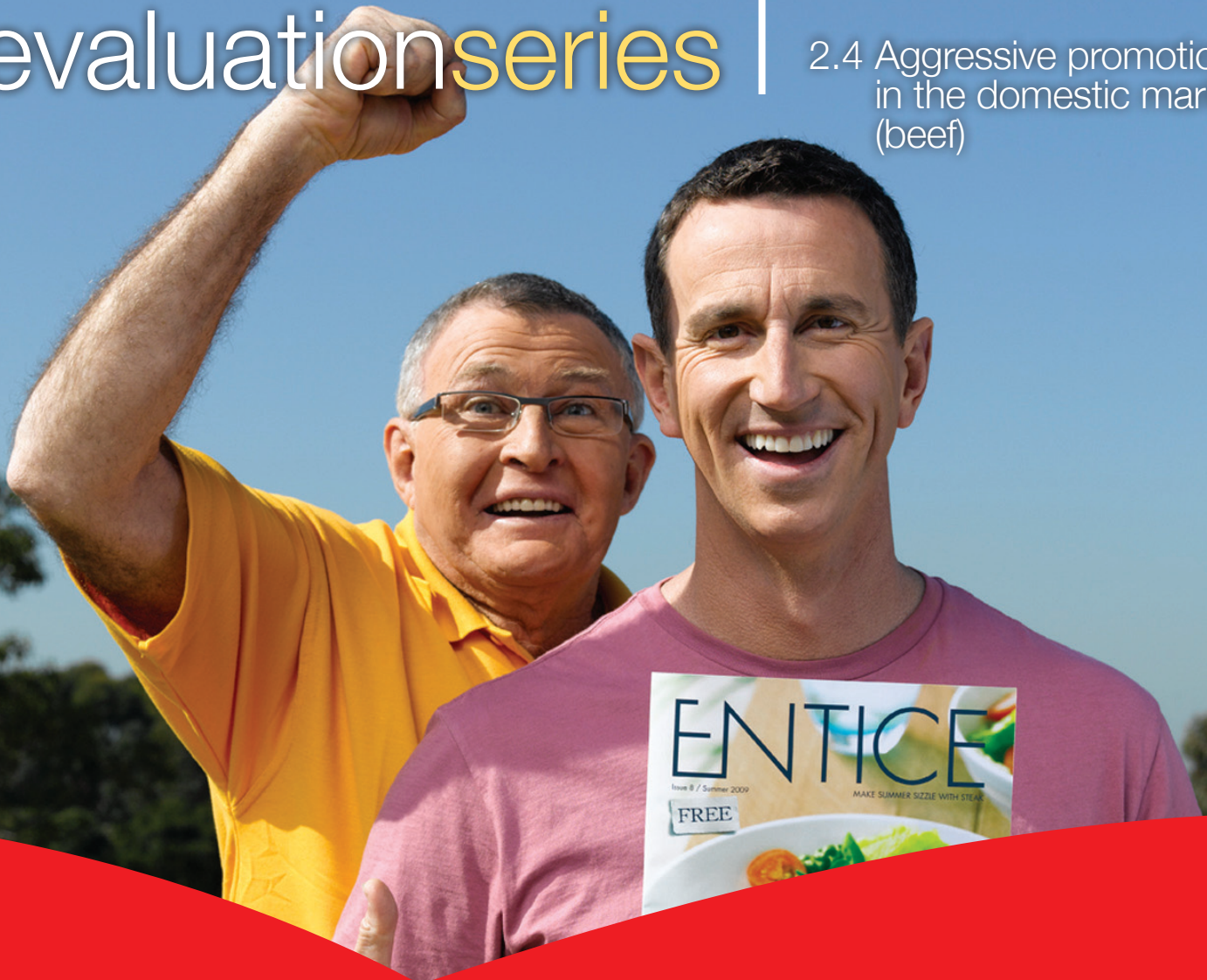


evaluation series

2.4 Aggressive promotion
in the domestic market
(beef)



Promoting beef in the domestic market

The industry impact 2004-10

PROMISE

Maintain beef's popularity by building consumer confidence to use a wider range of cuts, and working with retailers and foodservice operators to raise, presentation, quality, merchandising and promotion.

PROGRESS

Industry investment in branding and advertising, market research, channel development and stakeholder consultation has achieved strong consumer recognition in the domestic market and positively impacted beef sales.

PERFORMANCE

MLA's beef promotion program has protected beef's 90 per cent market penetration in the face of strong competition from lower priced proteins. However, due to the size of the beef market it is difficult to calculate a specific return on this investment.

Consumer campaigns – making beef top of mind

Where we started

MLA has undertaken beef promotion activities in the Australian market for several years to grow demand. These activities have focussed on specific objectives relating to the ‘five pillars’ of demand: enjoyment, convenience, nutrition, integrity and value.

Challenges

- Beef remains the category leader in fresh meat, but is under relentless pressure from lower cost proteins.
- The retail landscape is evolving:
 - Aldi and Costco continue to seek growth opportunities
 - Woolworths, Coles and IGA continue to improve their fresh meat shopping experience and seek ways to differentiate their meat offer
 - the redefinition of butcher stores continues, with the rise of newer formats at both the budget and premium ends of the market and increased value-added ranges.
- The foodservice sector continues to face cost pressures and seeks ways to improve plate costs and increase margins.
- Changing media consumption influenced by rapid technological advances have altered the communications landscape, leading to increased fragmentation and avoidance of advertising.
- Australian demographics are increasingly characterised by an ageing population, more single and childless couple households, and more consumers of Asian origin.
- Beef has the highest market penetration of all meats, hence it is difficult for beef promotion to achieve a significant change in demand.

Fast financial facts

Between 2004-05 and 2009-10, approximately \$52 million was invested in MLA beef promotional activities. Annual average expenditure was about 0.45 per cent of the total estimated annual value of beef expenditure at retail only, not including food service.

Channel engagement enhances meat presentation

Where we started

The difficulties smaller independent butchers faced competing with the marketing budgets of national retailers were compromising efforts to improve red meat presentation, boost consumer sales of red meat through this channel and foster competition.

A strategic response

Recognising the need to produce marketing programs that were specific to retail butchers. With support from the Australian Meat Industry Council (AMIC), MLA developed the Red Meat Networking Club (RMNC™). MLA also launched initiatives to expand chefs’ butchery skills and knowledge of red meat.

Investment in beef promotion activities in the domestic market				
Financial year	Program number	Consumer beef expenditure (retail only)	Actual figures in AOP ^a	Ratio (MLA beef promotion: retail sales)
		A\$ million	A\$ million	%
2004-05	1.1.1	1,840	3.4	0.17
2005-06	1.1.1	1,939	5.5	0.30
2006-07	1.1.1	1,994	11.9	0.58
2007-08	1.1.1	2,000	11.1	0.56
2008-09	2.5	1,897	9.1	0.48
2009-10	2.5	1,913	11.0	0.58
Total		11,583	52.0	0.45

Proportion of promotional expenditure above and below the line		
Program area	Expenditure 2004-05 to 2009-10	Proportion of expenditure
	A\$ million	%
Consumer campaigns (above-the-line)	31.0	58%
Networking & training in market channels (below-the-line)	14.0	29%
Service fees & overheads	7.0	13%
Total	52.0	100%

^a This includes market research (0.4 per cent total) and any matching funding by the Australian Government (market research) and BTF funds allocated to relevant marketing sub-programs. It excludes sub-programs relating to Nutrition, Eating Quality and New Product Development which have been evaluated separately.

Note: Data for the last two financial years in this table includes the levy streams to the program from grass-fed and grain-fed cattle and 50 per cent of the contribution from AMPC.

A strategic response

Aside from seasonal variations in demand (see chart 1, p4), the long-term trend for domestic expenditure on beef per buyer has remained virtually unchanged in comparison to expenditure on other meats.

- Annual expenditure on beef has remained stable.
- Annual expenditure on other meats has grown by 2.4 per cent for lamb, 4.1 per cent for pork and 2.7 per cent for chicken.
- Demand for pork is seasonal and peaks around Christmas.
- Demand for chicken and lamb is less seasonally variable than that for beef and pork.

Red Meat Networking Club

RMNC™ membership has exceeded 1,400 – more than 45 per cent of independent butchers nationally. Feedback confirmed RMNC™ has helped members to be seen as “artisans, not just butchers who cut meat”.

The campaign succeeded against its goals:

- **coalition creation:** 86 per cent of butchers rated membership of the RMNC™ as good, very good or excellent, while 70 per cent said the RMNC™ helped them to share and receive information
- **skilling:** 76 per cent of butchers said the RMNC™ helped to improve business skills and 49 per cent said the RMNC™ had assisted staff development
- **professionalism:** 85 per cent of butchers said the RMNC™ helped them to become more professional



Balanced 'category' and 'brand' promotion creates optimal demand

In 2011 MLA engaged the Ehrenberg-Bass Institute to evaluate the domestic beef promotion strategy from an evidence-based marketing science perspective.

The project was a collaboration with the CIE to undertake econometric modelling to quantify the drivers for red meat demand¹.

The study found that MLA's beef promotion program has:

- been based on sound research, featured well-branded advertising and considered market channels and influencers
- achieved good consumer recognition and message comprehension
- impacted positively on beef sales.

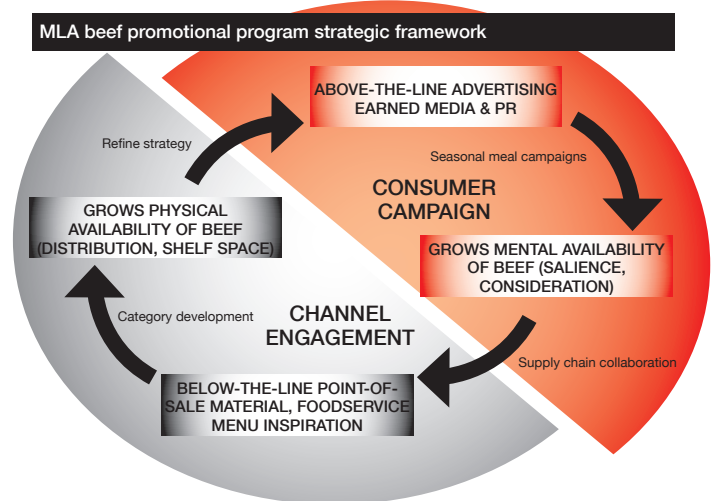
However, the evaluation concluded that it is impossible to quantify the return from this investment due to the confounding effects of price, discontinuity in survey data and the lack of detailed consumer purchase data.

This evaluation also concluded that getting the balance right between category and brand promotion is a critical factor in increasing demand for beef.

For meat processors and manufacturers, establishing a strong brand involves building direct relationships with trade customers (including foodservice wholesalers and retail resellers) through a channel engagement strategy e.g. field sales force, trade promotion, training and point-of-sale merchandising support.

How we work with industry

The diagram (top right) illustrates the integration of MLA's consumer campaign and channel engagement strategy. It shows how successful generic promotion involves managing indirect relationships with final customers through a 'consumer pull' approach that uses advertising and public relations campaigns to ensure products are 'top of mind'.



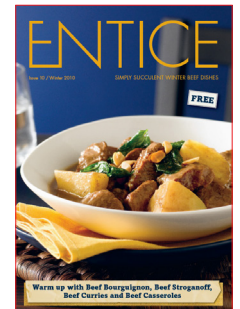
Marketing promotes beef category

Category marketing activities overlay and add value to the advertising and promotion undertaken by key food service companies and retailers.

MLA beef promotion can complement the integrated approaches by leading domestic market stakeholders and be used to fill any gaps in private marketing strategies.

Impact of generic beef POS material

In 2006-07, the educational consumer magazine *ENTICE* was launched, providing information on cuts suitable for roasting, recommended cooking times and temperatures, and recipes. Free magazines were distributed at butcher outlets supported by a television commercial and point-of-sale advertising.



The magazine has been extremely successful with a 2009 NFS survey² indicating:

- 83 per cent of butchers were displaying the *ENTICE* magazine
- 18 per cent of consumers surveyed had picked up a copy of *ENTICE*
- 17 per cent of consumers who read *ENTICE* went on to cook one of the recipes.

"MLA's summer and winter beef campaigns have added great value to the Drakes Beef offer and had a significant impact on our sales, which have increased steadily."

Dave Knapman, Meat Controller, Drakes Supermarkets



- **modern standards:** 84 per cent of butchers credited the RMNC™ with helping them to improve product presentation
- **innovation and customer incentives:** 93 per cent of butchers said the RMNC™ provided new business ideas and 92 per cent said it provided value-adding ideas resulting in better meal solutions
- **profits:** 72 per cent of butchers said RMNC™ membership had helped them to increase profits.

"The MLA beef program has gone a long way to improving beef sales at Bruce's Meat by educating and entertaining consumers. The POS posters create a vibrant retail environment which stimulates greater interaction. By partnering with MLA to maximise the program's effect, the business has continued to grow."

Trevor Hill, Owner Operator of Bruce's Meat, Mitcham SA



Chef's Special

Chef's Special, Australia's only foodservice journal dedicated to increasing chefs' engagement with red meat, was revamped in 2010 to attract greater attention. *Chef's Special* enables the foodservice channel to reconnect with the age-old art of butchery and to discover what goes on 'behind the steak'.



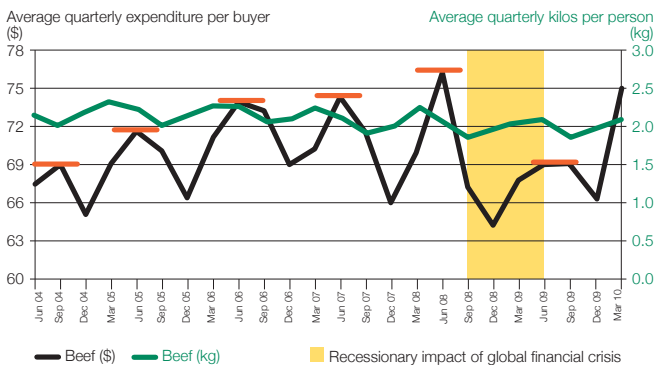
Program evolution and lessons learned

Beef promotion has ensured high market penetration

Throughout the evaluation period high levels of market penetration* were maintained. Beef and chicken achieved about 90 and 85 per cent respectively, and lamb and pork about 60 per cent. These figures confirm meat consumption is fairly stable over time. Therefore it seems logical to focus on growing expenditure by promoting consumption amongst those consumers already committed to beef.

Chart 1 below looks at consumer beef expenditure between 2004 and 2010. Seasonal peaks over winter have increased with the exception of 2009, a year of global economic downturn. There appears to be a correlation between the timing of winter campaigns and increased expenditure, however due to the inability to isolate the relative effects of price, and discontinuities in survey and consumer purchase data, it is not possible to arrive at a quantifiable 'payoff' figure for the investment.

Chart 1: Tracking seasonal buyer expenditure on beef, dollars and consumption of beef, kilos



Data source: AC Nielsen Homescan data

¹ CIE 2012, *Aggressive promotion in the domestic market – Ex-post evaluation of 2.4 Beef Marketing Program*

² NFS survey 2009

* 90 per cent market penetration means that nine out of 10 households participating in the AC Nielsen 'Homescan' survey purchased beef at least once during the survey period.

Published by Meat & Livestock Australia Limited

ABN 39 081 678 364

March 2013

© Meat & Livestock Australia (2013)

ISBN 9781741919998

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Lessons learned

- 1 Category promotion activities are necessary to defend beef's current high level of market penetration against a range of threats.
- 2 Stakeholder feedback indicates a positive attitude towards MLA's beef consumer campaign, which is perceived as part of industry's integrated approach to beef promotion.
- 3 The impact of category promotional activities on beef demand could not be determined using available data.
- 4 Future performance measures need to be identified for the program and should include market share of beef in consumer expenditure in both retail and foodservice channels.
- 5 New product development is an important way to increase beef demand (greater frequency of purchase) given the already high level of market penetration of beef.
- 6 MLA needs to work closely with the industry to further develop and support value-added and convenience products.
- 7 The improvement (or maintenance) of attitudinal indicators should continue to be an important measure of the success of the program.

Building on lessons learned

In 2010, MLA relaunched its beef campaign to improve consumers' engagement with the product and leverage seasonal changes in meal demand. Research identified that while beef could not compete on price, it benefited from the perception of being the most desirable meat. To leverage this emotional bond with beef, MLA relaunched the consumer beef campaign as 'Nothing beats Beef'.

A result of evaluation and review of the performance of this program MLA has:

- improved available sales data, with a new system that provides the ability to track and report on volume and value sales for each meat type
- restructured advertising campaigns, moving away from advertising 'bursts' at the beginning of each season to a more continuous approach to maximise the impact of MLA's advertising spend
- focused on driving consumers to expand their meal repertoire, promoting specific beef meals rather than just the beef brand
- focused on restoring the emotional bond with consumers, promoting the beef brand proposition of superior deliciousness and satisfaction
- become more holistic, improving integration with nutrition communications.



Three-layered strategy for 'Nothing beats Beef' brand communication

