

AUTHORIZATION REQUEST FOR FY 2011

AR Title: MARKET RESEARCH

Name of Contractor: National Cattlemen's Beef Association

CBB Budget Component: Research

I. OVERVIEW

A. AR Description: This AR includes plans and programs for conducting market research with consumers and other beef industry influencers. It supports several strategies including Product, Industry Resource and Nutrition. One major goal of this program is to provide the industry with insights into consumer/influencer attitudes and behavior to facilitate improved program planning, maintain a strong marketing climate for beef and help drive beef demand. A second major goal is to gather key tracking data as a basis for spotlighting opportunities or challenges and guiding response for the industry.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 1,071,800	\$ 1,071,800	\$
Federation of SBCs (FSBCs)	\$ 158,200	\$ 158,200	\$
Other Sources (<i>describe</i>)	\$ -	\$ -	\$
Total Funds Requested	\$ 1,230,000	\$ 1,230,000	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 637,272
Federation of SBCs (FSBCs)	\$ 94,132
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR R-06-2011	\$ 731,404

D. Start date: October 1, 2010

Completion date: December 31, 2011

II. PLANNING INFORMATION FOR THIS AR

A. FY 2011 Priorities Addressed by This AR: Educate Influencers on Beef and Beef Production, Reconnect Consumers with Beef Production, Make Beef an Easy Choice, Demonstrate Beef's Value, Capitalize on the Power of Lean, Implement Cohesive Safety Solutions

B. Committee That Reviewed This AR: Market Research Working Group

C. Committee Recommendations for This AR: The Market Research Working Group 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: \$495,000

Specific Tactic Information:

Tactic 1A: Foundational Product Research – Foundational product research involves the purchase/gathering of tracking information related to consumer attitudes/usage of beef, plus beef's ongoing competitive position in the marketplace. This information is analyzed to further industry perspective and support program development. Insights are widely disseminated, with findings integrated into internal planning presentations, outbound PR, state trend overviews and channel member presentations focused on opportunities for increasing demand.

NATIONAL EATING TRENDS

Purchase and synthesize National Eating Trends (NET) data that provides in-home eatings/servings across a wide number of criteria (e.g., demographics, form, day parts, etc.). An in-depth annual report on beef consumption trends is received. Data is updated quarterly, allowing for strategic ad hoc inquiries throughout the year. Information is used to provide insights for key planning meetings and to respond to ongoing requests from key industry stakeholders (e.g., packers, channel partners, etc.). Data is collected via NET's in-home diary methodology among 2,000 consumers per annum. This information has been collected for over 20 years by NET, providing the industry's most comprehensive and ongoing in-home eatings data set. It thus provides the most objective, comprehensive measurement of how beef is actually being consumed in-home, and how successful beef is at matching up with typical meals being served in America today.

FOODSERVICE VOLUMETRIC

The annual foodservice volumetric study captures current pounds and dollars of beef and chicken sold into major segments of the foodservice channel (i.e., full service, limited service, non-commercial sectors such as education). Research is conducted in the September-October timeframe among 1,000 foodservice procurement executives nationwide. Information provides tracking intelligence for the checkoff foodservice program as well as supporting other channel related efforts like advertising and new product development.

ADVERTISING AND BRAND TRACKER

The checkoff advertising and brand tracker provides an annual measurement of how beef's current advertising and brand is performing relative to chicken, pork, turkey, shellfish and fish. The tracker measures attitudes and behaviors about beef among a nationally representative sample of 600 consumers (300 food and health involved, 300 food and health involved influencers). The value is measured by comparing attitudes of consumers who have seen the advertising versus those who have not. The advertising program sets benchmarks based on this data and targets for improvement year over year.

▪ **Measurable objectives:**

- Provide an annual update of NET trends data to key program managers (e.g., product, nutrition, culinary) to help shape strategic direction.
- Work with NPD/NET to provide the staff with a major report that pulls in other NPD resources on a topic of importance to the industry (e.g., Millennials).
- Present NET insights at 1-2 significant industry planning events.
- Provide summary report of foodservice sales to channel marketing team to help shape their communication and interaction with key stakeholders by December 31.
- Provide summary report of ad/brand tracker results by December 31 to advertising program management in support of potential adjustments to current campaigns.

▪ **Proposed cost:** \$285,000

Tactic 1B: Channels of Distribution – Identify new opportunities for promoting beef in the retail and/or foodservice channels. Of particular focus in FY2011 are efforts to showcase lean cuts of beef, and/or support the roll-out of nutritional labeling for beef.

MEAT CASE OPPORTUNITY RESEARCH

Conduct pre/post field research measuring effectiveness (i.e., positive changes in consumer attitudes) of lean messaging and/or nutritional labeling at the meat case. Channel partners will be pursued and identified by second quarter FY 2011 by the channel marketing team. Field research will follow and will likely involve consumer intercept interviews at retail outlets in select markets. Control stores will also be considered as a way to measure impact.

MENU OPPORTUNITY RESEARCH

Similar research may be pursued with a foodservice partner(s) to measure changes in consumer attitudes related to lean messaging and/or nutritional labeling on menu. The research monies available are not sufficient to conduct testing in both major channels of distribution. Market research will work with the channel marketing team to assess whether a retail or a foodservice test has the highest potential for impact (based on potential partners, legislative mandates, etc.)

- **Measurable objectives:**
 - Provide Retail and/or Foodservice checkoff programs with strategic direction on rolling out nutritional labeling at the meat case/on menu by third quarter FY 2011.
 - Provide Retail and/or Foodservice checkoff programs with strategic insights on the benefits of lean beef at the meat case/on menu by fourth quarter FY 2011.
- **Proposed cost:** \$80,000

Tactic 1C: New Product Development – Support the introduction of new beef products through consumer testing.

NEW PRODUCT TESTING

Product development research will be conducted throughout FY 2011. This research will build on existing efforts to define and develop new convenient products that will allow beef to maintain its leadership position and be the easy choice for busy consumers. Consumer research will also support development of value-added beef products, with a focus on testing products derived from new fabrication solutions from the forequarter and hindquarter. New product research is gravitating towards an emphasis on in-home and sensory testing, focus groups and online research is used to supplement the knowledge gained. Work is conducted on internally developed new products and with products being developed by key channel members. The intent in both cases is to push new products towards commercialization.

- **Measurable objectives:**
 - Provide the new product and culinary team with consumer acceptance direction on new convenient beef prototypes throughout FY2011.
 - Provide the new product and culinary team with consumer acceptance direction on new value added cuts drawn largely from the forequarter and hindquarter throughout FY 2011.
- **Proposed cost:** \$130,000

B. Strategy 2: Industry Resource – Provide knowledge resources and guidance to help strengthen the marketing and business climate for beef.

Strategy 2 Proposed Cost: \$685,000

Specific Tactic Information:

Tactic 2A: Consumer Beef Index, Plus - Provide annual tracking update of consumer perceptions most correlated with beef satisfaction, directly supporting the Beef Industry Long Range Plan objective. Additional analysis will be conducted to further understand and guide potential actions on reasons consumers say they are eating more or less beef.

CONSUMER BEEF INDEX (CBI) TRACKER

Conduct two CBI studies (February and July FY 2011) to measure consumer attitudes and behavior related to beef and competitive proteins. Each study will be completed online with a total of 1,000 nationally representative consumers. Two follow-on online surveys will be conducted to capture key reasons consumers identify for eating more or less beef.

- **Measurable objectives:**

- Present current findings and trends analysis of CBI to program staff in April 2011 to help assess the state of consumer satisfaction with beef.
- Present current findings and trends analysis of CBI to program staff by November 2011 as FY 2012 beef industry priorities are being shaped.
- Present CBI findings to at least 10 beef industry stakeholder audiences by September 30, 2011 (e.g., packers, retailers, foodservice operators, state beef councils).

- **Proposed cost:** \$90,000

Tactic 2B: Demand Building/Target Audience Market Research – This research will be primarily focused in FY2011 on expanding knowledge/ understanding of the Millennial demographic cohort (i.e., the demographic immediately following Generation X, commonly referred to as those with birth dates in the early 1980's to the early 2000s).

MILLENNIAL TARGET ASSESSMENT

The final capstone for this research will be a quantitative survey among 1,000 Millennials to determine attitudes and behaviors unique to this 80 million strong generation that is just entering prime beef consuming purchase years. This research is designed to provide checkoff program areas including issues management, product development, culinary, communication and nutrition with key insights and strategic direction regarding millennial opportunities and challenges.

HEALTHY LIFESTYLE BEEF COMMUNICATION AND POSITIONING

On behalf of the communication team, field an online survey on a series of events or situations where beef can clearly identify itself as the solution to ways to live a healthier, more fulfilling lifestyle. This study would provide a series of “interesting facts” similar to the I Heart Beef data that was provided by market research as an underpinning to communication efforts.

- **Measurable objectives:**

- Share results of the millennial target assessment work with at least 12 stakeholder audiences, including program managers and state partners, by third quarter FY 2011.
- Conduct an online study by first quarter FY 2011, focused on the food and health target audience, that provides underlying facts that can be incorporated into outreach communications.

- **Proposed cost:** \$220,000

Tactic 2C: Consumer issue tracking and analysis – This tactic includes studies that support program planning/execution, issues response and communications strategies to reach consumers and influencers with positive messages about beef and beef production.

CONSUMER ISSUE TRACKING

Conduct studies to track consumer perceptions of beef safety and identify areas of concern to support issue response; data compared to FY10 benchmark – 11% consumers name beef as food of highest safety concern at supermarket and 11% of consumers identify beef as food of highest safety concern at restaurants.

Conduct annual environmental tracker (Dec) to measure consumer awareness/concern about GHG emissions and beef production; data compared to FY09 benchmark – 15% of consumers say they have reduced beef consumption to reduce their carbon footprint, 29% say they are likely to do so.

Conduct annual tracker (May) to measure consumer awareness and concern about factory farming; data comparisons with FY10 benchmarks: 64% of consumers heard term factory farming associated with livestock production; 59% associate factory farming with cattle, 48% specifically with beef cattle.

Conduct an animal welfare tracking study (summer) to analyze consumer perceptions of cattle producers treatment of animals; data to update FY09 benchmarks: 96% of American support raising cattle for food if animals treated humanely, 69% of consumers give industry grade of A or B for providing good care for animals.

ANNUAL GRILLING SURVEY

Analyze consumer grilling behavior to support development of summer grilling communications programs.

PROGRAM RESPONSE SUPPORT

Fast turnaround studies to support Issues Management in providing strategic response related to emerging issues (beef recalls, high profile negative reports/studies, etc.).

Conduct studies in response to program needs as identified and requested by program managers in issues and reputation management, nutrition, food communications and safety. Support development of messages to maintain and strengthen consumer confidence.

CONSUMER PERCEPTIONS OF BEEF & BEEF PRODUCTION

Conduct study to update 2009 data on consumer perceptions of attributes of lean steak/lean ground beef to support nutrition communications (62% of consumers say leanness is most important determinant of quality for ground beef, 32% say leanness most important for steak).

Conduct beef industry reputation study to measure consumer familiarity and favorability to the beef industry; data to update FY09 benchmarks: 20% of consumers very/somewhat familiar with beef industry; those more familiar have favorability rating up to three times higher than those who know little or nothing. Develop and test consumer messages.

INFLUENCER ANALYSIS

Continue identification of influencers and analyze consumer perceptions of influencers, credibility of information sources about beef issues, analysis of consumer response to activists and activist information; support development of messages for influencer outreach.

RECONNECTING CONSUMERS WITH BEEF PRODUCTION

Analyze consumer awareness, perceptions, attitudes and beliefs about beef and beef production. Develop information on producer practices to support consumer education. Support educating consumers about beef production through studies to develop data and establish benchmarks on consumer understanding, expectations and preferences: what do they know (what do they know that isn't true); what matters to consumers (what they want to know); how much do they want to know; where can the industry begin to change perceptions/attitudes to more positive. Develop and test modern beef production messages.

▪ **Measurable objectives:**

- Provide ongoing consumer tracking data throughout FY 2011 to support program management and response/communications decisions by program managers and industry stakeholders in safety, food communications, issues and reputation management and nutrition.
- Provide three reports to program managers and industry stakeholders on consumer confidence in beef safety and analysis of variables that affect confidence.
- Publish and disseminate at least six consumer research reports to industry audiences via Beefresearch.org project snapshots and Beef Issues Quarterly.
- Provide consumer grilling behavior data to the food communications team to support strategy and tactics for promoting summer grilling (Spring 2011).
- Identify the most trusted sources of consumer information about beef and beef production to guide program communications and influencer outreach.
- Report on assessment of progress in industry reputation management using current vs. benchmark data on consumer familiarity with and favorability toward beef industry (summer 2011).
- Provide a report to Issues & Reputation Management program managers and industry stakeholders on effects of environmental issues (GHG emissions) on consumer beef consumption and attitudes about beef (Dec 2011).

▪ **Proposed cost:** \$375,000

Strategy 3: 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 3 Proposed Cost: \$50,000

Specific Tactic Information:

Tactic 3A: Nutrition Market Research – This research will focus on supporting development of positive nutritional recommendations about beef based on the upcoming roll-out of the new dietary guidelines.

BEEF NUTRITIONAL MESSAGING RESEARCH

This research will likely be conducted among key nutrition influencers like dietitians to capture feedback in support of messaging development. Another possible approach will be to capture consumer feedback as a means of then educate influencers on how best to communicate the nutritional advantages of beef. Surveys will be designed to leverage 2010 dietary guidelines as they pertain to beef and will likely include both phone and online interviews.

- **Measurable objectives:**
 - Share messaging opportunity direction with nutrition influencer team by third quarter FY 2011.
- **Proposed cost:** \$50,000

IV. DETAILED BUDGET SUMMARY

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Foundational Product Research	J. Lundeen	12/31/11	\$ 285,000	\$ 248,300	\$ 36,700	
Channels of Distribution	J. Lundeen	12/31/11	\$ 80,000	\$ 69,700	\$ 10,300	
New Product Development	J. Lundeen	12/31/11	\$ 130,000	\$ 113,300	\$ 16,700	
Product Totals			\$ 495,000	\$ 431,300	\$ 63,700	
Consumer Beef Index, Plus	J. Lundeen	12/31/11	\$ 90,000	\$ 78,400	\$ 11,600	
Demand Building/Target Audience Market Research	J. Lundeen	12/31/11	\$ 220,000	\$ 191,700	\$ 28,300	
Consumer Issues Tracking and Analysis	R. McCarty	12/31/11	\$ 375,000	\$ 326,800	\$ 48,200	
Industry Resource Totals			\$ 685,000	\$ 596,900	\$ 88,100	
Nutrition Market Research	J. Lundeen	12/31/11	\$ 50,000	\$ 43,600	\$ 6,400	
Nutrition Totals			\$ 50,000	\$ 43,600	\$ 6,400	
AR Totals			\$ 1,230,000	\$ 1,071,800	\$ 158,200	

V. SUPPLEMENTAL INFORMATION

A. Changes from FY 2010 Approved AR:

- Strategy 1/Tactic 1B: Previous year's retail and foodservice research combined into a common channel of distribution tactic, with a common goal.
- Strategy 2: Beef Environmental Assessment effort is no longer part of the market research AR and the Beef Life Cycle Assessment for FY2011 is a separate AR.
- Strategy 2/Tactic 2B: Monies available to help project managers throughout the year with messaging and targeting now focused on just 2 efforts (Millennials and healthy lifestyle).
- Strategy 2/Tactic 2C: Due to the priority of educating influencers, there is greater emphasis in 2011 on identifying sources of consumer influence and source credibility regarding beef and beef production.

B. Subcontractor information:

- **Name of proposed subcontractor:** IPSOS U.S. Public Affairs for consumer issues research. NPD NET for in-home eatings of beef. Technomics will conduct the foodservice volumetric study. Other contractors will be selected based on expertise in respective areas (e.g., nutrition). Most work conducted related to the target audience (ex. Consumer Beef Index) will be conducted by Pelegrin Research Group (formerly Pelegrin Gray) due to their deep knowledge of how to recruit this audience, and compare results to historical research conducted. Turover Straus has unique intellectual property in the area of convenient fresh beef solutions that make them a unique partner for the work defined in the Attachment A.
- **Will all work with subcontractors be competitively bid? If not, why not?** Yes, unless the chosen contractor is one of very few contractors with unique credentials to do the job, the contractor has run previous waves of the same research (allowing for most robust comparisons), or there is a clear quality differentiator that overcomes a nominal difference in cost. IPSOS was initially selected on the basis of a competitive bid process. It remains the low cost provider of research services and provides the quick response the beef industry frequently needs by offering both weekly telephone and online opportunities at omnibus rates. NET is the defacto diary panel company for analyzing in-home eatings.

C. Identify any relationships between this AR and projects previously funded by the Operating Committee: Some of the research included in this AR is ongoing tracking research that has been funded for a number of years. It is important that the industry stay current on consumer trends and perceptions in order to ensure that the industry is properly responding to changes as they occur.

Consumer issues research in this AR builds on and complements other issues research projects previously funded by the Operating Committee since 1989.

This AR will also build on work conducted in FY 2010 related to tracking of consumer perceptions of beef and beef production issues, nutritional communication opportunities, target audience insights and definition, new product initiatives and safe handling and cooking awareness and practices. The research proposed in this AR complements and builds off work done in all strategic areas.

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	\$ 501,740	\$ 48,280	\$ 550,020	\$ 93,545	\$ 9,008	\$ 102,553
Industry Resource	\$ 739,030	\$ 71,130	\$ 810,160	\$ 110,285	\$ 10,639	\$ 120,924
Nutrition	\$ 45,530	\$ 4,380	\$ 49,910	\$ 18,187	\$ 1,750	\$ 19,937
AR Totals	\$ 1,286,300	\$ 123,790	\$ 1,410,090	\$ 222,017	\$ 21,397	\$ 243,414

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
Market Research	\$ 1,314,689	\$ 1,780,600	\$ 2,073,000	\$ 1,274,199	\$ 1,694,642	\$ 1,975,650
AR Totals	\$ 1,314,689	\$ 1,780,600	\$ 2,073,000	\$ 1,274,199	\$ 1,694,642	\$ 1,975,650