



BPEX MARKETING PROPOSAL FOR 2008/09

INTRODUCTION

1. In recent years the BPEX Marketing Strategy has been clearly focussed on differentiating the QSM on pork, bacon, ham and sausage. The differentiation message has been targeted at both consumers and trade buyers.
2. The FMD outbreak in August 2007 put additional pressures on the pig industry particularly due to the loss of export markets. A bigger, and ongoing, challenge is the increase in feed prices which has brought about a significant re-balancing of activities and budgets between the on-going “five key pillars” during 2007/08. This will continue in the 2008/09 plan.

Progress on the 2007/08 Plan

3. Due to the Pig Feed Crisis the development of the 2007/08 Plan was seriously interrupted in September 2007. With the objectives of increasing retail prices and improving returns to producers a highly focussed revised plan was introduced using a combination of “new money” and redirected marketing funds.
4. The ensuing activity was successful in increasing retail prices by an average of 9% by the end of November (measured as a basket of pigmeat products from the Big 4 retailers), however the DAPP fell by 1% over the same period. A revised action plan with new activity is being introduced in January, based on additional Defra funding to address the issue of improved returns to pig farmers (and perhaps a further need for increases in retail prices).

Differentiation through the QSM

5. With the decline of tertiary brands a more “level playing field” has been created, particularly in fresh pork, with origin labelling on packs generally much better.
6. Comparing Porkwatch for Nov 07 to the Jan 07 audit demonstrates both positive and negative developments.

	January 07		November 07	
	British facings%	% with QSM	British facings %	% with QSM
Budgens	100	100	100	100
M&S	100	-	100	-
Waitrose	100	-	100	-
Co-op	97	95	96	96
Sainsburys	75	71	87	72
Morrisons	78	66	95	86
Tesco	82	80	70	62
Asda	78	74	75	66
TOTAL	77	66	78	63

Integrating Supply Chains

7. Significant activity has been directed at linking the QSM with effective supply chains throughout the range of distribution channels. Particular effort has been made to

encourage wider retail ranges of premium ham and bacon, which are almost exclusively British and where the QSM can be applied to packaging. In the foodservice sector we have encouraged the use of QSM branding on wholesalers price lists. We ran a successful round of regional “Butchers Roadshows”. The Supply Chain Grant Scheme has evolved into a Supply Chain Support Package targeted more clearly at providing relevant help and assistance of a pragmatic nature across a range of areas of activity, mostly aimed at producers wanting to market direct.

Increasing demand for pork

8. The introduction and development of the “Love QSM Pork” theme from late 2006 has enabled the greater coordination of a wide range of messages. A particular success was the on-pack stickering of over 1 billion packs of pork with the logo. The benefit of this approach is its focus on the QSM as opposed to the generic product.

Defending pork and products from adverse policy initiatives

9. The World Cancer Research Fund was a major challenge in October/November 2007 with its negative messaging particularly on bacon and ham. Despite this and other “health” challenges, consumer purchases on pork, bacon, ham and sausages continue to demonstrate volume growth.
10. To balance these issues a number of positive activities have taken place including meatmatters.com with our international partners, participation in the “Year of Food and Farming”, continued activities with meatandhealth.com and the ever successful British Sausage Week which celebrated its 10th Anniversary.

Consumer and market insight

11. Understanding the market, how and why consumers purchase and their attitudes, is essential to the planning and measurement of all BPEX marketing activities. A number of special analyses have been purchased to extend this knowledge and assist the industry’s understanding along with publication of a range of category and “mini” category reports.

Summary of delivery of 2008/09 Plan

12. The “five key pillars” will be the basis of 2008/09 activity plans. Within this individual pillars will be re-balanced as appropriate as the need for feed price focused work evolves.
13. It is proposed that levy spending on the Feed Campaign within “defending pork and pork products” is increased to replace the Defra funding provided in 2007/08 and to maintain momentum. “Differentiation of the QSM” will also increase. There will be reductions in “increasing consumer demand for QSM” pork and “integration of supply chains”. Consumer and market insight will remain unchanged.
14. In the current uncertain environment, with lack of clarity over how DAPP will move through 2008 and how the breeding herd will change, only the activities in the first half will be committed, to allow maximum flexibility with regard to tactics and budget for the second half year.

Key Activities for 2008/09

(a) Increased Funding

Differentiation through the QSM

15. This area is key to the future of the British pig industry and its ability to gain a premium price for a differentiated (QSM) product. The growth of premium ranges will provide an excellent opportunity for enhanced featuring of the QSM and so reinforce its “added value” with retailers and consumers.
16. The “Love QSM Pork” campaign will be developed both with retailers and consumers and clearly demonstrate our commitment to the Mark.

Key activities will include:

- A new “proposition” for QSM pork, bacon and ham to differentiate them from the competition. A major push on the ham category is proposed, where only 10% of packs on retailers’ shelves currently bear the QSM.
- Continued development of Porkwatch as a monitor of performance and as the basis of on-going retailer communication. Closer links will be forged with NPA’s ‘Importwatch’.
- An on-going trade PR campaign to assist in ensuring the salience and relevance of the QSM and its values in retail and foodservice.
- One-to-one activity with retailers and foodservice teams to ensure they are up to date and remain committed to the QSM and its values.
- Sustainable procurement work to maintain and develop the role of the QSM in public sector buying considerations.
- Consumer and political PR to draw attention to the role of differentiated standards of the QSM.

Defending pork and pork products from adverse policy initiatives

17. The Feed Crisis campaign will be the priority. There will be integrated activity using a variety of marketing and PR routes including broadcast and print media, opinion former briefing and direct contact with retailers and foodservice companies. In the political arena the role of public sector buying is a key area for concentration. Constant liaison with NPA is a vital part of the trade communications activity; co-ordination with processors is also important. More attention needs to be focused as well on branded manufacturers, where CSR leverage can be applied.
18. The WCRF Report has “upped the ante” on negative health messages, particularly on pork products and additional activity must be directed here if the long term consumer prognosis for the industry is to remain strong. A combination of defensive and pro-active strategies and action plans are needed to achieve this:
19. Continued contact and liaison with a wide range of industry bodies to put across our viewpoint and co-ordinate activities including BMPA, FSA, DofH, Department for Children, Schools and Families. We need to avoid undue public policy adoption of some of the WCRF’s messages.

20. The collaborative agenda with other federal bodies on consumer PR, health and nutrition and education to maximise efficiency and minimise costs.
21. Continued development of British Sausage Week as a way of providing focussed, positive messages on sausages particularly against the negatives of fat, salt and preservatives.

(b) Static Funding

Consumer and market insight

22. The purchase and dissemination of consumer and market information underpins all the BPEX marketing activity. At present the major contracts are shared with EBLEX, QMS & HCC but this will be reviewed as AHDB rolls out during 08/09 and new arrangements are agreed.

Key activities will include:

- Purchase and regular reporting of TNS and Millward Brown data to assist, across the industry, in understanding changes and opportunities.
- Production of category and “mini” category reports to inform industry on key issues.
- Provision of ad hoc research on specific questions particularly those of relevance to the QSM.

(c) Decreased Funding

Integrating supply chains

- The overall market can be segmented into specific opportunities such as outdoor reared, premium ham, speciality bacon cures etc. as well as more niche opportunities for individual producer businesses to market their output. Any work conducted in our trade marketing activities will be focused on adding value for English producers.
- Key activities will include:
 - Development of the Supply Chain Support Package to assist pig farmers in developing their skills to meet future opportunities.
 - Continuing to support the successful Butcher’s Roadshows encouraging product development along with surrounding activities such as pos and websites.
 - A project programme for the foodservice industry on both a local and a national level, focused on English sourcing initiatives.
 - Constantly updating the market mapping exercise to improve knowledge of the market and assessing volumes by channel/primal type etc.

Increasing demand for QSM pork

23. The “Love QSM Pork” campaign will be utilised to focus attention on the QSM rather than generic pork. It will work together with pillar 1 “differentiation” to provide a range of integrated activities.

Key activities will include:

- Focusing the consumer PR activity behind the differentiation of QSM

- Integrating the theme across consumer, retail and foodservice to maximise delivery and efficiency.
- Additional focus will be placed on the opportunities available for the development of QSM on ham

24. The summary of funding for 2008/09 for the 5 key pillars is as follows:

£'000	2007/08		2008/09
	Budget	Forecast	Plan
Differentiation through QSM	950	583	800
Defending pork and pork products	500	1200	1810
Consumer and market insight	450	448	450
Integrating supply chains	900	432	700
Increasing demand for QSM pork	750	542	500
	3,550	(1)3,205	4,250

(1) Excludes £732K of Defra funding

Outcomes and Targets

25. The outcome of the plan will be an increase in the DAPP, a maintenance of the UK pig price premium, a greater use of the QSM on pork and pork products, increased sales of British products in the premium sector of the market, good uptake of the supply chain toolkit, positive 'health' coverage of pork and pork products in the media and an informed production and processing sector that helps them to exploit consumer trends.
26. Departmental outcomes, targets and measurement will be presented in an updated 'performance wheel' once the plan is agreed. Individual targets will be set for individual projects.

Risks

The three principal risks in the delivery of this business plan are:

Risk	Probability	Control
Negative consumer reaction to health messages on pork and pork products	Medium	Wide ranging programme of activities with measurement of consumer attitudes.
Major reduction in availability of QSM product due to business closures.	Medium	High profile activity to improve returns to pig farmers and development of knowledge of differentials between DAPP and basket of retail prices.
Increased competitive activity from imports placing price pressure on QSM premium	High	Monitoring of retailer stocking policies and pricing of imports. Work closely with NPA to target lobbying activity.

Budget

Proposed budget for 2008/09 inclusive of staff costs is a standstill of £4,250,000

Budget Summary

BPEX Group	Marketing
Levy spend of which	
- Projects	£3,305,000
- People and Overheads	£945,000
% of net levy spend	50%
Total levy spend	£4,250,000
Non levy spending	
Total spending	£4,250,000