



Where We Stand

by Fred Johnson,
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Editor's note: Summitcrest Farms owner Fred Johnson is secretary-treasurer of the 113-member Cattleman's Beef Promotion and Research Board, the group responsible for collecting and expending money earned through the national dollar per head beef check-off.

American Angus Assn. executive vice president Dick Spader, in his "Lead In" column in this publication's May issue, left no doubt that he completely supports the national beef check-off.

I know Dick Spader well enough to know he always has made it a habit to respect the opinions of others. So, even though he obviously wrote in favor of the check-off and explains why, I think he may have an underlying concern that not enough cattlemen understand the program, what it's doing, and what it can do.

Every producer of cattle and every importer of cattle or beef is paying into the program at \$1 per head (or carcass equivalent), and every producer and every importer has the right to know of the progress which has been made through the program.

It has been nearly one year since the first dollar was collected under the Congressionally mandated Beef Promotion and Research Act. The constitutionality of the act has been tested—and confirmed—in court.

As of the end of nine months, \$51.7 million has been collected nationwide. By law, states retain and determine how 50 cents of each dollar is spent; most are sending the majority of their 50 cents to add to the national promotion program through the Beef Industry Council of the National Live Stock and Meat Board. The other 50 cents funds the national promotion and research program through the Beef Promotion and Research Board.

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Spader mentioned several negative points people have made, including those

directed toward the Cybill Shepherd and James Garner' advertising campaign. Without going into Spader's details, there are people in the cattle business that simply don't like the ads.

Dianne Snedaker of Ketchum Communications, the agency hired to do the beef industry's work (and one of the best in the country, as Spader pointed out), does an excellent job of explaining how the target audience (active lifestyle, health-conscious men and women between the ages of 25 and 54) became the target audience, and why the ads—print, radio and television—look and/or sound they way they do.

It would take an entire article to go into the details, but the simple explanation is that, as a segment of the population, we cattlemen are generally moderate to heavy beef users already. It would make no sense whatsoever to try to sell us, especially since, even though we have a good budget, it isn't large enough to reach and influence every single person in the country. That's why we, like many other advertisers, target an audience. The members of our target happen to have tremendous potential for increasing their use of our product—if we can reach them. The ads look and sound the way they do to reach them, not us.

A pretest was done in January before the Shepherd and Garner ad campaign started, and a follow-up was completed in June. In that short time, those aware of beef commodity advertising increased from 47 to 58 percent. Those aware of Shepherd and Garner in beef advertising increased from three to 34 percent, and those aware of the themeline—"Beef Real Food for Real People"—increased from 17 to 46 percent.

The number believing beef fits into their lifestyle increased from 59 to 64 percent; those believing beef is an important part of a well-balanced diet increased from 51 to 56 percent; and those who agree that beef can fit into a reduced fat

diet increased from 32 to 38 percent.

Those are early results and we certainly aren't claiming that they prove a long-term change in behavior toward beef will occur, but we can safely and proudly claim that consumer attitudes are headed in the right direction.

On that front, we are in good standing.

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Comparative spending

From each check-off dollar collected, 51.6 cents is being spent on promotion. Since this is the first time in our history we've spent a considerable dollar amount in a national promotional effort, it's helpful if we compare our budget to those of others.

At roughly \$36 million this year, we stand 131st among the nation's advertisers. Advertising Age magazine, in September of 1985 listed Proctor and Gamble at the top at \$872 million; Pepsi was 15th at \$428 million; Coca-Cola, 20th, \$343 million; Sara Lee, 32nd, \$258 million; Kellogg, 35th, \$208 million; Campbell Soup, 53rd, \$142 million; Adolph Coors, 55th, \$138 million; Wm. Wrigley, 93rd, \$70 million. The 1987 prediction for poultry spending is \$70 million plus.

Even though we're at the 131 ranking and even though we're spending about half of what the chicken industry spends this year, we still compare favorably with many major brands. Give or take a million or two, Michelob, Midas Muffler, Crest, American Express Credit Card, 7 UP/Diet 7 Up, and the U.S. Army spend about what we do. Certainly you've noticed their advertising.

One of the reasons we're spending so much is that we are using television, and average unit cost figures this spring for 30-second spots on "Cosby," and "Cheers" were running \$375,000 and \$305,000 respectfully. Our ads are scheduled during prime viewing seasons. And to get the most for our money, we're not on during the summer months because of seasonally low viewership.

When it comes to national advertising, we're in the big leagues now, and we're in good standing.

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Consumer Information

A consumer information effort has gone hand-in-hand with the new ad campaigns and results already obtained have been excellent.

For example, last January 7, just before the first Shepherd and Garner ads were aired, Ketchum Communication's New York office hosted a special media preview, and also sent out press kits and videotapes. That resulted in more than 1200 newspaper and magazine placements reaching a total circulation of 92.3 million. Fifteen broadcast placements reached 29.5 million.

Im told articles in major magazines and newspapers and on TV stations appear almost daily, and they are running in everything from the Havre, Mont., News (circulation, 5,000) to the Waterloo, Iowa, Courier (55,000) to the Tampa, Fla. Tribune (214,968) to USA Today (4,792,000).

Incidentally, these are positive articles. Those of you who remember the years when little good was said about beef in the national media can appreciate this positive attention.

But the media is only one group of thought influencers we are reaching. In recent months, the beef industry has invested check-off dollars in an effort to better reach health care professionals with our product's excellent nutritional message. One effective way our industry can deliver its message is by advertising in major health care journals—journals that are well-read by the target audience—physicians and dieticians.

Additionally, the beef industry continues to sponsor a series of beef update seminars for dieticians and other health care professionals. And many informational booklets and other existing materials are presently being distributed nationwide to healthcare professionals.

Projects like these are funded with 5.2 cents out of each check-off dollar.

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Retail Promotion

Check-off money also is allowing us to step-up promotional efforts at the retail meat counter. I'll cite just one example.

Last winter the "Beef. Real Food for Real People" concept was introduced in retail stores, targeting both meat market managers and consumers.

The use of point-of-purchase materials has already increased by nearly 25 percent. A beef sales contest was held and 7,600 supermarkets (among them 10 top chains) participated. Even more exciting was the 521,000 responses generated by consumers. Sale results ranged from increases of five percent to 104.4 percent.

This quote—one of many along the same lines—from a retailer involved in the campaign leaves no doubt that we're in good standing in his store.

"Our division ran a 10-day ad and featured 11 beef items. The round steaks were competitively priced and we shipped a division all-time high in units and pounds. The New York steaks were very hot and the response at the store level far exceeded our estimates. We had to purchase additional strips to meet the demand created by our hot retail ad.

"During this week, we established a division all-time high in total pounds shipped from our fresh meat warehouse. The increase came from the beef which was promoted in the ad.

"We also experienced an 11.3 percent

of sales increase at store level. The total results in both tonnage and sales were outstanding. The new P.O.P. (point-of-purchase) material, the ad theme, extra radio and TV from the Beef Council made for one tremendous sales week. Good aggressive ads, good retail!"

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Research

Although the majority of the Beef Board's budget is allocated to promotion, check-off dollars also are funding research. This year nearly \$1 million is headed in that direction (1.9 cents per check-off dollar) and 17 projects already are underway.

Those projects include a study of beef cutability; new product concept testing; veal product development; beef usage by segments of the population; and meat case merchandising.

Research funding can be frustrating because it does not yield immediate results. But it's the foundation on which we can base future promotion efforts. It is also the source from which we will obtain scientific support of nutrition data and from which we will derive new products to meet future demands. To be competitive in a consumer-drive, changing market, we must have the information only top-notch research can give us. We are off to a good start.

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The states

Qualified state beef councils keep 50 cents of each \$1.

It would take several pages just to list and describe the programs that the check-off is making possible on the state level. State beef councils are continuing, expanding, and adding new programs.

In promotion, as in most anything else, volume purchases mean more for the dollar. One study has shown that in five selected markets - Dallas / Worth, Oklahoma City, Kansas City, Sioux Falls, and Omaha—the same spots that would cost \$1,739,000 if purchased locally, cost \$1,115,700 purchased nationally.

A couple of important points of which I think cattlemen should be aware are that, generally, it's the state beef councils that take the beef story into the schools, and generally, it's the state beef councils that take the beef story into the offices of dieticians and of those in the medical profession. They largely are using materials created by the National Live Stock and Meat Board, materials for which check-off dollars are funding.

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Administration

Cattlemen's dollars are also being used to administer the check-off program. By law, administration must be kept at

five percent or less. Latest figures show those costs running below four percent.

Cattlemen obviously didn't need to create a check-off bureaucracy and they haven't, but there is some confusion about how things are set up.

There is a governing board—the Cattlemen's Beef Promotion and Research Board (or Beef Board)—and it is made up of 113 members nominated by beef producer organizations and appointed by Secretary of Agriculture Richard Lyng. Those 113 members represent all segments of the industry—from cowl calf producers to feeders to dairymen to importers—and they are dedicated to the success of the industry. Their time is freely given.

The Beef Board has an employee, Gary Enright, and services are being contracted through groups already recognized in the industry and serving it—National Cattlemen's Association, National Live Stock and Meat Board, the Beef Industry Council. That could allow for some confusion out in the country, but there is not confusion in those offices. The Beef Board is the only entity that can collect and spend check-off money. The Beef Board does contract services through these established groups to get the most for your money.

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The rest of the dollar

I haven't mentioned the .7 cents earmarked for industry information, the 1.2 cents for industry feedback, the 8.9 cents held in escrow to cover refunds, or the 6.1 cents operating reserve. Those are pretty much self-explanatory and complete the budget picture.

Everyone—domestic producer or importer of beef, large operations or those with only a few head, pay on the same basis, and, although few are asking, all are eligible for refunds.

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You will decide

The fate of the program will be decided next spring, probably in April or May. Voting will require a trip to your county agent's office. Your vote will count the same as any other cattleman's in the country, whether you have 10 head or 10,000.

Before voting, I would suggest that you pull out your May Angus Journal and re-read Spader's column. Then, think about it. Question the whole program, if you like, or any part of it, but also make a point to get the facts. Call me or any other member of the Beef Board or your state beef council office. Ask questions. Be sure you are well informed.

Then, take this opportunity to help your industry decide where it stands.

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