

AUTHORIZATION REQUEST FOR FY 2011

AR Title: FOODSERVICE MARKETING

Name of Contractor: National Cattlemen's Beef Association

CBB Budget Component: Promotion

I. OVERVIEW

A. AR Description: In 1955 consumers spent 25 percent of their food dollar in restaurants, hotels, and institutions. In 2010, they will spend 49 percent of the food dollar on meals prepared away from home, and the foodservice operators who serve those meals will have invested more than \$24-billion in wholesale purchases of beef.

A recent survey by the National Restaurant Association revealed that 78 percent of adults agree that going out to a restaurant with family or friends gives them an opportunity to socialize and is a better way to make use of their leisure time than cooking and cleaning up at home. In fact, a recession-weary population has begun to eat out more often, and industry forecasts predict that commercial kitchens in the foodservice channel will serve more than 70-billion meals and snacks during 2010, satisfying the consumers' desire for great taste, social interaction, enjoyment, and the ultimate in convenience.

This plan is designed to communicate beef's value to those making business decisions and to inspire those who influence and plan/develop menus with information that makes it easy to serve more beef.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 1,185,100	\$ 1,185,100	\$
Federation of SBCs (FSBCs)	\$ 174,900	\$ 174,900	\$
Other Sources (<i>describe</i>)	\$	\$	\$
Total Funds Requested	\$ 1,360,000	\$ 1,360,000	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 447,174
Federation of SBCs (FSBCs)	\$ 66,052
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR P-08-2011	\$ 513,226

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:** Make Beef An Easy Choice; Demonstrate Beef's Value

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

C. **Committee Recommendations for This AR:** The Joint Foodservice Committee recommends to the Operating Committee that this AR be approved for funding in FY2011.

III. PROGRAM INFORMATION FOR THIS AR

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

Strategy 1 Proposed Cost: \$1,360,000

Specific Tactic Information:

Tactic 1A: Channel Communications, Visibility and Image: Elements of this tactic are designed to impact the 1,000,000-units operating in the foodservice channel, keeping beef top-of-mind and in a strong and competitive position as the leading center-of-the-plate protein. Tactics include national trade advertising and public relations efforts that serve to protect and enhance beef's image among menu decision-makers and influencers. While the tactic targets both independent and chain operators, it is particularly cost-effective way to reach the independents.

Paid Media Program: Approximately 65% of those with the greatest impact on foodservice trends are independent operators who set the standard that others follow (e.g., high-volume chains). These independents are often early adopters of new products and flavor trends. They tend to be nimble and well positioned to capitalize on opportunities that represent competitive advantage and, in many cases, make a positive impact on beef demand.

Within this tactic, we will develop new advertising materials and implement a print and on-line trade media program that builds on previously successful BEEFflexible campaigns and leverages checkoff dollars through advertising bonus benefits. The media program will include prominent foodservice publications that demonstrate an ability to reach menu decision-makers across all segments of the foodservice channel, delivering targeted reach and frequency among independents and chains. This is the most cost-efficient way of effectively reaching and ultimately impacting this broad channel.

A strong media presence as advertiser increases the potential for The Beef Checkoff to serve as a trusted information resource to editors and further enhances our ability to identify additional opportunities to deliver positive messages about beef and beef production, and to manage issues within the channel when necessary.

Earned Media: A major portion of this tactic will be an aggressive trade public relations campaign that results in favorable editorial coverage of beef and the variety of ways it is being served by leading, trendsetting chefs across the country. The timetable for the media public relations campaign will be based on the planned editorial calendars for prominent foodservice publications that reach operators nationwide. The public relations campaign will target editors of those publications and members of the International Foodservice Editorial Council (IFEC). Activities will include deskside visits, office hours and networking events during IFEC's Annual Conference, as well as other media relations opportunities as they arise.

- **Measurable objectives:**
 - Ensure outreach to targeted decision-makers in all metropolitan areas and all foodservice segments, delivering more than 22-million media impressions (print and on-line).
 - Develop and execute an editorial "pitching" calendar that targets feature articles where beef should be included, and secure editorial coverage valued in excess of \$2,000,000 in ad equivalency.
 - Explore possible benchmarks to measure reader action via web links, unique web visits or direct requests for information in FY 2011.

- **Proposed cost:** \$440,000

Tactic 1B: Menu Development and Information Sharing

Competition to own share of the menu is fierce, and post-recession businesses are looking for ways to get more from their protein investment, making it more important than ever to provide them with new recipes and ideas that inspire and inform them of beef's value and versatility across the menu.

- In this tactic, we will develop simple chef-driven recipes (a minimum of four), food photography and beef cut information specific to the types of cuts used in foodservice and the unique features and benefits of each that illustrate how beef can be an easy, exciting and profitable choice for the menu. In addition, we will develop efficient methods to disseminate this information to the foodservice channel using traditional print and digital technologies that provide busy foodservice professionals a variety of ways to access information as they need it – in print and on-line at www.beeffoodservice.com.

- This tactic also includes the production of at least one new foodservice recipe brochure that will be used in fulfillment of inquiries generated by channel advertising and by State Beef Councils in their foodservice marketing activities. Also in support of State Beef Councils, we will develop at least 10 new recipes and companion photographs specifically for them to use or loan, at their discretion, with their foodservice partners.
- **Measurable objectives:**
 - Engage at least 50,000 unique visitors at www.beeffoodservice.com. Establish a loyalty benchmark in FY 2011 to track number of return visits as a measure of the site's value.
 - Build on 2010 launch of "BEEFfoodservice Quarterly" e-newsletter, growing the opt-in subscriber base from 100 (first edition) to at least 400 in 2011, and explore establishing a benchmark to measure reader retention.
 - Establish a benchmark measurement of information distribution by requests and access through combined sources: orders through customer service, page-views and downloads at www.beeffoodservice.com, click-throughs from media partners' digital resources, and requests generated by foodservice print ads
- **Proposed cost:** \$570,000

Tactic 1C: Foodservice Channel Outreach: Connecting directly with foodservice trendsetters, thought-leaders, and high-volume decision makers is key to developing and maintaining strong partnerships for beef, following up on the investment in Foodservice Trade Advertising (Tactic 1A).

This tactic addresses the need for beef to be present and part of the conversation where foodservice influencers and decision-makers are gathered. In contrast to the quick and nimble decision-making that typifies independent foodservice operations, the high-volume chains employ a more complex and time-consuming process that usually involves senior executives from CEO to Purchasing and Quality Assurance, Marketing, and Operations – those who are ultimately accountable for corporate profitability.

At least three strategically significant events will be selected and sponsored or attended based on their appeal to a unique audience of influencers (e.g., chain CEOs, CMOs, Purchasing/QA executives and corporate chefs); and the selection will be enhanced by opportunities to sample beef, share information, and network among attendees in order to identify and build new partners for beef. Some examples of qualifying events would include workshops/seminars/conferences for chefs of high-volume chains, hosted by the Culinary Institute of America; a meeting of the Marketing Executives Group hosted by the National Restaurant

Association; the Multi-Unit FoodService Operators conference for CEO's hosted by *Nation's Restaurant News*, *Food Arts* magazine's annual SOS Barbeque attended by the most influential trendsetting chefs a gathering of Center-of-the-Plate distributor specialists hosted by North American Meat Processors (NAMP).

Also, as part of this tactic, the national foodservice marketing program will work with State Beef Councils to identify and hold up as examples foodservice operators – independent and chains - who are already beef advocates as exhibited by their commitment to menuing and marketing beef to their customers. In addition, these National Beef Backer Awards create a symbolic connection between the cattle and foodservice operations -- both ends of the supply chain -- in a way that creates mutual respect, appreciation and understanding.

▪ **Measurable objectives:**

- Connect with 1,000 menu decision-makers at strategically significant foodservice industry events to develop strong advocates for beef to build confidence among key chain decision-makers to increase the menuing of beef.
- Initiate relationships with at least 12 new menu decision-makers, establishing follow-up appointments to provide cutting demonstrations, present beef industry information, and explore ways to get more beef on their menu(s). Touchpoints and action-steps will be documented in order to create a benchmark for measuring impact.
- Work with State Beef Councils to identify and award National Beef Backers in three foodservice-operator categories: independent, chain, and innovator.

▪ **Proposed cost:** \$250,000

Tactic 1D: Foodservice Co-op Promotions: The goal of this tactic is to keep beef the protein of choice with consumers when dining out by generating interest around new beef cuts or menu introductions and/or exciting new flavor profiles or beef innovations. These partnerships will leverage the checkoff dollars with foodservice operator investment to drive incremental beef sales. These partnerships also may address important checkoff priorities by focusing on beef as an easy choice or demonstrating beef's value in a foodservice application.

▪ **Measurable objectives:**

- Conduct two (2) foodservice co-operative promotions that result in measurable, incremental beef pound and/or dollar sales with an emphasis on those items that add value to the carcass. In addition, the promotions will focus on one or more of the following priorities:
 - New or alternative beef cuts
 - Steak
 - Beef as a lean protein

- Facilitate at least two promotions with foodservice partners that extend the “Beef. It’s What’s for Dinner.” message and/or “I Heart Beef.”
- Leverage checkoff promotion investments to engage partners who will contribute a dollar equivalent investment that is at least ten (10) times greater than the beef checkoff’s investment. This lift allows for added exposure of beef’s overall presence in the foodservice channel and helps to keep beef top-of-mind with consumers when dining out.

▪ **Proposed cost:** \$100,000

IV. DETAILED BUDGET SUMMARY

Strategy & Tactics	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Channel Communications, Visibility, Image	Jane Gibson	09/30/11	\$ 440,000	\$ 383,410	\$ 56,590	
Menu Development and Information Sharing	Jane Gibson	09/30/11	\$ 570,000	\$ 496,700	\$ 73,300	
Foodservice Channel Outreach	Jane Gibson,	09/30/11	\$ 250,000	\$ 217,850	\$ 32,150	
Foodservice Co-Operative Promotions	Jane Gibson,	09/30/11	\$ 100,000	\$ 87,140	\$ 12,860	
Product Total			\$ 1,360,000	\$ 1,185,100	\$ 174,900	
AR Totals			\$ 1,360,000	\$ 1,185,100	\$ 174,900	

V. SUPPLEMENTAL INFORMATION

A. Changes from FY 2010 Approved AR:

- Based on priority directives, budget emphasis has been shifted to address the need for more foodservice recipes, photos, and beef information that can make beef an easy choice for business operators. Despite this shift, however, program elements remain highly integrated with tactics being interdependent.

B. Subcontractor information:

- **Name of proposed subcontractor:** Ketchum Food B2B
- **Will all work with subcontractors be competitively bid? If not, why not?**
Ketchum is the leading foodservice B2B firm. Beef’s relationship with Ketchum is long-standing. A performance evaluation is conducted annually and monthly oversight is stringent. As a strategic industry partner, the agency consistently meets or exceeds expectations.

C. 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.

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	SBC's	Total	CBB/BPOC	SBC's	Total
Product	\$ 1,550,125	\$ 149,190	\$ 1,699,315	\$ 657,434	\$ 63,279	\$ 720,713
AR Totals	\$ 1,550,125	\$ 149,190	\$ 1,699,315	\$ 657,434	\$ 63,279	\$ 720,713

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
Foodservice Marketing	\$ 1,552,135	\$ 2,255,000	\$ 2,605,000	\$ 2,346,941	\$ 2,100,294	\$ 2,459,670
AR Totals	\$ 1,552,135	\$ 2,255,000	\$ 2,605,000	\$ 2,346,941	\$ 2,100,294	\$ 2,459,670