Consumer Demand for Livestock Traceability in Canada and the U.S.

ILIAD 2010 Conference
July 20, 2010
Glenn Brand, CEO
Beef Information Centre
Outline

- Consumers
- Customers
- Canadian Beef Brand
- Opportunity to leverage traceability
- Questions
Development of a Canadian Beef Brand Based on Research

In 2007, the Canadian beef industry began development of a common Canadian beef brand for use in all markets.

To compliment existing benchmark research, extensive research was done to understand perceptions and demand factors.

- Done in Canada and the U.S.
- With both consumers and customers
- Included quantitative and qualitative surveys and focus groups
Domestic Consumer Confidence Has Continued to be Strong

Beef Safety Ratings
(% Rating 5/6/7/8/9/10)
Canadian Beef Perceived as Superior on Most Attributes

- Domestic consumers have a strong preference for Canadian beef over imports.
- Canadian beef has perceived advantages in the areas of taste, quality, value, freshness and wholesomeness versus imports.
Primary Target Market For Growth is the ‘light beef user’

🍁 About 2/3 of beef consumers enjoy beef 1-2 times per week
🍁 They are the segment with the most growth potential and greatest return on investment
Meet the Typical Light Beef User

- Mother, 25-49 years old
- No time
- Food gatekeeper for the family
- Family meals usually at home
- Cooking tends towards “assembly” – less than 30 minutes
Some Challenges to Overcome

For the ‘light beef eater’, there is a ‘vague unease’ about increasing beef consumption.

‘Vague unease’ is due mainly to nutrition and health concerns i.e. fat, cholesterol.

Also includes concerns about production related issues, i.e. hormones, antibiotics, environmental impact, animal welfare, etc.
Brand Research Explored
Different Consumer Positions

Explored their perceptions and purchase motivators for Canadian beef across different concepts:

- Safety
- Active lifestyle
- Nutrition and leanness
- Naturally nutrient rich
- Beef vs. chicken
- Healthy mind and healthy body
- Children need beef
A Consumer Focus on Safety Had Too Many Drawbacks

- The ‘Safety’ concept scored well in terms of providing new information and assurance.
- However, in the absence of a crisis, this approach raised concerns with consumers that were not top of mind.
- This concept was also not effective in addressing the key consumer concern around nutrition.
Consumer Positioning Focusing on Nutrition Tested Strongest

The most effective positioning was a primary focus on nutrition and leanness with secondary messages focusing on convenience, versatility and taste.
Canadian Consumers Ranked Traceability Last of 15 Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>% Listed as Top 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshness</td>
<td>84%</td>
</tr>
<tr>
<td>Leanness</td>
<td>72%</td>
</tr>
<tr>
<td>Price</td>
<td>69%</td>
</tr>
<tr>
<td>Color</td>
<td>52%</td>
</tr>
<tr>
<td>Tenderness</td>
<td>41%</td>
</tr>
<tr>
<td>Flavor</td>
<td>34%</td>
</tr>
<tr>
<td>Safety Assurance</td>
<td>32%</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>25%</td>
</tr>
<tr>
<td>Preparation Ease</td>
<td>17%</td>
</tr>
<tr>
<td>Nutrition</td>
<td>17%</td>
</tr>
<tr>
<td>Preparation Time</td>
<td>12%</td>
</tr>
<tr>
<td>Juiciness</td>
<td>10%</td>
</tr>
<tr>
<td>Natural</td>
<td>7%</td>
</tr>
<tr>
<td>Organic</td>
<td>7%</td>
</tr>
<tr>
<td>Traceability</td>
<td>4%</td>
</tr>
</tbody>
</table>
U.S. Brand Positioning Based on Extensive CONSUMER Research

- U.S. consumers have little or no awareness of Canadian beef
- U.S. consumers prefer U.S. beef but…
  - See Canada’s ‘clean and pristine’ environment producing high quality cattle and beef
  - Willing to try Canadian if it meets USDA standards
- Most desired import product offering

BIC U.S. Branding Study 2007
U.S. Consumers Ranked Traceability Last of 15 Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>% Listed as Top 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshness</td>
<td>81%</td>
</tr>
<tr>
<td>Price</td>
<td>73%</td>
</tr>
<tr>
<td>Leanness</td>
<td>71%</td>
</tr>
<tr>
<td>Color</td>
<td>61%</td>
</tr>
<tr>
<td>Tenderness</td>
<td>38%</td>
</tr>
<tr>
<td>Flavor</td>
<td>36%</td>
</tr>
<tr>
<td>Safety Assurance</td>
<td>26%</td>
</tr>
<tr>
<td>Preparation Ease</td>
<td>17%</td>
</tr>
<tr>
<td>Nutrition</td>
<td>16%</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>14%</td>
</tr>
<tr>
<td>Juiciness</td>
<td>12%</td>
</tr>
<tr>
<td>Preparation Time</td>
<td>11%</td>
</tr>
<tr>
<td>Natural</td>
<td>7%</td>
</tr>
<tr>
<td>Organic</td>
<td>6%</td>
</tr>
<tr>
<td>Traceability</td>
<td>3%</td>
</tr>
</tbody>
</table>

% Listed as Top 5 – Consumer Risk Perceptions and Attitudes About Beef Food Safety: Implications for Improving Supply Chain Management – Kansas State University
Relevance of Traceability to the CONSUMER

Currently traceability is not a significant purchase motivator for consumers (yet)

However, as issues evolve and change, traceability may become much more important to consumers in the future
Limitations of Research

Consumer often cannot tell you what they don’t know or what they think they will desire in the future!

Examples:

- Internet
- Apple I Pad
CUSTOMER Research Shows the Importance of Quality and Safety

- Emphasizes quality attributes identified as most important to U.S. customers:
  - Animal health and food safety
  - Palatability
  - Marbling standards
  - Bright red meat color and white fat
  - No dark cutters in top grades
  - Mandatory animal ID
  - ‘Clean and pristine’ environment

BIC U.S. Stakeholder Survey 2009
Opportunities to Leverage Traceability

Certainly food safety processes and interventions are more significant with customers (meat trade), particularly in export markets.

Traceability potentially an attribute to leverage with select high value customers.

As marketers we can create demand.
The Canadian Brand Pillars

Brand pillars complement each other

- Authentically Canadian
- World leader in beef safety and cattle production
- Superior meat quality and consistency
- Exceptional eating experience
- Healthy and nutritious
World Leader in Beef Safety and Cattle Production

- Global leadership in animal health
- Mandatory cattle ID program
- Comprehensive on-farm management programs
- Committed to responsible animal care
- Rigorous regulatory and inspection systems
- World class processing and distribution