

AUTHORIZATION REQUEST FOR FY 2011

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 United States is sold through the retail channel. In 2009, the domestic retail channel moved nearly 4.5 billion pounds of fresh beef valued at \$16 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.

We will stimulate beef sales at retail through promotional partnerships with retailers and food and beverage companies and through the introduction of 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:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 2,167,100	\$ 2,167,100	
Federation of SBCs (FSBCs)	\$ 319,900	\$ 319,900	
Other Sources (<i>describe</i>)	\$	\$	
Total Funds Requested	\$ 2,487,000	\$ 2,487,000	

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 1,291,436
Federation of SBCs (FSBCs)	\$ 190,759
Other Sources (<i>describe</i>)	\$
Funds Requested in AR P-08-2011	\$ 1,482,195

D. **Start date:** October 1, 2010**Completion date:** September 30, 2011**II. PLANNING INFORMATION FOR THIS AR****A. FY 2011 Priorities Addressed by This AR:**

- Making Beef an Easy Choice
- Demonstrate Beef's Value
- Capitalize on the Power of Lean

B. Committee That Reviewed This AR: Joint Retail Marketing Committee**C. Committee Recommendations for This AR:** The Joint Retail Marketing Committee recommends to the Operating Committee that this AR be approved for funding for FY 2011.**III. PROGRAM INFORMATION FOR THIS AR****A. Strategy 1: Product –** Strengthen the value proposition of beef in the marketplace.**Strategy 1 Proposed Cost:** \$2,487,000**Specific Tactic Information:**

Tactic 1A: National Beef Promotions and Partnerships – These promotions and partnerships stimulate beef sales and drive incremental purchases throughout the entire year. Through these promotions and partnerships, we will promote beef's value, ease of use and nutritional benefits and offer consumers beef purchase incentives such as coupons, rebates, recipes and cooking tips.

National Promotions. This tactic includes at least six (6) national promotions to stimulate beef sales across the country. The national promotions will be done in conjunction with other commodity groups or packaged goods companies. Retailers will have the opportunity to extend these national promotions and, in doing so, leverage checkoff dollars with additional reach, duration, frequency and size of these retail beef promotions.

Retail-Specific Promotions. Also, in this tactic we will develop and execute at least four (4) retailer-specific targeted promotions with targeted retail chains.

Seasonal Campaigns. In addition to these promotional efforts, we will develop and execute three (3) multi-month national campaigns to ensure beef is promoted at retail through the year:

- I Heart Beef
- Summer Grilling
- Holiday Roast

These campaigns will be supported by national packaged goods or commodity partners and will incorporate point-of-sale, meat case signage, on-pack labels and other promotional elements that can be easily implemented by retailers. In addition, marketing materials will be available to State Beef Councils for easy adoption and implementation at the local level.

▪ **Measurable objectives*:**

- Place at least sixty (60) million incremental merchandising aids, including dollar-off beef coupons and rebates valued at over \$60,000,000.
- Leverage food companies and industry-related partner investment that is 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 beef's message to consumers.
- Increase beef sales in targeted retailers by a minimum of seven (7) percent during promotional periods.

* Accomplishing these measurable objectives is contingent upon securing at least ten (10) promotional partnerships once the budget is approved in September.

▪ **Proposed cost:** \$1,000,000

Tactic 1B: Retail Education and Meat Case Programs – In a survey of major retailers, more than 88 percent cited meat case programs (merchandising, signage, on-pack labels) as the most effective tactic at retail for selling fresh meat.

Point-of-Sale Meat Case Merchandising. In this tactic, we will develop, test, implement and evaluate one new retail merchandising program designed to overcome consumers' nutrition barrier to beef by enhancing the identification of lean beef in the meat case. The goal of this tactic is to provide turnkey beef merchandising and marketing programs for retailers to implement in their supermarkets to ensure beef maintains its share of the meat case and make it easier for consumers to select beef for every meal occasion.

New Recipes for On-Pack Labels. We will create twelve (12) new recipes that utilize lean beef cuts and highlight the positive health and nutritional attributes of lean beef. These new recipes will be used in conjunction with "power of lean" promotional elements as well as the I Heart Beef program.

Current Merchandising Programs. This tactic also maintains merchandising tools already created by the beef checkoff such as on-pack labeling programs (i.e., Slice and Save, Easy Fresh Cooking Labels), new cutting and packaging techniques (i.e., Beef Alternative Merchandising, and Beef Bargain Bundles) and tools to help retailers position beef and new beef cuts to provide strong value to consumers (i.e., Retail Pricing Matrix, the new Round and the Chuck Roll Cuts).

- **Measurable objectives:**
 - Implement retail meat case programs with at least five (5) retailers representing hundreds of supermarkets to move incremental beef purchases.
 - Work with at least (1) one test partner who will share information such as tonnage and/or sales data to serve as a benchmark for program development and evaluation.

- **Proposed cost:** \$ 400,000

Tactic 1C: Retail Trade Relations and 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 the beef producers.

Tactics include press releases, newsletters, and email blasts as well as maintaining the BeefRetail.org website with pertinent beef-related content. These communication efforts will be designed to reach retailers, State Beef Councils, packers/processors and other industry influencers.

With 37,000 supermarkets, wholesale clubs and military commissaries, targeted communications is an effective way to reach a broader retail audience with information about how to tap into checkoff-funded beef marketing programs.

- **Measurable objectives:**
 - Secure three million positive media impressions for beef in thoughtleader retail publications.
 - Increase the number of online subscribers to the Retail Beef Blast newsletter by 10 percent. Increased readership will also drive more key decision makers to the BeefRetail.org website where they can access valuable information on checkoff programs.

- **Proposed cost:** \$ 302,000

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. This data is shared with key retail decision makers 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 sales and featuring reports which allow beef producers to track trends and make informed decisions on the challenges and/or opportunities for beef in the channel.
- Monitor and maintain the MeatTrack.com website, providing updates on 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 cost:** \$ 370,000

Tactic 1E: Retail Channel Partner Outreach

Industry Trade Shows and Webinars. We 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.

State Beef Council Workshops and Webinars. We will train the SBC promotion staffs on how to implement programs and promotions with independent retailers and small chains in their states. Regional meetings and webinars will provide direction and sharing on how to best extend retail efforts at the state level so more checkoff-funded programs are adopted by smaller retailers.

2011 Beef Backer Award Program. We will implement the 2011 Beef Backer Award 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 United States. The winners of this award have become strong advocates for promoting beef year after year.

- **Measurable objectives:**

- Reach more than 3,000 retail executives, specifically engaging a minimum of thirty (30) industry decision-makers on checkoff-funded initiatives and priorities at the Annual Meat Conference (AMC) and the National Grocer's Association Convention (NGA).
- Conduct a post evaluation of state council meetings/webinars and receive at least a 4 out of 5 ranking on the meeting's and webinar's value to state staff.

- **Proposed cost:** \$ 415,000

IV. DETAILED BUDGET SUMMARY

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
National Beef Promotions and Partnerships	P. Nau, J. Henger	9/30/11	\$ 1,000,000	\$ 871,370	\$ 128,630	
Retail Education and Meat Case Programs	S. Leigh, J. Henger	9/30/11	\$ 400,000	\$ 348,550	\$ 51,450	
Retail Trade Relations and Communications	M. Pusey, J. Henger	9/30/11	\$ 302,000	\$ 263,150	\$ 38,850	
Retail Beef Intelligence and Performance	T. Amen, J. Henger	9/30/11	\$ 370,000	\$ 322,410	\$ 47,590	
Retail Channel Partner Outreach	S. Leigh, J. Henger	9/30/11	\$ 415,000	\$ 361,620	\$ 53,380	
Product Total			\$ 2,487,000	\$ 2,167,100	\$ 319,900	
AR Totals			\$ 2,487,000	\$ 2,167,100	\$ 319,900	

V. SUPPLEMENTAL INFORMATION

A. Changes from FY 2010 Approved AR:

- More emphasis will be put in Tactic 1A on developing promotions and national campaign platforms that are easily adoptable by the State Beef Councils and extended to smaller retail chains and independent retailers.
- Tactic 1D *Retail Beef Intelligence and Performance*, was added in FY 2011 to gather and analyze beef data used to evaluate the programs and promotions in this AR, as well as monitor and report on beef's overall performance in the retail channel. These functions were previously incorporated in the *Trade Marketing and Communications* tactic in FY2010.
- In Tactic 1E more emphasis will be put on using State Beef Council input to make national beef checkoff programs and promotions easier to extend to the smaller chains and independent retailers.

B. Subcontractor information:

- **Name of proposed subcontractor:**
Midan Marketing, Meat Solutions, Range, FreshLook Marketing and Promodata.
- **Will all work with subcontractors be competitively bid? If not, why not?**
Our relationship with each of our subcontractors is evaluated annually. While we will not necessarily competitively bid each contract annually because it is a costly and time intensive undertaking, contracts will be evaluated if performance expectations are not met by contractors.

C. 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.

D. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY 2010 Approved Budgets			FY 2010 Actual Expenses (NCBA's as of 5/31/10)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Product	\$ 2,565,736	\$ 246,926	\$ 2,812,662	\$ 1,100,858	\$ 105,958	\$ 1,206,816

E. Historical Summary of Budgets and Expenses:

	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
Retail Marketing	\$ 2,607,678	\$ 3,115,000	\$ 3,250,000	\$ 2,346,941	\$ 2,909,618	\$ 3,314,902
AR Totals	\$ 2,607,678	\$ 3,115,000	\$ 3,250,000	\$ 2,346,941	\$ 2,909,618	\$ 3,314,902