

Celebrating 25 Years

The National Beef Checkoff has accomplished much in the last quarter-century.

Compiled by **Sara Gugelmeyer**

It was 1986: A gallon of gas cost 89 cents; a pound of ground beef cost about \$1.29 at retail; a movie ticket was \$3.71; the average price of the average monthly rent was \$385; the average price of a home was \$89,430; and the national Beef Checkoff Program went into effect at \$1 per head.

Fast forward to 2011, and the \$1-per-head national beef checkoff wrapped up its first 25 years of serving as a catalyst to spur strong beef sales worldwide.

Today beef is the No. 1 selling protein in restaurants. In the U.S., consumer spending on beef totaled \$73.4 million in 2010. And more than 85% of consumers know the industry's "Beef. It's What's for Dinner" slogan, currently serving as the base of the Beef Checkoff Program.

For certain, walking through the 25-year history of the beef industry will take you down some rocky roads, as well as highlight some clear paths to growth, all en route to a beef industry that you'll be proud to pass on to the next generation.

Beef demand

While building demand for beef clearly is one of the goals of the checkoff, that goal often is misunderstood because beef demand is commonly confused with beef consumption, though the two are very different indeed. In fact, beef consumption actually can drop with beef demand increasing, if consumers are willing to pay more for their favorite protein.

Beef demand is the set of quantities of beef that consumers will purchase at different prices. If, for example, we have a quantity

of 59.7 lb. of beef per capita to sell, it is price that will adjust to clear the market — and the price that consumers are willing to pay will depend on how much consumers like the product offerings, as well as the price of other meats, and consumer income levels.

Agricultural economist Wayne Purcell says if we use consumption as a measure of demand, we ignore the desirability of what we offer. And we go, as we did for nearly 20 years, with an unacceptable product offering where up to 25% of the steaks and roasts from Choice beef were too tough to chew.

Demand will only be forthcoming, Purcell says, if we understand demand and offer consumers what they want in the form of a continuing series of new quality-controlled products. There simply has to be a consumer-level willingness to pay that supports and finances progressive change over time.

That's where the Beef Checkoff Program comes in.

With understanding of beef demand, you'll quickly realize that your checkoff cannot single-handedly change a bad market but, instead, is meant to act as a catalyst for other industry players to help sell beef.

Producers and importers often ask what they get for their checkoff dollar. With 25 years of success stories to tell, in this article we'll highlight some from each program area — promotion, research, consumer information, industry information and foreign marketing.

Promotion

You might remember seeing the television commercials with actor James Garner touting beef as "Real Food for Real People" back in the late 1980s and early 1990s or Robert Mitchum kicking off the "Beef. It's What's for Dinner" campaign in May 1992.

Yes, beef is still what's for dinner. The launch of the checkoff's \$21.7 million beef promotion campaign at the start of the national checkoff program in the fall of 1986 marked the largest concentrated promotion campaign that the beef industry has ever launched — even to date. And it's still the only national self-help program that the industry has operating on its behalf.

Since the early days of the checkoff, however, "promotion" programs funded through the beef checkoff have included far more than consumer advertising — with things like foodservice and retail promotions and partnerships, as well as new product initiatives and veal promotions. But consumer advertising remains an important anchor in the overall strategy to increase consumer demand for beef.

And the success level of the "Beef. It's What's for Dinner" campaign and its predecessors has been tremendous, according to industry standards. For example, consumer recognition of the beef industry slogan has reached as high as 86% during its run — a level that any number of huge corporations with budgets exponentially larger than the checkoff would be pleased to boast.

As checkoff expenses have increased dramatically while revenues have not, the producer leaders who serve on the Cattlemen's Beef Board and state beef councils have worked diligently to leverage every dollar to the fullest extent possible. In fact, the latest comprehensive econometric model identifying the value of a cattleman's checkoff dollar indicates that producers get a return of \$5.55 for every dollar invested.

Remember, the checkoff cannot single-handedly turn around a bad market, so even at times when the market may not be as strong as producers would hope, this indicates that their dollar-per-head investments certainly are making things significantly better than they would be without the checkoff. That's an important concept to understand when it comes to measuring the checkoff's results.

The list of promotion program achievements funded by the beef checkoff goes on and on. The checkoff launched beef value cuts into the marketplace, giving consumers increased choices for steaks and roasts from single muscles in the chuck and round. These cuts — including the flat iron steak, petite tender and ranch cut from the shoulder clod, the sirloin tip from the knuckle, and the Western griller from the bottom round — increased the value of the chuck and round by creating steaks and roasts with quality taste, tenderness and price points that consumers were seeking.

Foodservice partnerships have garnered as much as \$60 in promotions from restaurant and other foodservice companies for every dollar invested. BEEFflexible is a campaign that dishes up new ideas for chefs

and restaurant operators looking to offer creative beef items that attract consumer attention.

The beef checkoff's Beef Made Easy program and other training sessions, promotional materials, and partnerships have helped retailers improve their beef merchandising strategies.

Research

Some of the research projects that your checkoff has completed likely have helped save the industry more than once from possible demise, often brought on by beef information previously based on assumption, rumor, propaganda and non-scientific 'studies.'

Beef checkoff research is about improving how the industry converts cattle into the tender, juicy, flavorful beef that leaves consumers wanting more. When you hear the phrase "It's not your father's steak anymore," it might be truer than you think. And that's not to say that your father's steak wasn't delicious and maybe even nutritious, but that's very much the result of what we've learned from research of every shape and size.

Few would argue that the beef industry would be in deep trouble if not for research that improved knowledge about things like pathogens that led to improvement in beef safety and techniques incorporated into beef quality assurance to teach cattle producers to raise leaner, healthier beef. Of course, you need market research to learn exactly what consumers want from beef and the market trends that will affect delivery of your product, and that information leads to on-the-ground product enhancement and new-product development research that makes it possible for this industry to adjust those beef products to meet constantly changing demands.

If we didn't have the information and technology that we need to help manufacturers meet retailers' demands and techniques and materials to help retailers meet consumers'



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demands for your products, how much would that carcass be worth?

And don't be fooled into believing that retailers have to sell beef. They have plenty of proteins to choose from and will market whatever responds best to their customers' demands. In other words, if your beef doesn't get to the meat case in a way attractive to consumers, they'll walk past to the pork or chicken section in a heartbeat.

During its 25-year history, your beef checkoff has amassed a long list of research accomplishments that deserve attention and some credit for this progress, but we'll highlight a few of them here to give you an idea of what you're getting for your dollar-per-head.

Though checkoff programs are deeply intertwined and feed off of one another, many have called muscle profiling research the single most effective and far-reaching effort that the checkoff has undertaken to date. The goal was also to increase the declining value of the beef chuck and round (about 69% of a carcass) in comparison to middle meats like the rib and loin (about 29% of a carcass), and the effects were nothing short of ground-breaking.

Two of these "beef value cuts" first launched into the market in 2002 were the petite tender and the flat iron steak, a cut that has been touted as having the "tenderness of tenderloin and the taste of a sirloin." They're a tough combination to beat — and before muscle profiling, that part of the carcass was usually turned into ground beef!

Since 1993 the Beef Checkoff Program has invested more than \$28 million on beef safety research, outreach and education. When added to private industry investments, the beef industry spends more than \$350 million annually on research to maintain one of the safest beef supplies in the world.

A key effort in that research focuses on reducing the incidence of E. coli O157:H7 contamination in beef products. An E. coli outbreak linked to ground beef in 1993 was the impetus for the industry's strategic focus on methods to control this pathogen. Through development of management strategies and intervention tools — like animal cleaning, chemical dehairing at slaughter, spot-cleaning through knife-trimming or steam/hot water vacuuming; and spraying of carcasses before chilling — the beef industry has been cited as a model for other commodities when it comes to addressing food safety challenges.

But this proactive approach earns its true dividends by dramatically reducing the number of foodborne illnesses due to E. coli O157:H7. In fact, during the first five years the checkoff participated in this research, the human incidence of E. coli O157:H7 dropped 80%.

The Beef Checkoff Program invested more than \$2.5 million, collaborating with the U.S. Department of Agriculture (USDA), beef processors, cattle producers, technology providers and academia,

toward improving the consistency and accuracy of grade and factor assessment. The result was approval by USDA and seen in widespread use of instrument grading tools that help in determining the official quality and yield grades and in evaluating factors for certified branded beef programs. The technologies include things like video image analysis (VIA), first approved by USDA in 2005, followed by marbling assessment by VIA in 2006. After these two techniques proved to be valuable tools for assessing carcasses accurately and consistently, USDA established standards for use of VIA technologies in its grading procedures, kicking off the true transition to instrument grading nationwide.

Consumer information

Food headlines of the 1970s and 1980s were more akin to beef bashing than to any kind of beef support or promotion. Consumers understand so much more today about things like cholesterol, fat, calories and, maybe most important, the positive role that naturally nutrient dense beef plays in a healthy diet. They're armed with the facts about beef, and they're taking those facts all the way to the supermarket meat cases and to restaurants across the globe in the form of beef purchases.

There was no food pyramid or similar graphic with the guidelines of 1980, and there was no specific mention of the power of protein. Graphics of food groups were added in 1988, and the "food pyramid" became a reality in 1992 and was amended a number of times. Today's new "MyPlate" dietary guidelines offer simple but science-based information for consumers trying to figure out what to eat to maintain a healthy lifestyle: In the simplest terms, MyPlate guidelines note that one half of your plate should be filled with fruits and vegetables — and the other half with whole grains and lean protein. And beef is not lumped into a group of fats or sweets under the category of "foods to reduce."

It's of little value to have scientific studies in hand if we don't have a way to get the resulting news about beef to consumers worldwide in ways that they can grasp easily. That's one of the main reasons producers invest beef checkoff dollars in consumer information programs.

In the simplest terms, "consumer information" means food and nutrition communications, particularly about beef nutrition and other taste and associated qualities. As is clear in mainstream media on a daily basis, anti-meat factions are strong today. The difference is that the beef industry is armed with facts to keep or return discussions to science rather than emotion.

The national Beef Checkoff Program allowed the industry to

increase placement of positive beef news. In its first 25 years, the checkoff delivered billions of consumer impressions from positive beef messages through recipes, messages, spokespeople — including health professionals and other consumer influencers — media placements and tools/materials such as the popular 50-page "Confident Cooking with Beef" booklet and the Beef. It's What's for Dinner website, which serve as 24-hour-a-day resources to consumers looking for reliable beef information. In addition, programs like the National Beef Ambassador Program and the National Beef Cook-Off have spread the good word about beef and the beef industry far and wide.

29 Lean Cuts — Even at the start of the millennium, fewer than 10 beef cuts met government guidelines for "lean." Now, a solid food and nutrition communications program — 29 Ways to Love Lean Beef — that the checkoff has undertaken in recent years, has helped to give health-conscious consumers the "permission" they are seeking to keep eating the beef they love.

Healthy Beef Cookbook — In a partnership probably inconceivable 25 years ago, the American Dietetic Association and the Beef Checkoff Program combined their expertise to create "The Healthy Beef Cookbook" in 2006.

Masters of Beef Advocacy — The Masters of Beef Advocacy (MBA) program has graduated more than 2,500 "students" since its launch in March 2009.

The checkoff's MBA program is a free, self-directed online training tool designed to equip producers and industry allies with information they need to be everyday advocates for the beef industry.

I Heart Beef — With increased visibility every day, the "I Heart Beef" campaign and logo you read about and see in newspapers and magazines, on T-shirts, aprons, bumper stickers and the like is a consumer information campaign born from a checkoff effort to motivate consumers to act on their love for beef.

Industry information

Eight years ago during the BSE (bovine spongiform encephalopathy) outbreak, an informational, myth-busting, science-based website lit up to help answer consumers' — as well as USDA's and the food industry's — frenzied questions about whether they should stop eating beef and, literally, if they were going to die from beef they had already eaten. And that website was just one of a slew of resources that your Beef Checkoff Program kicked into action and fed literally around the clock throughout the holiday season and beyond.

This response took place because you've invested your checkoff dollars in things like what is internally called "issues management," something of a



behind-the-scenes emergency response team to safeguard your industry.

In 2004 the checkoff-funded Beef Industry Food Safety Council (BIFSCO) sponsored a BSE Safety Summit and through that and various other ongoing research and information programs brought the industry together for post-BSE planning in a never-ending effort to maintain an industry reputation that cattlemen can be proud of.

This type of issues management is part of a larger checkoff budget component called "industry information." That term is officially defined in the Beef Promotion & Research Act as "information and programs that will lead to development of new markets, marketing strategies, increased efficiency and activities to enhance the image of the cattle industry."

Beef Quality Assurance — Ensuring beef safety and quality — it's something you do on your farm or ranch every day. It's also at the heart of the checkoff-funded Beef Quality Assurance (BQA) program. Designed to return more profits to producers, BQA teaches the ins and outs of effective herd management to maximize the quality of producers' end product — beef. BQA also includes the Stockman and Stewardship program.

National Beef Quality Audits — These are the very cornerstone of the BQA program. Begun in 1991 and conducted every five years, the National Beef Quality Audits define and benchmark quality-related areas in need of improvement.

"Everyday Environmentalist" Earth Day campaign — More than a dozen years ago, amid growing propaganda about the effect of farming and ranching on the environment, the checkoff began telling consumers about the steps that America's cattle farmers and ranchers take to improve the environment — sometimes referred to as the "pasture-to-plate story." That has included things such as placing Earth Day ads in *USA Today* and other national consumer publications, which, more recently, has grown into a multifaceted "Everyday Environmentalist" campaign, and the first-ever Cattlemen's Stewardship Review, which stress the importance of conservation to farmers and ranchers, as stewards of the land and then measure how well you've performed that service for all to see.

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Defending animal agriculture — Beginning in 1986, the checkoff stepped in to provide balance to the emotional issues and claims of this movement, like the BSE case we described above, to minimize misinformation and keep or return the discussion train to a factual track. Other situations through which your checkoff has taken the lead via issues management include Jeremy Rifken's "Adopt-a-McDonalds" campaign, John Robbins' "Diet for a New America," the Hallmark/Westland fiasco of 2008, as well as "Fast Food Nation" and a long list of other efforts opposing modern beef production. The checkoff serves as an informational resource and offers scientific perspective on difficult issues.

Foreign marketing

As opportunities for beef trade with developing countries were emerging in earnest, the national Beef Checkoff Program began focusing some of its investments in the area of "foreign marketing" in the mid-1990s. Today, the checkoff is promoting U.S. beef in more than 80 of the 228 countries across the globe and working toward expanding that number wherever opportunity knocks.

Cattle producers have come to understand the importance of maintaining a strong reputation for U.S. beef abroad in an effort to keep those global opportunities within reach. Accordingly, your Beef Checkoff Program started an integrated foreign-marketing program in the mid-1990s and now is investing about \$6 million a year toward the effort.

In fact, if the trend established in the first six months of 2011 holds up, U.S. beef exports are likely to set several new records in 2011 and could eclipse the \$5 billion mark for the first time ever. According to statistics released by USDA, June 2011 beef exports achieved the second-highest value ever at \$461.8 million. This was 23% higher than June 2010 and has been surpassed only once — by the March 2011 value total of \$475.2 million.

So how does the checkoff help make this happen? As each market develops,

the checkoff funds promotional and educational activities along the entire distribution chain — from importers/distributors to foodservice and retail operators, and even to targeted consumers, in limited cases — to achieve the checkoff's strategic priorities.

Market development activities include things like contacting buyers and sellers about the commitment of the U.S. industry; participating in trade shows; activating trade teams to share important information and techniques with hotel, restaurant, institutional and retail companies; conducting seminars and training sessions that share key messages about U.S. beef with target audiences; communicating through advertising and public relations to create and maintain a positive image for U.S. beef; and developing promotions that encourage new first-time buyers of U.S. beef. Market access activities include things like issues monitoring, analysis and reporting; communication of beef safety measures and systems to government and external audiences; and providing technical support for meeting export specifications, certification procedures, safety inspection measures and the like.

Let's look at a few of the checkoff-funded foreign-marketing program successes worth celebrating:

The Beef Checkoff Program

helped penetrate critical Asian markets, including Japan and South Korea, building consumer trust in U.S. beef and developing business relationships within the meat industry that were necessary to grow our exports to those countries.

When U.S. beef was absent from key markets due to BSE, the checkoff helped extend reach to new markets, diversifying the presence of U.S. beef around the world. Through checkoff-funded programs, the U.S. beef industry has developed markets for variety meat, offal and muscle cuts that are underutilized within our borders but hold desire elsewhere.

As it is here at home, developing specific beef cuts that work well for trends in international cuisine is critical to satisfying the diverse palettes of consumers across the globe — be it in Asia, Latin America or other regions of the world.

So, even from the short list of accomplishments you've seen here, it's no wonder that producers who oversee your checkoff investments have made foreign-marketing programs a mainstay of the national Beef Checkoff Program. The idea is to move the roster of potential beef consumers from the millions to the billions, and you just can't hate that.

Learn more about your Beef Checkoff Program any time at MyBeefCheckoff.com. **HW**