

# Session 9 Economics, marketing and promotion

## L 1 MARKETING QUALITY MEAT

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### Introduction

Webster's dictionary defines marketing as selling. Actually, sales and marketing are two very distinct and different functions. Selling is simply defined as taking the order while marketing may be defined as 'generating a profit by managing the resources and activities which will ascertain and fulfill the needs and desires of people who buy products and services.' Marketing is usually associated with the four P's: product, place, price, and promotion. Product includes the features, benefits, performance, and uniqueness. These are the characteristics that differentiate the product from the competition. Place or service has to do with the channels which makes the product available to the customer. Price relates to the exchange of value for money. Price also includes any specials and terms that help make the product more competitive in the marketplace. Promotion involves those activities that build awareness, establish confidence, gain exposure, improve merchandising, and offer incentives. This talk will concentrate on the marketing segments that deal with product and promotion.

Before we launch into some of the industry efforts with regard to meat marketing, consider the ABC's of marketing: affluence, branding, and convenience. Where meat is concerned, these three are of particular importance throughout the world.

Affluence includes the fact that the average person in poverty in the U.S. today has more income than the average population of the previous generation. We see the highest disposable income ever. We are more aware of this fact because more people are complaining about our food than ever before and people only complain with their bellies full. For example, when Germans earlier this year had all the complaints about BSE, the North Koreans said they would take all the beef that Germany could send them to feed their starving people. In America we only spend 10% of our income on food. The previous generation worked 70 hours a week because they had to. Now we work 70 hours a week because we want to. Another statistic: 64% of households go to college. There is no doubt that the level of affluence in much of the world is higher than ever before.

Brands are exploding all over the world. There are twelve new products, seven new dot coms, and 900 new web pages introduced every day. Eighty percent of new products fail because they do not differentiate from the existing products available and, after all, this is the definition of a brand. It can involve the trademark and reputation of the product or service being offered. Starbucks is a brand of coffee that has taken the U.S. by storm. Their average customer visits nineteen times per month and spends \$4 per visit. Evian (spelled naïve backwards) is the fastest selling soft drink over the last seven years. It sell for \$350 per barrel contrasted to petroleum which sells for \$40 per barrel and it is only water!

Convenience is something consumers have come to expect. Consumers now define a 'made from scratch' recipe as one which involves mixing two or more boxes, packages, or ingredients together. Time is money! Tyson recognized that we were too lazy to cut up a chicken so they began selling parts. Dole realized that we were too lazy to cut up lettuce so they cut it up and bag it with some other greens that they couldn't sell. In 1983 ATT could have purchased all the bandwidth for cell phones but they estimated the total potential market at 185,000 in the U.S. Today we have 99 million cell phone users and we are adding 44,000 daily. While people wanted to speak in private in phone booths last generation, they prefer to have public conversations on cell phones because of the convenience of it.

All of these characteristics of the consuming public hold very true in all the developed areas of the world including much of North and South America, Europe, and much of the Asian Pacific. These factors are very important considerations as we begin a discussion about marketing of quality meat. The approach being used will include a brief discussion of consumer preferences, some examples of commodity promotion of beef, pork and lamb, how different countries are using quality brands, what some of the primary meat exporters are using to advertise their products, and finish with a concluding statement.

### Consumer Preferences

As we discuss aligning our world production of meat with consumer needs and desires in regard to quality, we need to begin the discussion with what consumers' desire and how they define it.

One can easily make a categorical statement that marketing of quality includes a lot more than meat quality for all the developed countries in the world. In the broadest sense, marketing demands can and often do include such things as:

- preservation technique (e.g. irradiation)
- production technique (confinement versus pasture)
- feed sources (bioengineered grains)
- nutritional concerns (omega 3 oils or vitamin sources)
- food safety (BSE, E. coli, Listeria, etc.)
- healthfulness (heart disease or cancer risks)
- and even emotional conditions and fatigue.

These are all in addition to the primary quality attributes we are most concerned with: taste and tenderness. Of course, fresh meat color, drip loss, fat content, juiciness, texture, and the amount of bone are also considerations under the quality discussion. Any or each of the above allow for differentiation of the product.

Dr. Rhonda Miller did an excellent job with discussion of U.S. and Japanese consumer preferences for pork at the 46<sup>th</sup> ICoMST so I will just briefly reference that work. In her paper, Miller (2000) looked at the quality traits for beef and pork and variability of these traits. She then investigated the relationship of these quality traits to consumer acceptance for both beef and pork. She concluded that tenderness, juiciness and flavor are important to beef consumers and that the USDA Beef Quality Grading System factors continue to account for the variation in consumers' perceptions of all three of these components of beef palatability. For pork she concluded that the visual and sensory quality characteristics include color, pH, marbling, firmness, and tenderness. She also summarized that pH was the best indicator of both visual and sensory quality from the consumer studies she conducted. This was the case with U.S. and Japanese consumers. She found both consumers from both countries to be very discerning for pork quality as defined above. She said that there is a pork quality measuring system and pricing matrix needed before great strides can be made in reducing the variability in pork quality and increasing subsequent pork demand.

Agerhem *et. al.* (2000) concluded that taste is the single most important attribute for liking pork, followed by juiciness and tenderness irrespective of country. The study was conducted in the Nordic countries: Denmark, Norway, and Sweden. In a New Zealand study of Japanese consumers, O'Neill *et. al.* (2000) found that samples containing both branched chain fatty acids and skatole were the most effective at producing intense flavors in sheepmeat and were the least preferred by Japanese female customers. In the report of Channon *et. al.*, Bennett (1997) was quoted as saying that Australian consumers considered pork to be tough, dry and poor in flavor.

It appears that the sensory attributes associated with palatability, tenderness, juiciness and flavor, are the primary consumer considerations for preference and acceptability of beef, pork, and lamb. In addition, it should be noted that consumers are very discerning about these characteristics in meat. A successful marketing program should have these factors as part of the campaign.

Recent consumer tracking data shows that consumers in the U.S. are lot less concerned about fat and calories than they were just ten years ago. The NPD Group's National Eating Trends Service (1999) showed that when asked to react to the statement that a person should be very cautious when serving a food with fat, the 51% of the respondents agreed in 1990 whereas that number went down to only 41% in 1998. Likewise, the number of homemakers agreeing with the statement "I am always conscious of the calories in the meals I serve" reduced from 39% in 1990 to 26% in 1998.

When asked what they specifically describe pork, U.S. consumers call it great tasting, proud to serve to guests, can be prepared in a variety of ways, food they get a taste for, nutritional value, and wish restaurants would offer more.

#### Category Promotion

Generic promotion of beef and pork is very common in many countries although some countries have begun taking a brand advertising approach to the category. The Quality Mark in New Zealand used for their beef is one such example. The U.S. beef industry is also attempting to market a brand for their beef as is the U.S. pork industry with their U.S. Pork logo.



about the  
quality mark

These examples will be further discussed in the next section or in the export advertising section. In this section the efforts taken to exploit the advantages of beef, pork or lamb to the consumer as a total category will be addressed.

The U.S. pork industry developed the "Pork. The Other White Meat" theme in 1986 along with the Pork logo shown above. Over the past 15 years, this program has achieved a phenomenal level of success. In fact, Northwestern University rated this advertising slogan as one of the top five most recognizable ad slogans in history! (Caywood, *et.al.*, 2000). Data from the Maritz Tracking Study (1999) shows that 54% of U.S. consumers prefer white meat as opposed to 28% who prefer red meat. Since 1987, the year of the introduction of the new advertising campaign, there has been a 500% increase in the number of consumers who recognize pork as a white meat. The percentage who called pork a white meat in 1987 was 9% compared to 57% in 1999 (Rozmarm & Assoc. Wave 1 Tracking Study, 1987; M/A/R/C Tracking Study, 1999). The "Pork. The Other White Meat" slogan has become so ingrained in our society that the very popular TV show, *Who Wants to be a Millionaire* even used it as one of their easy questions suggesting that everyone should know the answer to that one.

In answer to the question of why pork is experiencing this renewed interest, NPPC says the following: "In large part, residuals of the PTOWM campaign. Recognizing the growing popularity of poultry as consumers were appreciating its perceived nutritional benefits and versatility as highly desirable, NPPC saw a strategic opportunity to position Pork as a uniquely different entrée, competing with white meat rather than its traditional red meat competitor, beef. This

repositioning called attention to pork as the *Other White Meat* to inform consumers that selected cuts of fresh pork are surprisingly lean, versatile and convenient, and that fresh pork does fit into every diet."

The data shows that U.S. consumers' overall rating of pork has increased from 46% in 1994 to 56% in 1999. This ten-percentage point increase in perception is an increase of 22% over five years. We attribute that to their consumer campaign. In fact, Food & Wine Magazine has called Pork the Meat of the new Millennium (2000).

A review of the top ten most popular lunch and dinner entrees in the U.S. shows that the ham sandwich has been the most popular or second most popular over the past 15 years. In fact eight of the top ten items have stayed on the list over that time. Pizza, which is also a user of pork for toppings, showed a phenomenal rise from 7<sup>th</sup> place to 1<sup>st</sup> place over that period.

The producers' self help organization, the National Pork Producers Council, has a very extensive advertising and promotion program to ensure exposure to a large number of consumers. The program includes print and broadcast media and a number of program approaches. A couple of the popular TV ads are shown here.

The U.S. beef industry has also made great strides in promotion of the entire beef category domestically over the past several years. We will talk about some of their specific quality advertising approaches in the next section, but will present some of the more generic approaches here. The U.S. beef producers organization is the National Cattlemen's Beef Association which states that American consumers love beef and that eating beef is as synonymous with American tradition as apple pie. Over the past year or two, beef demand in the U.S. has seen a steady increase after several years of decline. That industry has stopped the decline through a number of activities. One of these is certainly their creative advertising schemes. Two of these are shown here.

#### **Quality & Branded Advertising**

When discussing quality and brand advertising by industry organizations, we could talk about nutritional messages, healthfulness, quality including taste, welfare, or safety. Many of these messages are included in most of the quality advertising approaches used by various countries.

The U.S. beef industry has a very aggressive campaign to position beef with several of their target audiences. One of their target audiences is young moms. Through their advertising messages, the beef industry has increased the percentage of young mothers who agree with the following statement from 23% to 29%: "I feel better about beef's nutritional value than I did a year ago." They also increased by 1/3 the number of young moms who agreed that "beef has more important nutrients, iron, zinc, B-vitamins, than chicken." Another target is a youth audience. Sasha Cohen, the Olympic hopeful skater, says this: "Beef is one of my favorite foods. I am looking forward to helping beef speak to America's young girls.

The U.S. pork industry also uses a nutritional message to reach their consumer audience. They state that there are eight cuts of pork between a chicken thigh and a skinless chicken breast in terms of fat & calories. Their program is aimed at health professionals such as doctors and nurses, youth, and young adults.

New Zealand has one of the most aggressive quality branding approaches seen anywhere in the world. The New Zealand Quality Mark Beef and Lamb is claimed to be tender, lean and certified. Their website says the following: "The majority of Quality Mark New Zealand Beef and Lamb has been approved with the National Heart Foundation's Pick the Tick. This means that beef and lamb products add considerable nutritional benefit to the total diet while generally being lower in fat, saturated fat and sodium." They also promote their raising conditions as a marketing pitch for their lamb as shown here: "TENDER GRASS, FRESH WATER, PURE AIR ... On earth, there is one perfect place to raise lamb. A land isolated by the vast waters of the South Pacific. Covered with lush, green pastures. To us, it's home. To our lamb, it's heaven." (New Zealand Lamb, 2001) Their beef advertising exploits the quality advantage of their product: "New Zealand beef meets or exceeds buyer quality expectations for taste, tenderness, safety and consistency. Fine textured and naturally nutritious, this distinctively flavoursome product is expertly produced. Tender and lean, a healthy food with taste appeal, it makes the meal and inspires the menu. Many factors affect beef quality. New Zealand's experienced beef farmers are expert at them all. Taking a natural product and raising it carefully you can taste the quality of New Zealand beef." (New Zealand Beef, 2001.)

The Livestock Marketing corporation of Northern Ireland promotes beef and lamb as an integral part of a healthy and balanced diet in Northern Ireland through an extensive education programme that is targeted towards health professionals, teachers and consumers in general. They have a very strong nutritional message about iron especially targeted at women: "The Government's Dietary and Nutritional Survey of Adults has identified that 89% of women aged 19-50 have an iron intake lower than the recommended intake for women (RNI). The problem seems most acute among younger women. According to further analysis of the above survey, 93% of the 16 to 18 year old girls were consuming less than the recommended intake (RNI) of iron. Red meat is one of the best sources of easily absorbed iron, which we all need to help red blood cell formation." (Northern Ireland Beef & Lamb, 2001)

Dumeco is a major player on the Dutch market at every single link according to their website. They go on to say "Promising safety and reliability is one thing. Living up to these promises is another. This is only possible by providing



extra guarantees. Dumeco is able to give these extra assurances on the basis of its unique quality chain strategy. This strategy is based on the monitoring and surveillance of the quality of its products at every link in the production process. Dumeco is able to achieve this because it is active at each link in the production process." (Dutch Meat, 2001.)

"The Australian meat and livestock industry has changed its focus to 'marketing' meat products rather than 'selling' them. Traditionally, Australian agriculture would produce a huge amount of product and then attempt to sell it on the world and domestic markets. The marketing model is more effective because it encourages the supplier to find out what the customer wants and then develop the required service or product. The supplier is said to be customer-focused." One example of this is provided to demonstrate the segmented marketing approach of one small butcher in Australia: "Tony Jenkins runs a busy butchery in Balmain (Sydney) and in 1998 he made a concerted push to specialise in organic and chemical-free produce. The advantage of the personalised, friendly service is emphasised. His direct links to producers foster trust and accountability. TJ's traceback systems may actually refer to specific animals. TJ's relationship with producers mirrors his relationships with his customers - personalised and anchored in reliability and trust. Customers of TJ's in Balmain want organic meat and TJ's provide it." (Meat & Livestock Australia, 2001.)

Meat & Livestock Australia uses nutrition, convenience, and healthfulness to promote their lamb:

#### *The End Product — New Trim Lamb*

- New cuts are leaner, easier to prepare and quicker to cook.
- Appeal to busy consumers with limited cooking skills.
- 16 cuts qualify for the National Health Foundation 'Tick of Approval'.
- All New Trim Lamb cuts have a lower fat content than traditional cuts.
- Provide an excellent source of essential nutrients, especially iron and zinc.
- Helped increase lamb sales – research showed that a majority of customers prefer New Trim Lamb to traditional roasts

Meat Standards Australia uses tenderness to characterize their product: "Tenderness is the overwhelming eating determinant. Consumers inevitably judge beef quality by tenderness. Three classifications are given to beef that is graded as MSA product:

- Supreme Tenderness - first class, full-flavoured beef that melts in the mouth. It is of the very highest quality and is in short supply. It is unusually rich beef and has limited distribution.
- Premium Tenderness - succulent, tender beef suitable for special dishes and entertaining.
- Tenderness Guaranteed - good quality, tender beef to enjoy every day.

MSA is a cuts-based grading system that uses scientific methods to judge the eating quality of a particular cut of meat. MSA evaluates eating quality standards by using the following indicators: Cut, Cooking method, Breed, Maturity, Carcase hanging, Marbling, and Ageing." (Meat Standards Australia, 2001)

One example of Japanese marketing of beef and pork shows the environment and animal welfare as ways to attract customers to their product. On their website, they state that "the high quality brand Aomori Japanese beef grow in a rich natural environment. Their Japanese shorthorn beef is very "fresh" beef bred in splendid nature. It is "tasty and healthy" beef fed with fresh highland grass. The price is reasonable. "Safe beef" is produced in the local area using an "integrated production system" handling everything from production to sales. Oirase Garlic Pork is delicious meat. This pork is raised in a beautiful nature environment and is fed mixed garlic feed. This pork has 1.5 times more vitamin B1 than other pork. Vitamin B1 is effective in fighting unstable emotional conditions and fatigue." (Japanese Aomori Beef & Pork, 2001)

Danish meat producers, ESS Foods, also use animal welfare and the environment for their meat marketing. "An increasing part of the Danish farmers' breeding of pigs is effectuated in awareness of the reality, that the natural element is in advantage to its well-being and its meat quality. This picture of the countryside is therefore more and more often seen in the Danish landscape. Traditionally, Denmark is known as a milk producing country where our cows every summer are enjoying the green grass on the field.

#### **Export Marketing**

For pork, the market size and the market competitors are shown in the following table (USDA FAS, 2000):

1999 Global Pork Exports - Selected Countries (1,000 Metric Tons CWE)

	1999 Exports	Market Share (%)		1999 Exports	Market Share (%)
Canada	631	19.2%	Australia	37	1.1%
United States	583	17.7%	United Kingdom*	35	1.1%
Denmark*	568	17.2%	Ireland*	31	0.9%
France*	247	7.5%	Italy*	31	0.9%
Poland	215	6.5%	Mexico	30	0.9%
Germany*	175	5.3%	Sweden	17	0.5%
China (PRC)	119	3.6%	Czech Republic	13	0.4%
Korea	113	3.4%	Ukraine	7	0.2%
Netherlands*	105	3.2%	Romania	5	0.2%
Brazil	75	2.3%	Portugal*	4	0.1%
Austria*	69	2.1%	Bulgaria	3	0.1%
Bel/Luxembourg*	47	1.4%	Singapore	2	0.1%
Hungary	46	1.4%	Russia	1	0.0%
Hong Kong	45	1.4%	Taiwan	0	0.0%
Spain*	39	1.2%			
TOTAL			3,293 100.0%		

There are many factors that contribute to a country's opportunity to be a player in the export market. The following list contains some of these factors and how the respective countries in the pork export market might rank.

	U.S.	RUS	DK	CAN	POL	Dutch	China	Taiwan	MEX	KOR	JAPAN	BRAZ
Land			X			X		X		X	X	
Cap		X			X		X		X	X		X
Feed		X				X	X	X	X	X	X	
Env	X		X	X		X	X	X		X	X	
Dis		X			X	X	X	X	X	X		X
Farm tech		X			X		X		X			
Proc tech		X			X		X		X	X	X	
Dist		X					X		X			X
Econ/ Pol Stab.		X								X		X

The strategy that the U.S. uses to promote their pork is captured in the following statement:

"Maintain a consistent supply by producing the world's safest pork in an environmentally sustainable manner, from farm to table." Their logo for U.S. pork is shown here:

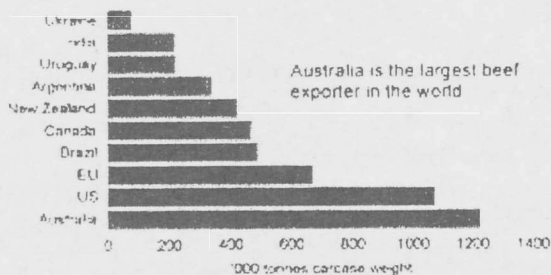


Canadian pork has attained a level of dominance in the export market. In 2000 they were the world's largest pork exporter. Canada Pork International states that "Canadian pork has gained a world reputation for superior quality, particularly with respect to leanness and wholesomeness. The result of the focus on leanness and quality is a product which is desirable from taste and health standpoints, major considerations for retail marketing." The Canadians regard the elite health status of their pigs as one of their primary marketing advantages: "As a result of strict practices and disease control measures, Canadian swine and pork are permitted access to a larger number of foreign markets than nearly all competitors." Canada exports more than one-third of their pork production so exports are a total industry commitment. They work to maintain an image of reliable suppliers of high quality pork. (Canadian Pork International, 2001)

A discussion of pork exports would not be complete without a mention of Denmark whose pork production, processing and marketing industry is recognized by many as one of the most successful in the world. They export 80% of their pork production from about twenty million head slaughtered annually. They are regarded by many as the model for positioning pork as high quality in world markets.

As well as being the world's largest producer of sheepmeat, Australia is one of the world's largest sheepmeat exporters, second only to New Zealand. Australia exports around half the sheepmeat it produces, approximately 32% of lamb and 70% of mutton. Worldwide MLA promotes Australian red meat as nutritious, safe, good value and great to eat. Australia exports about 65% of its annual production, making it the world's largest exporter of beef, despite being a relatively small beef producer in global terms (4% of the global total).

### Top ten world beef exporters 1999



New Zealand lamb producers state that animal health status is key to New Zealand's global markets. It is not a position that New Zealand takes for granted, with the need to maintain its hard-earned reputation as a supplier of top quality, natural, and safe food essential to the economic well-being of the country and its exports.

### Conclusions

The goal of this paper was to discuss the marketing of quality meat domestically and globally throughout the world. Several "snapshots" of strategies and tactics being utilized in many markets were shown here. It is readily apparent that there are many opportunities to market many unique features of the world's pork, beef, and lamb. Quality, safety, wholesomeness, nutritional value, production conditions and freedom from disease are the mainstays of many of the programs utilized globally. As the meat industry continues to become more sophisticated, better marketing approaches are becoming more evident. In spite of many world problems and detractors, meat has been doing very well in most world markets. With excellent marketing, this trend should continue.

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