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Checkout the Checkoff

by Amy Lyons

The program which, in the words of Cattlemen's Beef Board Chairman Glen Klippenstein, has "allowed the beef industry to come of age" celebrates its fifth year of existence this fall. Since 79 percent of cattle producers voted "yes" in a national referendum in 1988 to continue the \$1 per head checkoff, what road has the beef industry been travelling and what is its destination?

Background

In 1980 and again in 1985, cattle producers were asked in national surveys what they wanted from a beef promotion program. With the omnipresent goal of increasing consumer demand for beef, the Beef Promotion and Research Act of 1985 purported to give the industry what it wanted: a fair, uniform, producer-controlled program. The Act ensured the preservation of local input by returning 50 cents of every \$1 to a state beef council; the other 50 cents is governed directly by the Cattlemen's Beef Promotion Board.

Where do the dollars go?

The projected \$45 million budget for fiscal year 1992 sends checkoff dollars directly into funds for beef research, promotion and consumer and industry information.

An Eye on the Marketplace

The research arm of the program involves studies of the current and future marketplace, the effectiveness of market development efforts and new product development.

Of foremost importance is targeting research to address industry priorities. For example, it was four years of checkoff-funded research aimed to produce a low-fat ground beef which led

to the creation of McDonald's McLean Deluxe™ sandwich and the placement of low-fat ground beef on school lunch program menus.

"The development of low-fat ground beef is a perfect example of what checkoff research is all about," says J.O. "Bo" Reagan, National Live Stock and Meat Board associate director of product technology research. "In 1987



we knew ground beef included 44 to 45 percent of the beef consumed at home or in restaurants. We also knew that there was an eating shift— an increase in demand of low-fat products." With this in mind, in 1987 the Beef Industry Council and the Cattlemen's Beef Board funded five research projects which would develop a less than 10 percent fat ground beef with sensory attributes equal to or better than regular ground beef.

Of those funded, research concluded by Dale Huffman, professor of Animal Sciences and Industry at Auburn University, was accepted as the basic blueprint for the McLeanDeluxe™.

"One of the major things (the research) has done is stimulate demand for beef," Huffman says.

Reagan concurs. "(Low-fat ground beef) is one thing which may lead us a little faster to a value based marketing system."

Advertising for the future

Producers who attended the recent summer meeting of the Beef Promotion and Research Board in Reno, Nev., found themselves with quite a challenge. Discussion centered around a strategic marketing analysis of the checkoff program, conducted by Booz-Allen & Hamilton Inc. (BA&H), an international consulting firm. The study confirmed that the checkoff has been doing its job, but also recommended some new directions for the beef industry's marketing programs. The board reviewed how the analysis will fit into the checkoff program's long-range plan.

Among other suggestions, the BA&H study shows that the beef industry should emphasize its promotional and advertising message on two of the five target primary groups identified, the new traditionalists and the convenience oriented. "They looked at consumers in a way we haven't looked at them before," says Jeanne Sowa, Meat Board executive vice president of marketing. "Although no new primary research was done, they regrouped and suggested that we might be better spending our money on new campaigns rather than continuing in the same direction."

Sowa adds that the two new target groups may be reached by "pointing out the reasons why people buy beef, such as its ability to be used in so many meal settings," not by debunking presumed health myths as advertising directed toward affluent, health-conscious consumers now does.

In actuality, the BA&H plan expands on past successes, explains Monte Reese, Beef Board chief executive officer. "They recommend that we focus on the variety of beef with a

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supporting health message within the first 12 months, concentrating on the two consumer groups, retail, fast food and distribution outlets and health research publication." In the second year, BA&H suggests piloting the meat case with a retail partner and advertising the new message on different levels to multiply the effectiveness of checkoff dollars.

Evaluating its effectiveness

"It is problematic to say that because of 'X' program there was a change in consumer behavior," says Sowa. But when it was evaluated recently by economists at the University of Florida, the checkoff program was found to have generated a \$5.26 return for every \$1 invested. It is estimated that fed cattle prices were \$2.75 per hundredweight

higher from 1987 to 1990 than they would have been without the checkoff.

"The question, 'which program gives you the most bang for the buck?' is difficult to answer quantitatively," Sowa says. "We do know that demand for beef is higher today than it would be without the checkoff program in place."

Marketing Study Recommends New Directions for Beef Checkoff

At a May meeting in Kansas City, the Beef promotion Operating Committee heard the report of a strategic marketing analysis project which recommends some new pathways for the beef checkoff program.

The analysis was conducted for the operating committee by the international management consultation firm, Booz-Allen & Hamilton Inc. (BA&H). The purpose of the study was to provide information to help the Beef Promotion and Research Board direct the most hard-hitting, comprehensive and cost-effective beef marketing program possible.

"It was recommended that the objective of beef's advertising should change from building an image to making a sale," says Beef Board chairman Glen Klippenstein. "That means embarking on a major

development and testing process for a new advertising strategy."

Other study recommendations call for marketing programs to recognize that consumers focus on meals instead of specific cuts, and the beef industry to work more closely with food service and retail organizations to improve beef's market position.

"The Booz-Allen analysis clearly shows that the beef industry must have a focused, integrated marketing strategy in order to be successful," Klippenstein said. "The study also acknowledges that the beef checkoff program is the only means for developing and carrying out an integrated strategy for the industry."

Based on its strategic analysis of the beef industry, BA&H developed a set of guiding principles for checkoff

marketing strategies. From these marketing principles, a one-year set of key checkoff action recommendations was also developed.

A major recommendation for the beef checkoff is to build a two-year advertising plan with time off during the first year to develop and test a new advertising strategy focused on communicating the benefits of beef to consumers. During the second year, the industry should launch its new campaign at sufficient levels to generate breakthrough awareness by consumers. Regarding the proposed break in advertising, it was noted that the "Real Food for Real People" advertising had achieved its goal of raising consumer awareness of beef, and awareness is likely to remain stable for a period of time without a major change in message.

In addition BA&H recommended that the beef industry:

--Develop and test a fresh beef retail Packaging program, involving working with retailers and packaging manufacturers to examine attractive packaging alternatives.

--Work with fast-food and foodservice organizations to provide opportunities to develop and test new beef menu ideas..

--Expand foodservice test kitchen capabilities to develop new menu ideas and labor saving opportunities for foodservice operators.

--Implement a plan to improve production efficiencies as they relate to product marketing. The plan would address economic losses due to management which directly impact the price and quality of beef and would

implement the "War on Fat" program through educating producers, optimizing the mix of cuts year-round and auditing quality and tenderness.

--Develop a clear plan for marketing and commercializing positive nutrition research results.

--Focus research efforts to support marketing messages and fit into an integrated marketing strategy

--Integrate public relations across all checkoff programs with clear roles specified for all checkoff organizations.

In longer term action, BA&H recommendations included full implementation of the new marketing strategy, developing a pilot meat case management program and launching a new advertising campaign that will achieve breakthrough awareness levels and clearly establish the new strategy in the marketplace.

Klippenstein said the analysis Provides a strong foundation for making checkoff programs more effective and more efficient. He said limited checkoff resources mean "we don't have enough to do it all so we must do fewer things better. But," he added, "limited resources also means competition among ideas and that's a healthy process that will lead to enhanced program effectiveness.

"Its time to make some changes in the direction of the beef checkoff program," Klippenstein said. These changes should be viewed as a stepping stone to bigger opportunities for beef?