistic labeling solutions for the entire fresh meat case.

Education Tools – Develop and distribute guidance on how to use checkoff-funded merchandising programs and resources to offer beef at a variety of price points for today's consumers. Efforts will target retail meat executives, as well as consumer influencers within the store, such as butchers, meat case managers, consumer marketing, supermarket dietitians and more (i.e. Retail Pricing Matrix, Value Cuts)

▪ **Measurable objectives:**

- Implement retail meat case programs with at least six (6) national retailers representing hundreds of supermarkets to move on average 5% incremental beef pounds and/or dollar sales on the new beef products/programs.
- Create twelve (12) new recipes focused on quick and simple meal solutions for use in the easy fresh label program and other merchandising tools.
- Work with at least (1) one retail test partner focused on improving the consumer's confidence in beef during this time of uncertainty in the economy who will share information after the test such as tonnage and/or sales data to serve as a performance benchmark for future program development and evaluation.

▪ **Proposed Direct Cost:** \$ 600,000

Tactic 1C: Retail Channel Communications – The purpose of this tactic is to inform retail decision makers and influencers about opportunities to sell more beef through the Retail Marketing Program funded by America's farmers and ranchers. With 37,000 supermarkets, wholesale clubs and military commissaries, a targeted communication program is an effective way to reach a broader retail audience with information about how to leverage checkoff-funded beef marketing programs.

Media Outreach – We will work directly with the prominent grocery and meat industry journalists to highlight beef's value to retailers, and provide the latest beef content, graphic and tools. This program will work to elevate beef as a relevant merchandising opportunity based on editorial trends and issues including but not limited to affordability, nutrition and sustainability. This includes ongoing media outreach, press releases, media interviews, desk side briefings and spokesperson support. The

goal of media relations is to maximize positive coverage in targeted media without paying for it directly through advertising.

Dealing with the media presents unique challenges in that the news media cannot be controlled — they have ultimate control over whether stories pitched to them are of interest to their audiences. Because of this, ongoing relationships with the news media are vital.

Online Engagement – We will utilize existing online properties to engage retailers, packer/processors, State Beef Councils and other industry influencers with positive beef messages and resources designed to stimulate beef sales. *Retail Beef Blast*, the monthly email newsletter, is a powerful tool for engaging the retail decision makers, and gets them accustomed to the idea of taking action based on the information distributed. The simplest form of response is the click through, which affirms the reader's perception that information offered is valuable to them. The industry average click through rate (CTR) for business-to-business email newsletters is 15%. Efforts will include a refresh of BeefRetail.org, the primary website for retail beef marketing, to ensure that visitors can easily access the latest beef intelligence and merchandising tools. Updates to include videos, photos and links that can be extended by supply chain partners and State Beef Councils.

2012 Beef Backer Award Program – We will execute the fifth annual awards program that recognizes four (4) retailers for outstanding efforts in beef marketing, merchandising and advertising. By promoting the award at the local, regional, and national level, including exposure in major trade publications, we will entice other retailers to participate in checkoff-funded programs and promotions designed to build beef demand in supermarkets across the U.S. The winners of this award have become strong advocates for promoting beef year after year.

▪ **Measurable objectives:**

- Secure a minimum of eight (8) million positive media impressions for beef in national business and industry publications targeted to retail meat thought leaders to inform them of demand generating programs in a consistent and credible manner.
- Develop a steady pipeline of beef marketing updates through the monthly distribution of *Retail Beef Blast* to achieve an average CTR of 30%. Benchmark site traffic for the re-developed BeefRetail.org to measure its effectiveness in engaging visitors and their ability to access the proprietary, valuable knowledge needed to boost beef sales.

▪ **Proposed Direct Cost:** \$342,000

Tactic 1D: Retail Beef Intelligence and Performance – This tactic collects and evaluates accurate beef sales and featuring data to measure overall performance of beef across the retail channel. This data provides

guidance on standardized beef cut names and terminology to eliminate consumer confusion at the meat case and improve performance of beef and supports supply chain efficiency improvements. This data is shared with key retail decision makers and the State Beef Councils to encourage greater retail promotional and featuring support for beef by demonstrating its value to their total meat sales.

▪ **Measurable objectives:**

- Develop and disseminate twelve (12) monthly beef sales and featuring reports which allow the tracking of trends and ability to make informed decisions on the challenges and/or opportunities for beef in the channel.
- Monitor and maintain MeatTrack.com, the leading online destination for providing approved beef cut names and terminology no less than three (3) times per year. Providing uniform nomenclature on beef cuts is essential to tracking and analyzing beef sales and helps to eliminate consumer confusion at the meat case.

▪ **Proposed Direct Cost:** \$370,000

Tactic 1E: Retail Channel Partner Outreach – This tactic provides a direct connection to supermarket operators and packer/processors responsible for expanding beef's presence in the retail meat case. Efforts are designed to reach retail influencers in multiple forums throughout the year, including industry tradeshow and conferences, information-sharing webinars and face to face meetings with the top national grocers.

Industry Trade Shows and Webinars – The checkoff will maintain a strong presence at industry events and tradeshow through booths and workshops, providing staff experts to speak on various industry topics of interest and conducting webinars on checkoff initiatives for the retail channel. These meetings are an efficient and effective way to educate and inform retail supermarket operators and packer/processors about checkoff-funded retail marketing programs and promotions and engage them in the initiatives designed to build beef demand in the retail channel.

▪ **Measurable objectives:**

- Make contact with at least 30 of the top retail executives specifically engaging them on checkoff-funded initiatives and priorities through customized individual meetings and at the Annual Meat Conference (AMC) and the National Grocer's Association Convention (NGA) to increase our partnerships and influence in the industry.

▪ **Proposed Direct Cost:** \$375,000

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	
National Beef Promotions & Partnerships	J. Ethridge/ P. Nau	9/30/2012	\$ 1,287,988	\$ 1,000,000	\$ 855,700	\$ 144,300		\$ 287,988
Retail Education & Meat Case Solutions	J. Ethridge	9/30/2012	\$ 887,988	\$ 600,000	\$ 513,420	\$ 86,580		\$ 287,988
Retail Channel Communications	J. Ethridge/ M. Pusey	9/30/2012	\$ 533,992	\$ 342,000	\$ 292,649	\$ 49,351		\$ 191,992
Retail Beef Intelligence & Performance	J. Ethridge/ T. Amen	9/30/2012	\$ 561,992	\$ 370,000	\$ 316,609	\$ 53,391		\$ 191,992
Retail Channel Partner Outreach	J. Ethridge	9/30/2012	\$ 1,334,961	\$ 375,000	\$ 320,888	\$ 54,112		\$ 959,961
Product Total			\$4,606,921	\$ 2,687,000	\$2,299,266	\$ 387,734		\$1,919,921
AR Totals			\$4,606,921	\$ 2,687,000	\$2,299,266	\$ 387,734		\$1,919,921

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:

- FY2011 Tactic 1F - Hispanic Marketing has been incorporated with FY2012 Tactic 1B – Retail Education and Meat Case Solutions to ensure this specialized market opportunity is included in the variety of solutions available to traditional retail establishments.
- The Beef Backer Awards program has been redirected to Tactic 1C – Retail Communications in an effort to amplify pre- and post-award publicity and ultimately increase award recognition and industry participation.
- 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, Meat Solutions, Midan Marketing, FreshLook Marketing, Market Track
- **Will all work with subcontractors be competitively bid? If not, why not?** All subcontractors are evaluated annually based on performance and budget availability. Ketchum Public Relations was selected in November 2010 as the principal agency to work on the retail communications tactic. The contract was competitively bid through an extensive RFP process, and Ketchum was chosen based on their expertise in business-to-business marketing and public relations and

strong track record on supporting checkoff programs. This agency partnership will be reviewed annually and must meet or exceed expectations to continue work.

D. Identify any relationships between this AR and projects previously funded by the Operating Committee: The tactics within this AR build on the past work and successes of previous years as well as address new priorities established by producer and industry leadership.

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	\$ 2,367,100	\$ 319,900	\$ 2,687,000	\$ 713,544	\$ 105,307	\$ 818,851
AR Totals	\$ 2,367,100	\$ 319,900	\$ 2,687,000	\$ 713,544	\$ 105,307	\$ 818,851

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
Retail Marketing	\$2,812,662	\$ 2,607,678	\$ 3,115,000	\$2,590,089	\$2,346,941	\$ 2,909,618
AR Totals	\$2,812,662	\$2,607,678	\$ 3,115,000	\$2,590,089	\$2,346,941	\$ 2,909,618