

AUTHORIZATION REQUEST FOR FY 2019

CBB Budget Category: **Industry Information**

Name of Contractor: **North American Meat Institute**

Name of Organization Subcontracting:

Start Date: **10/1/2018**

End Date: **9/30/2019**

AR OVERVIEW

AR Description:

This authorization request (AR) sets forth the strategies and tactics supporting the CBB budget category for industry information. Each of the designated tactic's measurable objectives directly supports the Grow Consumer Trust in Beef and Beef Production core strategy of the Beef Industry Long Range Plan. The strategic initiatives include:

- Certify and Verify Production Practices
- Protect Beef's Image
- Engage Beef Advocates

The Veal Quality Assurance (VQA) program provides producer education and certification to ensure veal calves receive quality care through every stage of life and are raised using ethical production practices that result in a safe, wholesome, quality product that meets or exceeds regulatory and customer expectations. Consumers are confident consuming animal products provided the animals are raised on farms where animal well-being standards are ensured.

The U.S. veal industry employs a unique production and marketing infrastructure. Almost all veal gets its start on a dairy farm. There are 9.3 million dairy cows (USDA 2017), which represents approximately 10 percent of all cattle and calves in the United States.

Dairy cows produce a calf each year. Heifers are raised and returned to the milking herd. There are three primary options for bull calves:

1. Be raised for beef where they are fed up to 12-14-hundred pounds (most of all dairy bull calves are raised for beef);

2. Sold directly from the dairy within a few days for slaughter and marketed as “Bob” veal; or
3. Raised for 20-22 weeks and marketed as milk-fed or formula-fed veal weighing 500 or more pounds.

The majority of all veal meat consumed in the U.S. is from milk-fed veal. Total veal slaughter in 2017 recorded by USDA was 503,300 calves. If half of all calves born to dairy cows are bull calves (4.6 million), the veal industry utilizes a half a million of these calves in veal production, precluding them from being fed and raised for beef.

Veal is primarily raised in six states: Wisconsin, Indiana, Ohio, Michigan, Pennsylvania and New York. There are approximately 700 farm families that raise milk-fed veal. Veal production is also closely aligned with cheese production because a by-product of cheese making – whey protein – is utilized in creating the milk formula. Consequently, milk-fed veal production increases the value of bull calves and demand for whey protein products, which in turn, bolster prices paid to dairy farmers for the calves and milk.

Consumption of veal is heaviest in the Northeast, Florida and in cities like Chicago. Veal is traditionally consumed by people of European descent such as those with a French, Italian, German, Polish, or Dutch ancestry.

In 2017, the U.S. veal industry achieved a ten-year goal set by the American Veal Association to shift raising all milk-fed veal calves to group housing and without tethers. Over the past 10 years, more than \$150-million has been invested by veal growers to build new facilities or renovate existing buildings. Today, almost all milk-fed veal is raised in group pens.

It must be noted that all veal promotional and industry information activities authorized by the Beef Board are funded by veal farmers and importers and dairy producers through their checkoff dollars

The veal formula is a tool that the Cattlemen’s Beef Board uses to estimate the assessments contributed to the Board by the veal industry. The Operating Committee considers the information provided by the Veal Formula when they are making funding decisions.

The veal industry relies heavily on checkoff dollars to manage the VQA program and keep veal top of mind with consumers and channel marketer decision makers, creating a more favorable and sustainable marketplace for veal.

This AR recommends program elements to showcase the industry efforts and high standards veal farmers employ to produce safe, high quality, humanely-treated and sustainable veal that meets or exceeds consumer expectations.

This AR specifically addresses the core strategy to “Grow Consumer Trust in Beef and Beef Production” through the following strategic initiatives:

- Certify and Verify Production Practices
- Protect Beef’s Image
- Engage Beef Advocates

Cost of this AR:

Source of Funding	Direct Costs	Implementation	Total
CBB/BPOC Funding Request:	\$100,000	\$20,000	\$120,000
Federation of SBCs Funding Request: (Informational Only)	\$0	\$0	\$0
Other Funding Source(s): (Informational Only)	\$0	\$0	\$0
Total Cost	\$100,000	\$20,000	\$120,000

Long Range Plan Core Strategies Addressed by this AR *(Check all that apply)*

Grow Beef Exports	Consumer Trust	Protect & Enhance	Beef’s Value Proposition
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Digital properties and target audience(s) addressed by this AR:

The digital property is www.vealfarm.com

The target audiences for this AR include:

- veal farmers, family members and employees
- veterinarians who primarily serve the veal industry
- veal feed company representatives & nutritionists
- veal packer/processors
- state beef council and BQA staff primarily in veal producing states
- veal customers in retail and food service
- dairy and trade publications such as Dairy Herd Management, Lancaster Farming, Meating Place and National Provisioner
- food writers/bloggers interested in veal and the consumer audiences they reach

PROGRAM INFORMATION FOR THIS AR**Tactic A**

Tactic Name: Veal Quality Assurance

Tactic Description:

Veal Quality Assurance (VQA) is the program that certifies and verifies production practices. Protecting beef's (veal) image is also an important initiative addressed by this tactic. VQA was revised by a technical advisory group and released in 2018. Re-certification is required every three years. This tactic is primarily directed to the veal growers, their dairy partners and the packer-processors they supply.

- The focus of the FY19 AR will be program management to confirm all independent and company-owned milk-fed veal calves are raised on farms that are VQA certified. Outreach to veal farmers, veterinarians, and veal packer/processers engaged in veal production will be conducted. As part of this program management, a full assessment of where milk-fed veal are raised will be conducted. This will require comprehensive survey intercepts with all industry stakeholders, packer/processors, veterinarians, feed companies and independent growers.
- A train-the-trainer webinar lead by veterinarians for industry stakeholders, including state beef councils, will be conducted addressing VQA best management practices and certification requirements. An important element of this project will be to capture photos and video of industry best practices to utilize in the train-the-trainer webinar.
- Media outreach to leading dairy publications will help promote the program and best management practices for dairy bull calf care.

Encourage National DAIRY Farm and Beef Quality Assurance to include online links to the Veal Quality Assurance program. VQA currently includes links to these programs for additional resources in the VQA training materials.

Measurable Objectives *(List at least three outcome-based objectives for this tactic):*

- Provide ongoing program management to ensure 95% of all U.S milk-fed veal are from VQA-certified farms.
- Conduct an industry survey to verify where all milk-fed veal are raised. The survey will gather size of farms, ownership of the calves, location of processing facilities for veal, confirm the status of group housing and further ensure VQA is practiced. A comprehensive report will be prepared based upon the survey data.

- Present a VQA Train-the-Trainer webinar lead by veterinarians for industry leaders responsible for implementing VQA in the field. The webinar will be conducted in January 2019 with a goal of having 25 industry participants or more.
- Create a bull-calf care release bylined by a veterinarian for distribution to key dairy publications including Dairy Herd Management, Lancaster Farming and Progressive Dairywomen to promote VQA best practices and animal well-being. Achieve a minimum reach of 60,000 farmers and industry leaders with the article.
- Provide monthly program updates to 350 industry stakeholders through the Veal Industry e-newsletter and achieve a 25 percent open rate.
- Provide quarterly updates by mail to veal producers who do not have access to the internet.
- Present a VQA program update and solicit input from 40 stakeholders at the 2019 Veal Summit.

Performance Efficiency Measures

Consumer Reach Goal: 61,500

Consumer Engagement Goal: 1500

Voice/KOL Reach Goal: 6,500

Voice/KOL Engagement Goal: 650

LRP Strategic Initiatives Addressed by this Tactic *(Check all that apply)*

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt traceability systems <input type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input checked="" type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production tech. <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Attract, develop & enable the next generation <input type="checkbox"/> Defend beef's product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve sustainability <input type="checkbox"/> Research & communicate beef's nutritional benefits <input type="checkbox"/> Connect & comm. with consumers <input type="checkbox"/> Improve product & production efficiency

Committee(s) to Score this Tactic *(Check all that apply)*

Consumer Trust	Export Growth	Innovations	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

Tactic B

Tactic Name: Protect and Promote Veal's Image

Tactic Description:

The veal industry has a positive story to share with those who consume veal. This tactic will be instrumental in getting the news out to key opinion leaders, consumers and others about how veal are raised today. This tactic is focused on protecting the image of the veal industry.

Refresh the www.vealfarm.com website.

This website has not been significantly updated since 2015. Content needs to be reviewed and updated, and new images need to be added to more accurately reflect today's modern veal farms. Since vealfarm.com does not have any additional social media properties, a promotional calendar and graphics will be created to encourage industry stakeholders, including key state beef council staff, to promote the website and the veal farm story on their social media platforms.

Produce new images and video content.

There is nothing more powerful than images and video online. The veal industry needs both on their website. A key component of the website refresh will be a series of short videos that will be produced addressing updates about the veal industry. These videos will be posted on the website and promoted to industry partners to further extend through their social media platforms. A photo shoot on multiple veal farms will also be completed providing images needed for the website refresh. These new resources will be made available to state beef councils to help enhance their veal promotion efforts.

Food Writers/Influencer Farm Tour

To help amplify the veal industry's story, food writers/influencers would be identified to participate in a veal farm tour. These food writers would be strategically selected based on their interest in veal and the publication they write for or blog they produce. Depending on final budget, five to six food writer/influencers would participate in the veal farm tour and in exchange create a series of digital media content about the veal industry. Having these writers create stories and share images from the tour will be an effective and credible way to extend the story about how veal is raised humanely and ethically by farm families today. A pre-and post-tour survey will be conducted with the

participants to measure the effectiveness of the tour to improve their knowledge and understanding of the veal industry.

Measurable Objectives *(List at least three outcome-based objectives for this tactic):*

- Complete the VealFarm website refresh and introduce information content calendar posts by March 2019. Promote the refreshed VealFarm website through search engine optimization and purchased and organic social media advertising to achieve a 25 percent increase in monthly page views over the comparable periods in 2018.
- Conduct a veal food writer/influencer tour that positively shifts tour participants' perception that veal calves are raised humanely using best industry practices for animal well-being from no/unsure to yes based on pre- and post-tour assessment survey instruments. The goal is to shift a minimum of 80 percent of those responding no/unsure on the pre-tour survey to yes on the post-tour survey.
- Follow-up and remain engaged with each food writer/influencer attending the tour to ensure they publish a minimum of two pieces of content that is promoted on their social media platforms within 4 months of the tour resulting in an aggregate consumer reach of 200,000.

Performance Efficiency Measures

Consumer Reach Goal: 245,000

Consumer Engagement Goal: 2500

Voice/KOL Reach Goal: 1,350

Voice/KOL Engagement Goal: 400

LRP Strategic Initiatives Addressed by this Tactic (Check all that apply)

Drive Export Growth	Grow Consumer Trust	Protect & Enhance Business Climate	Beef's Value Proposition
<input type="checkbox"/> Adopt traceability systems <input type="checkbox"/> Increase market access <input type="checkbox"/> Promote unique attributes of U.S. beef	<input type="checkbox"/> Ensure antibiotic stewardship <input checked="" type="checkbox"/> Certify & verify production practices <input type="checkbox"/> Ensure beef safety <input checked="" type="checkbox"/> Protect beef's image <input checked="" type="checkbox"/> Engage beef advocates	<input type="checkbox"/> Research & innovate new production tech. <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Motivate producers & stakeholders to engage <input type="checkbox"/> Develop crises management plans <input type="checkbox"/> Attract, develop & enable the next generation <input type="checkbox"/> Defend beef's product identity	<input type="checkbox"/> Revolutionize beef marketing & merchandising <input type="checkbox"/> Measure & improve sustainability <input type="checkbox"/> Research & communicate beef's nutritional benefits <input type="checkbox"/> Connect & comm. with consumers <input type="checkbox"/> Improve product & production efficiency

Committee(s) to Score this Tactic (Check all that apply)

Consumer Trust	Export Growth	Innovations	Nutrition & Health	Safety	Investor Relations	Mkt. Research
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

SUPPLEMENTAL INFORMATION FOR THIS AR

1. Will all work detailed in this AR be completed by the end of the fiscal year?

Yes

If not, please provide an explanation.

2. Please explain changes from FY 2018 approved AR:

- Emphasis on implementing revised VQA program requirements.
- Outreach to veal growers.
- Revising and updating the Veal Farm website.
- Coordination and outreach to BQA and dairy farm programs
- Sharing the positive message about today's veal.

3. List any proposed subcontractor/agencies that will be used to complete the work in this AR.

Look East

4. Will all work with subcontractors be competitively bid?

No

If not, why not?

Look East has knowledge and experience (multiple years) in managing the VQA program and collaborating with industry stakeholders. Knowledge and experience with the milk-fed veal industry is not something easily found with other agencies. Their expertise and experience will deliver impactful results and positive outcomes for the beef industry.

5. Please list any relationships between this AR and projects previously funded by the Operating Committee:

The BPOC has funded Industry Information ARs supporting VQA in past fiscal years.

DETAILED BUDGET SUMMARY

CBB/BPOC Funding Request:

Committee	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	BPOC	\$ 50,000	\$ 10,000	\$ 60,000
Consumer Trust	B	Protect and promote veal's image	BPOC	\$ 50,000	\$ 10,000	\$ 60,000
AR Totals				\$ 100,000	\$ 20,000	\$ 120,000

Federation of SBCs Funding Request: (Informational Only)

Committee	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	Federation			\$ -
Consumer Trust	B	Protect and promote veal's image	Federation			\$ -
AR Totals				\$ -	\$ -	\$ -

Other Funding Source(s): (Informational Only)

Committee	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance				\$ -
Consumer Trust	B	Protect and promote veal's image				\$ -
AR Totals				\$ -	\$ -	\$ -

Total Cost Summary for All Funding Sources: (Informational only)

Committee	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	All	\$ 50,000	\$ 10,000	\$ 60,000
Consumer Trust	B	Protect and promote veal's image	All	\$ 50,000	\$ 10,000	\$ 60,000
AR Totals				\$ 100,000	\$ 20,000	\$ 120,000

Summary of Prior Year Budget:	FY 2018 Approved Budgets						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Total	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ 40,000	\$ 10,000	\$ 50,000

Summary of Prior Year Actual Expenses:	FY 2018 Actual Expenses (through May 30, 2018)						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Total	\$ 42,124	\$ -	\$ -	\$ 42,124	\$ 38,278	\$ 3,846	\$ 42,124

Historical Summary of Budgets and Expenses	Total Approved Budgets			Total Actual Expenses		
	FY 2017	FY 2016	FY 2015	FY 2017	FY 2016	FY 2015
AR Total	\$ 60,000	NA	\$ 115,625	\$ 57,408	NA	\$ 115,625