

## AUTHORIZATION REQUEST FOR FY 21

CBB Budget Category: **Industry Information**

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

Name of Organization Subcontracting:

Start Date: **10/1/2020**

End Date: **9/30/2021**

### AR OVERVIEW

#### **AR Description:**

#### **RENEWED FOCUS**

Veal industry stakeholders gathered through a series of virtual meetings to discuss and review the marketing and promotion direction for the long-term success of the veal industry. Helping to facilitate this planning was Kevin Ochsner of Agcellerate, facilitator of the Beef Industry Long Range Plan. Consumer research, industry interviews and online surveys were carefully assessed along with a Veal Long Range Plan that mirrors the beef industry plan. During the virtual Veal Summit held in May 2020, veal growers, industry leaders and state beef councils participated in an online meeting to prioritize initiatives and chart a renewed and focused direction for veal. This input prioritized the following strategic initiatives:

- Facilitate innovative approaches for consumers to access and purchase veal
- Enhance veal eating experiences by creating meal solutions and capitalizing on taste, value and versatility
- Grow consumer trust and confidence in veal and veal production

The focus on all programming and messaging for veal promotion and industry information funded by the Beef Checkoff moving forward includes three areas:

**Discovery** of, **Access** to and **Confidence** in veal as a protein choice.

Millennial consumers today have little if any awareness or knowledge of veal as a meat choice. Furthermore, availability and visibility of veal in the marketplace is a challenge. The new emphasis on discovery, access and confidence is designed to address this.

A 2019 Veal Industry Survey reported 60% of veal is consumed in foodservice and 40% at retail. The leading veal consumption markets include Baltimore/Washington DC, Los Angeles / Southern California, New York City metro, New Orleans, Philadelphia, Boston, Chicago, Dallas, Las Vegas and Miami. Additionally, there are online options

available for consumers to purchase veal direct, however, awareness and knowledge of veal as a choice is minimal.

Discovery, access and confidence are essential marketing strategies to enhance veal demand.

To further strengthen the program development and implementation for veal promotion, a new partnership arrangement has been established where the New York Beef Council will serve as a subcontractor to NAMI for the veal marketing and promotion efforts funded by the Beef Checkoff. This partnership will enhance State Beef Council engagement nationwide extending impact of the checkoff programs.

There are two Authorization Requests (AR), Promotion and Industry Information that have been developed collaboratively to address this renewed focused for veal.

The tactics in the Industry Information AR will focus on growing consumer trust and confidence in veal production. The program plans meet both the veal industry stakeholder priorities as well as the Checkoff Consumer Trust Committee priorities:

- Certify and verify production practices
- Protect beef's image
- Engage beef advocates

A meaningful interrelationship exists between the strategies and tactics outlined in this AR. For example, the initiative to certify and verify production practices provides the foundation for VQA's best management practices to raise veal calves with high standards of animal care and sustainability. The quality assurance framework creates content to proactively convey to consumers and influencers, and thus, protect beef's image. Advocates are engaged to further extend the industry's story and dispel misinformation. Furthermore, issues/crises management prepares and protects the industry, when and if issues escalate. These efforts engage the industry and influencers that ultimately reach consumers to grow trust and confidence in beef (veal) and beef production.

## **BACKGROUND ABOUT VEAL**

Uniquely positioned between both the dairy and beef industries, veal is a meat derived primarily from young Holstein bull calves. Bull calves are typically sold shortly after birth through local auction markets or purchased directly by others who will raise them for beef or veal. Most Holstein bull calves are raised for beef and some are marketed for veal. There are two primary classes of veal.

- Bob veal are those dairy calves sold and marketed shortly after birth. According to USDA, in 2019 there were 354,137 bob calves processed in the U.S.
- Formula-fed calves are those dairy bull calves that are raised for about 6 months and harvested at approximately 500 pounds. USDA reports in 2019 there were 196,887 formula-fed calves processed.

Given the size of these calves at harvest, in 2019 formula-fed calves provided 69% of the veal meat available to consumers and bob calves contributed 19%. USDA reports

non-formula fed calves and heavy calves contributed an additional 12% of the veal meat in the market.

Formula-fed veal calves are also referred to as formula-fed or special-fed. Every formula-fed veal calf typically contributes \$2 to the beef checkoff, and every dairy bull calf marketed as veal is less beef in the market.

Veal meat is light pink in color, similar to pork. Veal is very tender and has a mild flavor making it popular with restaurant and home chefs for taking on flavors. Cutlets are the most common cut of veal; roasts, chops and ground veal are also popular.

Veal is a lean, versatile meat that can be sautéed, grilled, braised, stewed or broiled. While it contains less fat than beef, veal is a high-quality protein source and is rich in essential vitamins and minerals like vitamin B-12, niacin, zinc and selenium. A 3-ounce serving of cooked, trimmed lean veal has just 170 calories, making it one of the most nutrient-dense protein foods around.

Veal is primarily raised in the Northeast including the states of New York, Pennsylvania, Ohio, Michigan, Wisconsin and Indiana. Raising veal is very much a family affair. Most farms annually raise about 200 calves and many farmers raising veal today are Amish or Mennonite.

While veal production in the U.S. has had a “troubled past” according to some, for more than a decade, special-fed veal production has reinvented itself with new and updated facilities including group housing for all calves and best management practices that consistently deliver safe, quality meat. There is a strong commitment by the industry to providing high standards of animal care as outlined by the Veal Quality Assurance (VQA) program. Confirmed through licensed veterinarians, over 95% of all U.S. domestically produced formula-fed veal is derived from VQA certified farms.

After touring veal farms in Indiana, Maureen Hansen described today’s veal industry in an article for Dairy Herd Management by saying, “It’s something akin to the long, lost cousin who shows up at the family reunion and turns everyone’s head with his handsome family and solid career. Nobody remembers much about him, other than he’d been through some rough chapters in his life – but, wow, look at him now!”

At a time when consumers are carefully considering their protein options, veal’s on-farm story of animal care and sustainability is worth sharing. The Nielsen Global Corporate Sustainability Report indicates high levels of interest from millennials to sustainability and brands. The report found 90% of millennials are willing to spend more money for sustainable products compared to 61% of boomers.

The goal of this AR is to help inspire confidence in veal and veal production by sharing the industry’s story of animal care and sustainability. These industry initiatives lend support to veal attributes of being a great tasting, versatile and high-quality protein

source for millennials. Activities in this AR will provide reinforcement to the consumer and channel marketing efforts deployed in the veal Promotion AR.

Funding	Direct Costs	Implementation	Total
<b>CBB/BPOC Funding Request:</b>	\$79,407	\$20,000	\$99,407

Other Potential Funding	Direct Costs	Implementation	Total
Federation of SBCs Pledges: (Informational Only)	\$0	\$0	\$0
Other Funding: (Informational Only)	\$0	\$0	\$0

**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 checked="" type="checkbox"/>	<input type="checkbox"/>

**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 for raising formula-fed veal. Recertification is required every three years, although some prefer to recertify every year. The focus of the FY21 AR will be continued program management to confirm all independent and company-owned formula-fed veal calves are raised on farms that are VQA certified. This includes communication outreach to veal farmers, veterinarians, calf procurement managers and veal packer/processors engaged involved in veal production as well as dairy industry partners who supply calves to veal growers. This AR ensures activities to support, verify and record certification initiatives and updates which are necessary for the integrity of the program.

This past year, VQA was invited to collaborate with other organizations to consider the development of guidelines for calf raising facilities. In the 2020 AR period, the University

of Wisconsin completed a comparison of the content and execution of BQA, DCHA, FARM, and VQA as part of the Calf Raiser Working Group initiatives. Within the University of Wisconsin's assessment were recommendations for VQA. Those updates will be incorporated into the VQA program as new materials are distributed. VQA will continue collaboration with BQA, National Dairy FARM and the Dairy Calf & Heifer Growers to advance overall calf health and wellbeing as the new Calf Raiser initiative is developed.

VQA is the only program that addresses best management guidelines for caring for veal calves and producing veal.

The 2019 USDA "Red Book" indicated there were no residue violations noted for formula-fed veal demonstrating the VQA program is helping to deliver on the industry's commitment of safe, quality veal to consumers. However, residues continue to be an issue in bob veal calves. Implementing best management practices for dairy bull calves is essential for reducing these residues. The Calf Raiser Program initiative with leadership from BQA and the National Dairy Farm programs will help address this education need. The VQA program will help support this initiative to communicate best management practices regarding residue prevention to the industry.

#### VQA to Include Antibiotic Stewardship Education

Antibiotic use is vital to the health and welfare of food producing animals. However, improper antibiotic use may contribute to antibiotic resistant infections in humans. Therefore, careful stewardship of antibiotic resources is necessary to build consumer trust and improve the long-term sustainability of animal agriculture. Appropriate administration of antibiotics is particularly important for calves raised for veal as they are often immunocompromised due to unknown colostrum management practices on the dairy farm of origin. Prior research by The Ohio State University College of Veterinary Medicine has also documented calves arrive at growing facilities with additional health issues; for example, one-fourth of calves arrived at growers in Ohio with navel infections, and roughly one-third were treated with antibiotics for diarrhea and/or respiratory disease within 21 days after arrival. Although veterinarians prescribe and dispense antibiotics, veal growers are responsible for making the decision to initiate antibiotic therapy based on subjective judgments of disease severity. Further, formal training to diagnose disease is generally not provided to growers, leading to large variations between, and even within, farms with regard to initiation of antibiotic therapy. For example, the OSU research team demonstrated nearly two-thirds of veal growers reported using antibiotics when provided descriptions of cases of calf diarrhea or milk pneumonia where written veterinary protocols suggested antibiotics were not needed. Thus, there is a critical need for veal calf producer-focused educational materials to guide treatment decisions to safeguard calf health and welfare and improve antibiotic stewardship. Positive results will be critical to the veal industry, as it would validate an industry-led and voluntary method to reduce antibiotic use.

As an extension of VQA, the program will collaborate with the OSU animal welfare team to provide training for a comprehensive antibiotic stewardship plan to growers, veterinarians and industry stakeholders to help successfully modify antibiotic use behaviors among veal growers. This initiative is not being addressed by other certification programs and is uniquely directed at veal growers.

Information about VQA and the industry's commitment to animal care and sustainability will be communicated to consumer influencers and other industry stakeholders to help inspire consumer confidence in veal as part of the Veal Promotion AR. We know consumers are asking for more information about how veal is raised and the wellbeing of the animals. The VQA program provides best management guidance and confirmation that formula fed veal calves receive quality care through every stage of life and are raised using production standards that result in a safe, wholesome, quality product that meets or exceeds regulatory standards and customer expectations.

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

- Provide ongoing program management to ensure 95% of all domestically produced U.S formula-fed veal are derived from VQA-certified farms as confirmed by licensed veterinarians.
- Collaborate with The Ohio State University College of Veterinary Medicine to package resources and then deliver a comprehensive antibiotic stewardship plan to a minimum of 40 participants including growers, veterinarians and industry leaders through a series of workshops. Pre and post surveys will be completed with 75% of participants indicating they can correctly identify cases of disease requiring antibiotic treatment as a result of the workshop.
- Provide program and industry updates on VQA to veal growers and industry professionals through a quarterly newsletter to approximately 250 industry contacts and achieve an open rate of 20%.
- Present a VQA program update and solicit input from a minimum of 20 stakeholders at the 2021 Veal Summit to be delivered virtually online.

**Performance Efficiency Measures**

**Producer Reach Goal:** 1,000 growers/farmers

**Producer Engagement Goal:** 320 growers/farmers

**KOL Reach Goal:** 1000

**KOL Engagement Goal:** 200

**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
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- |   |   |  |   |
|---|---|--|---|
| <input type="checkbox"/> Adopt animal I.D. traceability systems | <input checked="" type="checkbox"/> Ensure antibiotic stewardship         | <input type="checkbox"/> Research & innovate new production technologies       | <input type="checkbox"/> Revolutionize beef marketing & merchandising       |
| <input type="checkbox"/> Increase market access                 | <input checked="" type="checkbox"/> Certify & verify production practices | <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations    | <input type="checkbox"/> Measure & improve our sustainability               |
| <input type="checkbox"/> Promote unique attributes of U.S. beef | <input checked="" type="checkbox"/> Ensure beef safety                    | <input type="checkbox"/> Motivate producers & stakeholders to engage in issues | <input type="checkbox"/> Research & communicate beef's nutritional benefits |
|   | <input checked="" type="checkbox"/> Protect beef's image                  | <input type="checkbox"/> Develop crises management plans                       | <input type="checkbox"/> Connect & communicate directly with consumers      |
|   | <input type="checkbox"/> Engage beef advocates                            | <input type="checkbox"/> Defend beef's product identity                        | <input type="checkbox"/> Improve our product                                |

**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"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Tactic B**

**Tactic Name: Veal Advocacy Training and Engagement**

**Tactic Description:**

Through the strategic planning process for veal and input received from the Veal Summit, industry leaders requested additional resources and training to ensure the industry has knowledgeable and effective advocates for veal. Research continues to show consumers trust farmers and other on-farm experts when they can hear from them directly to help answer their questions about how food is produced. Advocates for veal need to be continually identified and empowered to help share their message with the veal industry. These individuals include veal growers, veterinarians, nutritionist, dairy farmers and SBC staff. Online dairy influencers will be identified and invited to participate as well. Ensuring dairy farmer advocates understand the veal industry is beneficial should issues arise related to dairy calves. This additional collaboration is also beneficial given more than 50% of veal growers are Amish or Mennonite and are unavailable for media and online outreach. Program elements include identifying

prospective advocates, training and empowering individuals to help extend the on-farm veal message. Program materials including communication guidelines, industry messages, an industry fact sheet, one infographic, and a video will be provided to support their efforts. The on-farm veal story of animal care and sustainability will be extended directly to consumers and other influencers through additional initiatives of the Promotion AR. Consumer reach and engagement will also be measured as part of the Promotion AR. The overall on-farm messages will be package to inspire millennial consumer to discover veal; know where they can purchase it (access) and be confident in choosing veal.

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

- Develop veal advocacy program materials, for the industry including state beef councils to utilize, and provide a virtual training workshop to empower 5-10 veal consumer or industry advocates with the skills each complete a minimum of 3 communication initiatives directed to consumers; such as, a presentation, consumer engagement activity or social media content. When appropriate, advocates will implement pre and post surveys with the target audience to assess impact of the messages.
- Online dairy influencers will be empowered to share the veal farm story following a virtual on-farm veal tour through the posts they create and place on their digital platforms with an estimated reach of 5,000 dairy farmers and other industry stakeholders, enhancing their knowledge of the industry.
- Provide 4 advocacy program updates through a quarterly newsletter to approximately 250 industry contacts and achieve an open rate of 20%.
- Present a veal advocacy update and solicit input from a minimum of 20 stakeholders at the 2021 Veal Summit to be delivered virtually online.

**Performance Efficiency Measures**

**Consumer Reach Goal: 5,000**

**Consumer Engagement Goal: 200**

**KOL Reach Goal: 1000**

**KOL Engagement Goal: 200**



**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
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- Adopt animal I.D. traceability systems
- Increase market access
- Promote unique attributes of U.S. beef

- Ensure antibiotic stewardship
- Certify & verify production practices
- Ensure beef safety
- Protect beef's image
- Engage beef advocates

- Research & innovate new production technologies
- Ensure beef's inclusion in dietary recommendations
- Motivate producers & stakeholders to engage in issues
- Develop crises management plans
- Defend beef's product identity

- Revolutionize beef marketing & merchandising
- Measure & improve our sustainability
- Research & communicate beef's nutritional benefits
- Connect & communicate directly with consumers
- Improve our product

**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"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SUPPLEMENTAL INFORMATION FOR THIS AR****1. Please explain changes from FY 2020 approved AR:**

The renewed focus in this AR is primarily on industry stakeholders and their efforts to inspire consumer confidence in veal and veal production. The tactics included in this AR meet the Beef Industry Long Range Plan, but also reflect the new strategic focus identified by veal industry stakeholders. That included these core strategies: Discovery of, access to and confidence in veal. A new addition to this AR is advocacy training and engagement. We are also adding a veal farm tour for online dairy advocates. Given the close interrelationship between veal and dairy, we believe it is valuable to provide a comprehensive veal farm tour. There are influential online dairy influencers who have requested to attend a tour in the past and so, planning one for their engagement this year will be beneficial for VQA and issues management. A farm tour (likely implemented virtually) organized specifically for channel marketers of veal is another new addition. This effort seeks to enhance awareness and understanding the industry. Another important adjustment, is the planned inclusion of the on-farm veal message direct to consumers through promotion efforts which are contained in the Veal Promotion AR. The initiatives completed in the Industry Information AR will serve and support the Consumer Promotion efforts under the leadership of the New York Beef Council, a subcontractor to NAMI.

**2. List any proposed vendors/agencies that will be used to complete the work in this AR.**

Look East has multi-years of managing VQA as well as experience and relationships in the veal industry.

**3. Will all work with vendors 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 formula-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.

**4. 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.

**CBB/BPOC Funding Request:**

Committee Name	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	BPOC	\$ 55,000	\$ 15,000	\$ 70,000
Consumer Trust	B	Beef (Veal) Advocacy Training and Engagement	BPOC	\$ 24,407	\$ 5,000	\$ 29,407
<b>AR Totals</b>				\$ 79,407	\$ 20,000	\$ 99,407

**Federation of SBCs Pledges/Other Funding Source(s): (Informational Only)**

Committee	Tactic	Tactic Name	Funding Source	Direct	Implementation	Total
Consumer Trust	A	Veal Quality Assurance	Federation	\$ -		\$ -
Consumer Trust	B	Beef (Veal) Advocacy Training and Engagement	Federation	\$ -		\$ -
<b>AR Totals</b>				\$ -	\$ -	\$ -

**Summary of Prior Year AR Budgets and Expenses:**

Summary of Prior Year Budget:	FY 2020 Approved Budget						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Totals	\$ 157,716	\$ -	\$ -	\$ 157,716	\$ 137,000	\$ 20,716	\$ 157,716

FY 2020 Actual Expenses (through June 30, 2020)	FY 2020 Actual Expenses						
	CBB/BPOC	FSBCs	Other Source(s)	Total	Direct Cost	Impl.	Total
AR Totals	\$ 136,339	\$ -	\$ -	\$ 136,339	\$ 122,510	\$ 13,829	\$ 136,339

**Historical Summary of Budgets and Expenses: (includes all funding sources listed in original AR)**

	Total Approved Budgets			Total Actual Expenses		
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017
	AR Totals	\$ 120,000	\$ 50,000	\$ 60,000	\$ 118,760	\$ 48,416