
National Pork Checkoff Update

Pork Management Conference

June 15, 2010

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NPB Chief Executive Officer



Your Investment. Your Future.

Overview

- A New Plan: A New Focus
- The Building Blocks for Future Growth
- The New Era of Social Responsibility
- Quick Hits & Random Thoughts

Leading a world-class food industry

Responsible. Sustainable. Professional. Profitable.

SETTING A NEW DIRECTION FOR THE U.S. PORK INDUSTRY

A Five-Year Strategic Plan



NPB Vision



Leading a world-class food industry

Responsible. Sustainable. Professional. Profitable.

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Critical Issues



- #1: Operating Freedom: NPB will protect the rights and ability of U.S. farmers to produce hogs in a socially responsible and cost-competitive manner.**
- #2: NPB will refresh and reposition the image of U.S. pork to increase domestic and international consumer demand.**
- #3 NPB will pursue strategies to enable U.S. pork farmers to remain highly competitive long term on a global basis.**

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Critical Issue #1: Operating Freedom



NPB will protect the rights and ability of U.S. farmers to produce hogs in a socially responsible and cost-competitive manner.

NPB will evaluate the consistency of the current pork program with the NPB's mission and objectives, and will work with the NPB to ensure that the program is socially responsible and cost-competitive. NPB will evaluate the consistency of the current pork program with the NPB's mission and objectives, and will work with the NPB to ensure that the program is socially responsible and cost-competitive. NPB will evaluate the consistency of the current pork program with the NPB's mission and objectives, and will work with the NPB to ensure that the program is socially responsible and cost-competitive.

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Critical Issue #2: Enhanced Demand



NPB will refresh and reposition the image of U.S. pork to increase domestic and international consumer demand.

Achieve a 10% increase in real per capita domestic consumer expenditures for pork by 2014.

The U.S. share of global exports of pork (currently 31.5%) will increase to 37% by 2014

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Critical Issue #3: Competitive Global Advantage



NPB will pursue strategies to enable U.S. pork farmers to remain highly competitive long term on a global basis.

NPB will facilitate and fund research that can be used to address technical barriers in expanding domestic and foreign markets.

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Two Key Findings



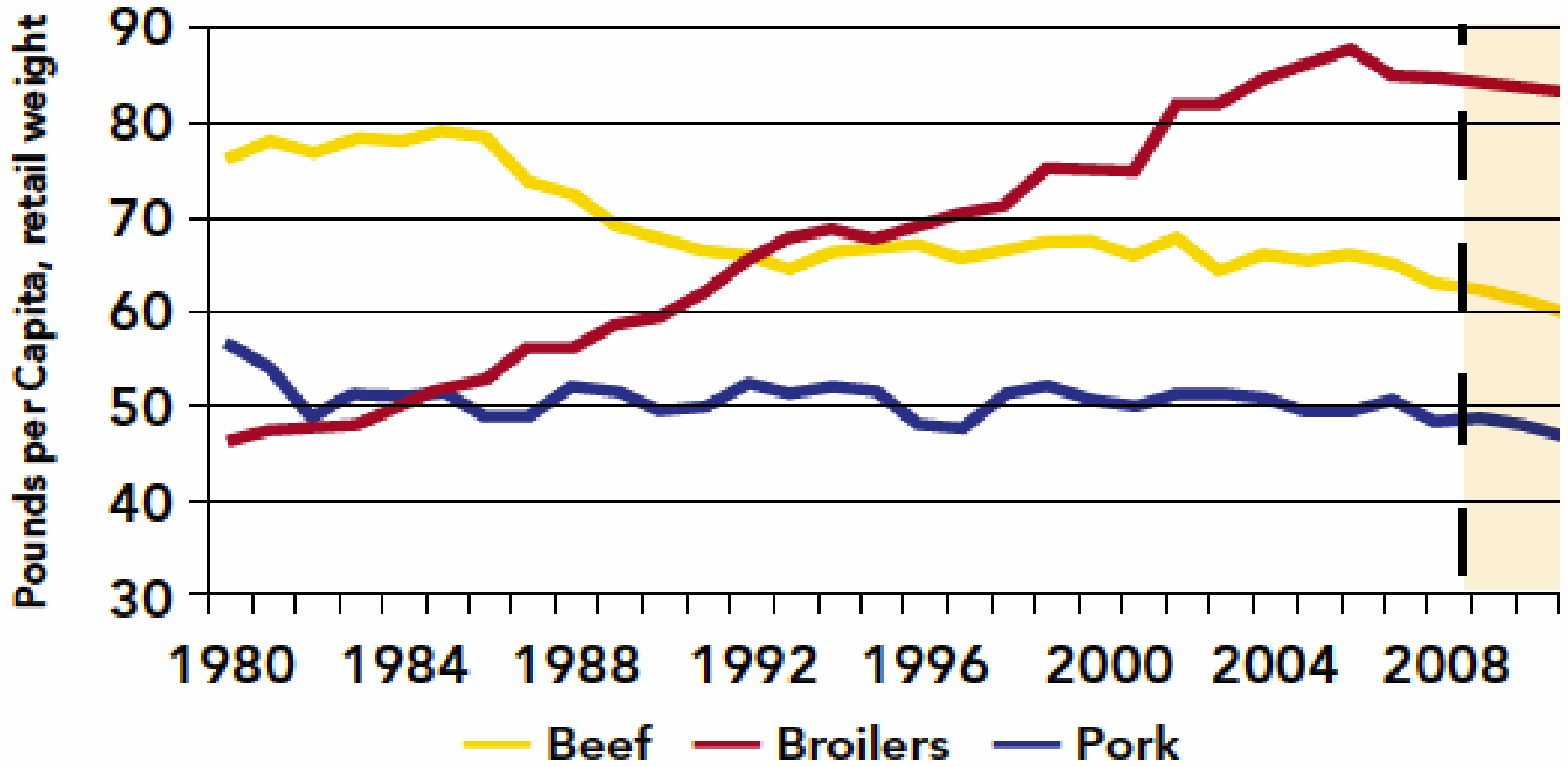
- **An effective strategy needs focus, focus, focus.**
 - “NPB is great at creating new programs. It is not as effective in eliminating programs.”
- **Issues Management and Demand Enhancement are high priorities for most producers**

Setting a NEW DIRECTION

The Building Blocks for Future Growth

Challenging the Status Quo

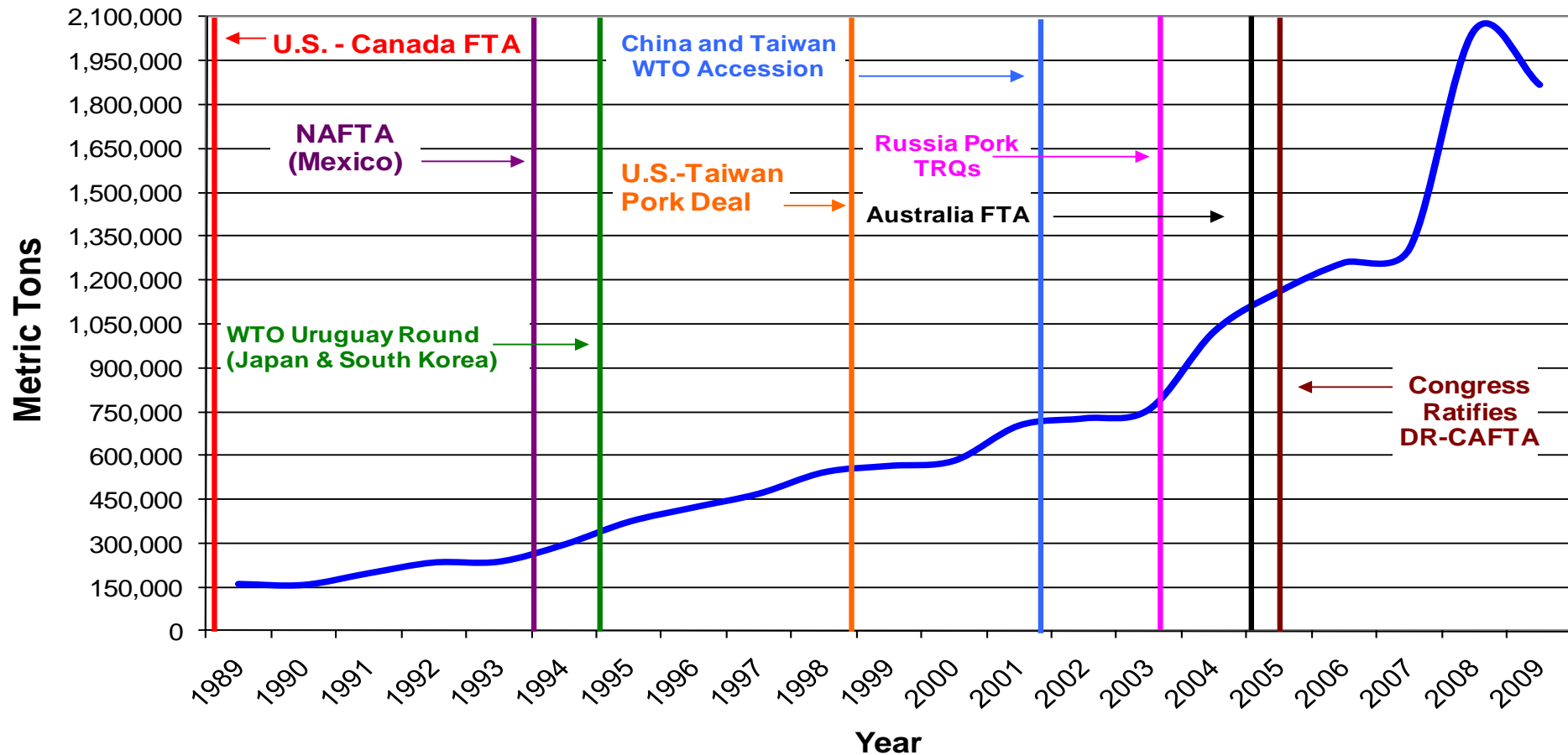
U.S. Per Capita Meat Consumption



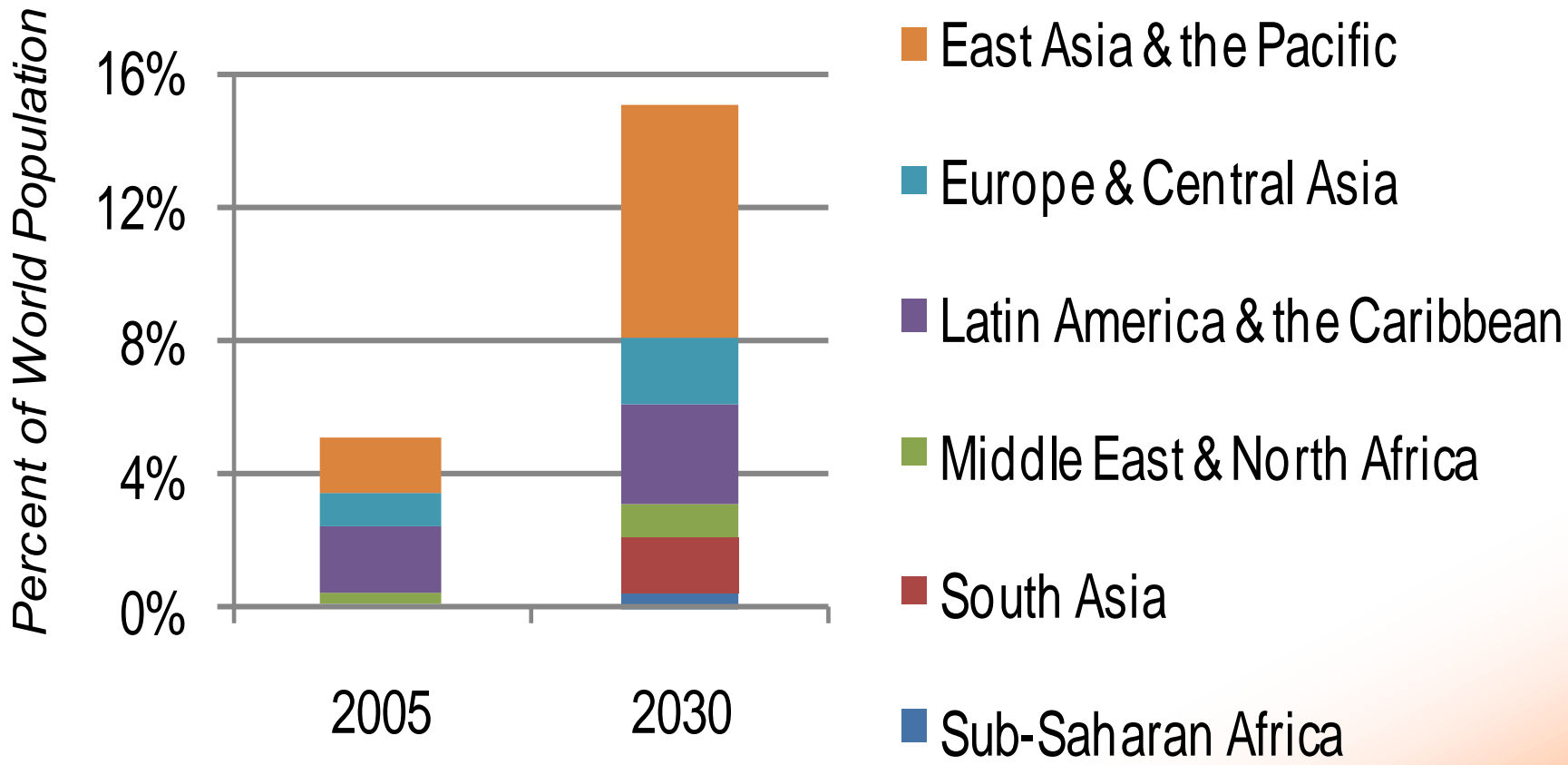
Source: USDA Agricultural Projections to 2018; USDA

Growth From Abroad

U.S. Pork Exports



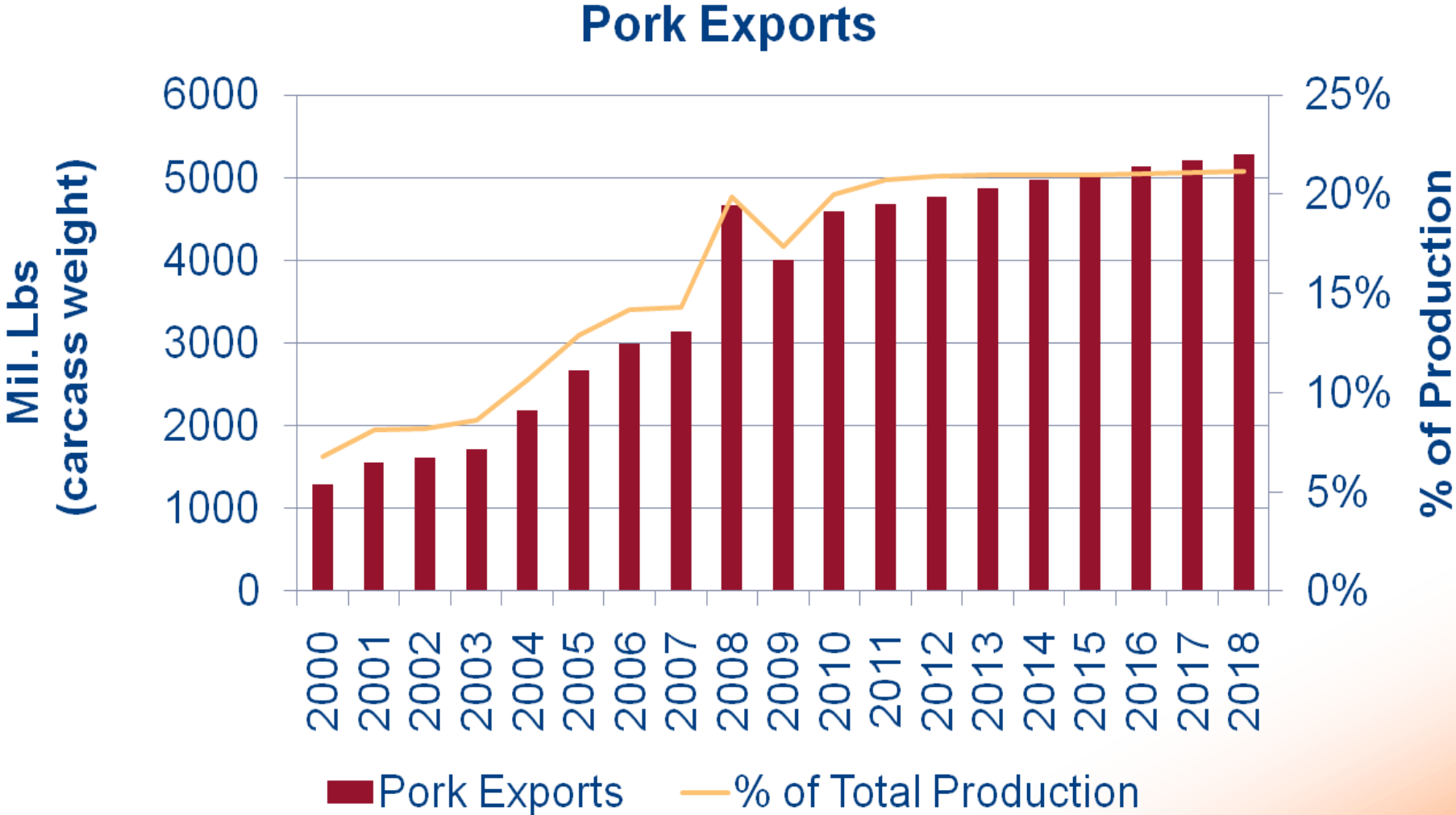
A Growing Middle Class. . .Helps?



Note: "Global middle class" is defined as the per capita income between \$4,000 - \$17,000 (PPP)
Source: Global Economic Prospects - World Bank staff calculations



But USDA Projections Are Still Flat



So, Now What?

Brand Position Review



Methodology

■ Consumption Barrier Research

- Focus groups in 5 markets (Chicago, Philadelphia, Atlanta, Dallas and Orange County) with 52 pork detractors
- Quantitative Study conducted December/January with 600 target audience consumers to validate focus group findings

■ Brand Development Research

- Focus groups in 5 markets with 100 target audience participants
- Telephone interviews with 16 Food Service/Retailer Representatives

■ Brand Validation Research

- Telephone interviews with 6 Processor Representatives
- Telephone interviews with 14 State Pork Board/Association Leaders
- Focus groups with 33 Producers in Iowa, Indiana and North Carolina

Pork Brand – Positive Attributes

Participants are extremely positive about pork in three critical areas:

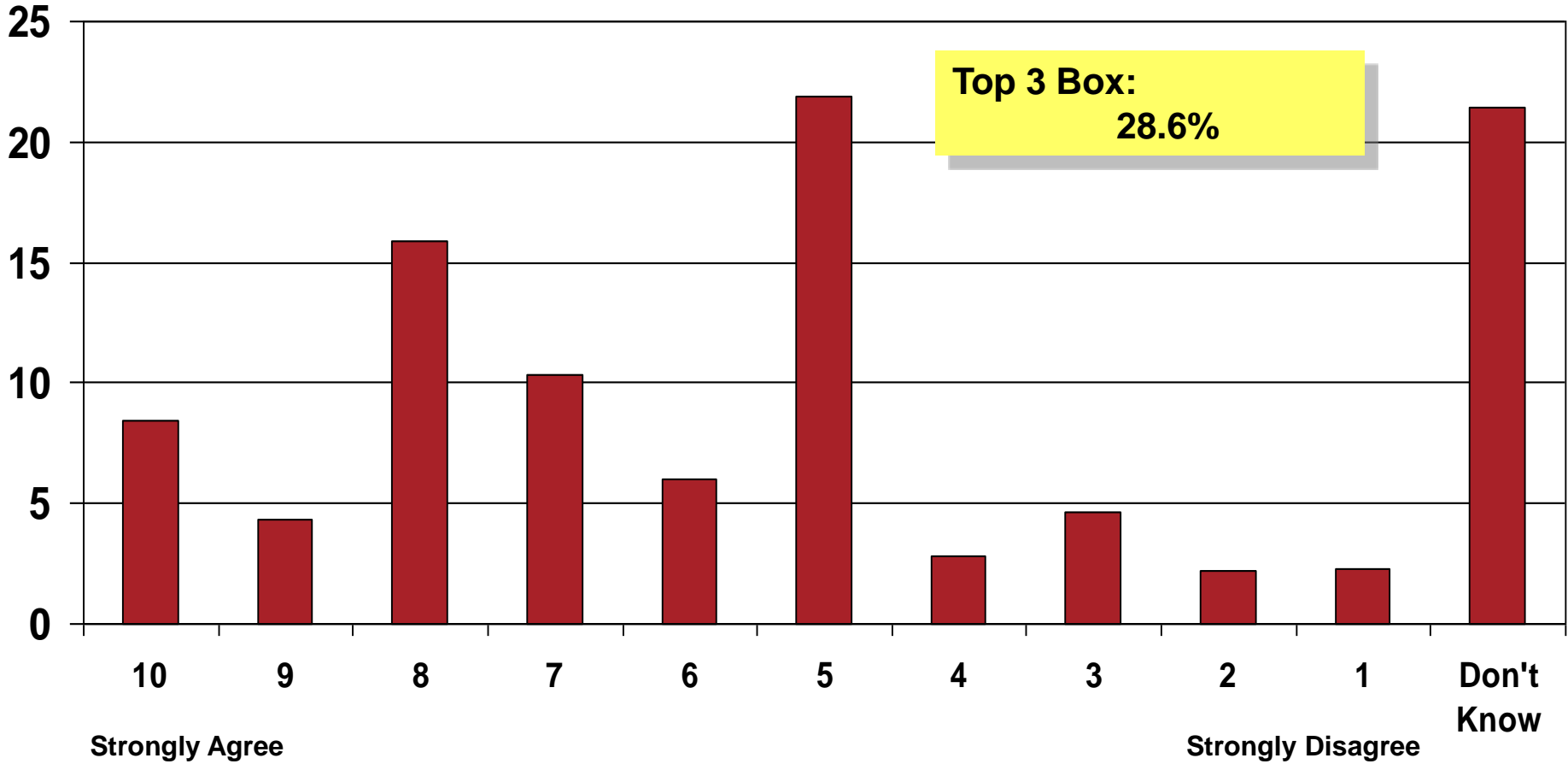
- Pork is as healthy as chicken in regard to fat content
- Pork has great taste and flavor
- Pork adds variety to a menu plan – departure from chicken or beef

Pork Brand – Negative Attributes

Participants had multiple problems with pork:

- Must be overcooked to be safe
- Difficult to cook – turns out dry and tough – lacks consistency
- Limited variety of cuts to purchase
- Only served as “center of plate” – not a good ingredient
- Not good reheated or served as leftovers
- Recipes are hard to find
- Aware of health claims but not truly convinced
- Difficult for children to eat
- Does not fit into today’s lifestyle cooking methods

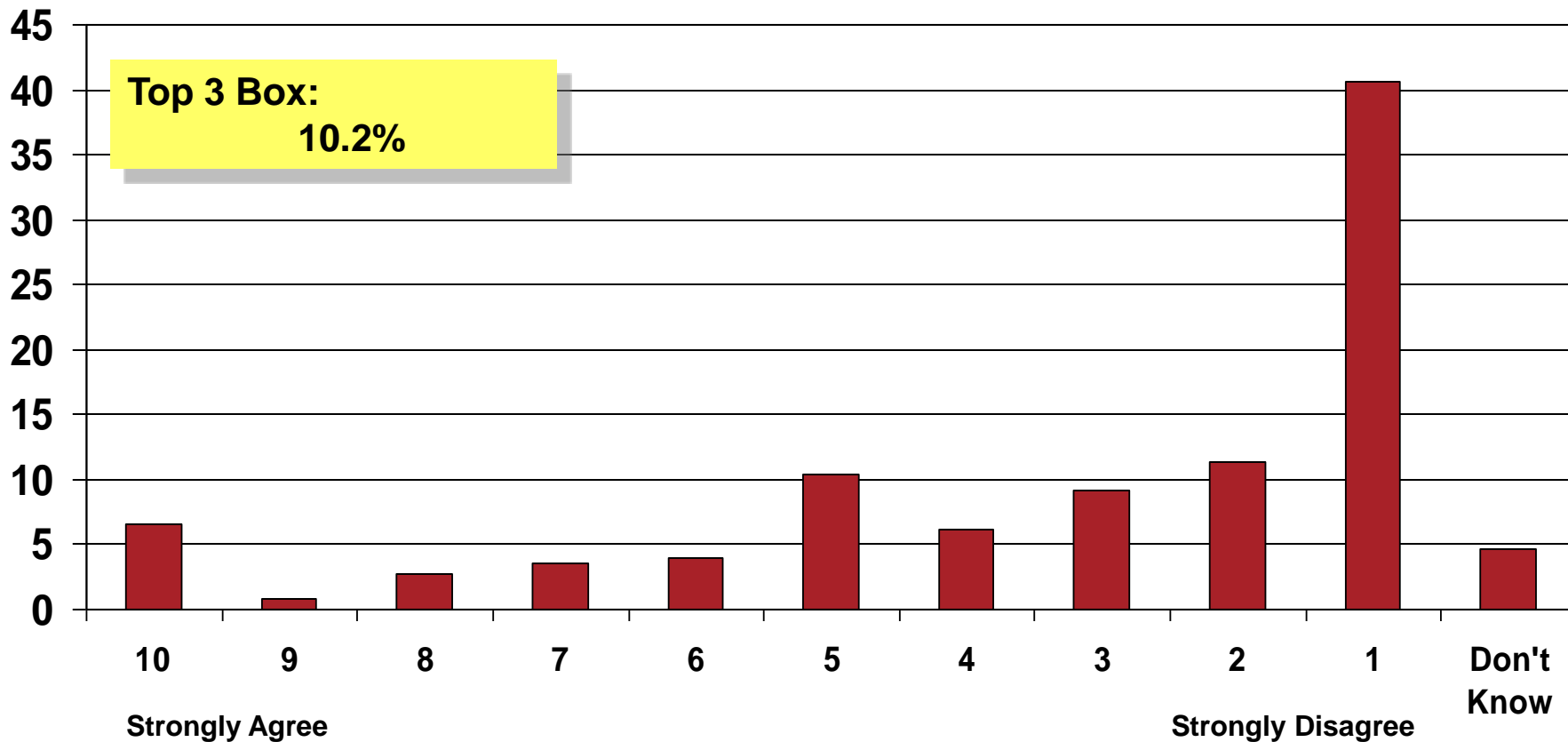
Pork Perceptions – Fresh pork health claims, such as *it is as lean as chicken*, are strongly supported by science



N=604



Pork Perceptions – Fresh pork is safe to eat rare, medium or well done





A New Opportunity for 

Your Pork Team



SCHAFFER | CONDON | CARTER



David
Selby



Gail
Carter



Gwen
Friedow



Erika
Bye



Greg
Wenstrup



Bonner
Wade



Suzanne
Martineau



Karen
Coleman



Getting to +10% Real PCE

Pure Price

Get extra \$11.40 on same pounds
79% Processed = \$9.01
21% Fresh = **\$2.39**

$\$2.39 \times 323 \text{ million} =$
 $\$772 \text{ million}$
new dollars by 2014

$\$114.00 \rightarrow 125.40 = \11.40

**+ 10%
Real
PCE**

Pure Pounds

Get extra \$11.40 on more pounds
(use eatings as imperfect surrogate)
Current pounds support 97.5 annual
per capita eatings, need 9.75 more
79% Processed = 7.70
21% Fresh = **2.05**

**+ 10%
Fresh
Pork
Eatings**

$2.05 \times 323 \text{ million} =$
 662 million
new eatings by 2014

Pay more?

Buy more?



Messaging & Media Target: **Focused...**

Recommended Bulls-Eye:

Medium/Heavy Pork Users

that are also

Medium/Heavy Chicken or
Medium/Heavy Beef Users

Food Advisors, Advisors or
Cooking Influentials



More likely to be:

Women ages 35-64
\$50,000+ HH income

Married, with children

Living in smaller markets

Have associate degree or less

Thought leaders

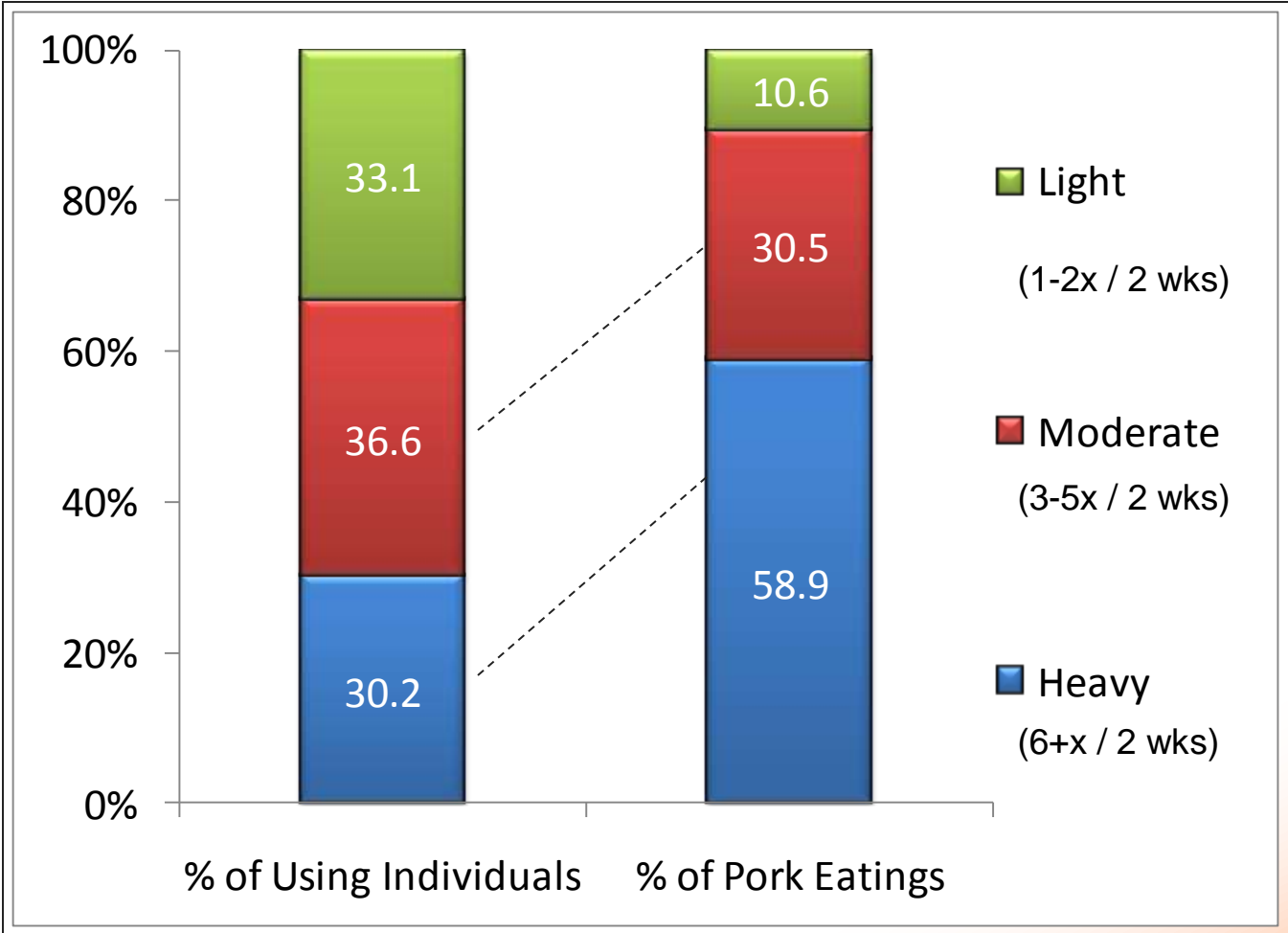
Truly,

Pork Champions



Pork Consumers (fresh and processed)

Pork Consumption by “Heavy, Moderate, Light” Users
% of Using Individuals vs. % of Eatings



*Processed pork does NOT include Hot Dogs

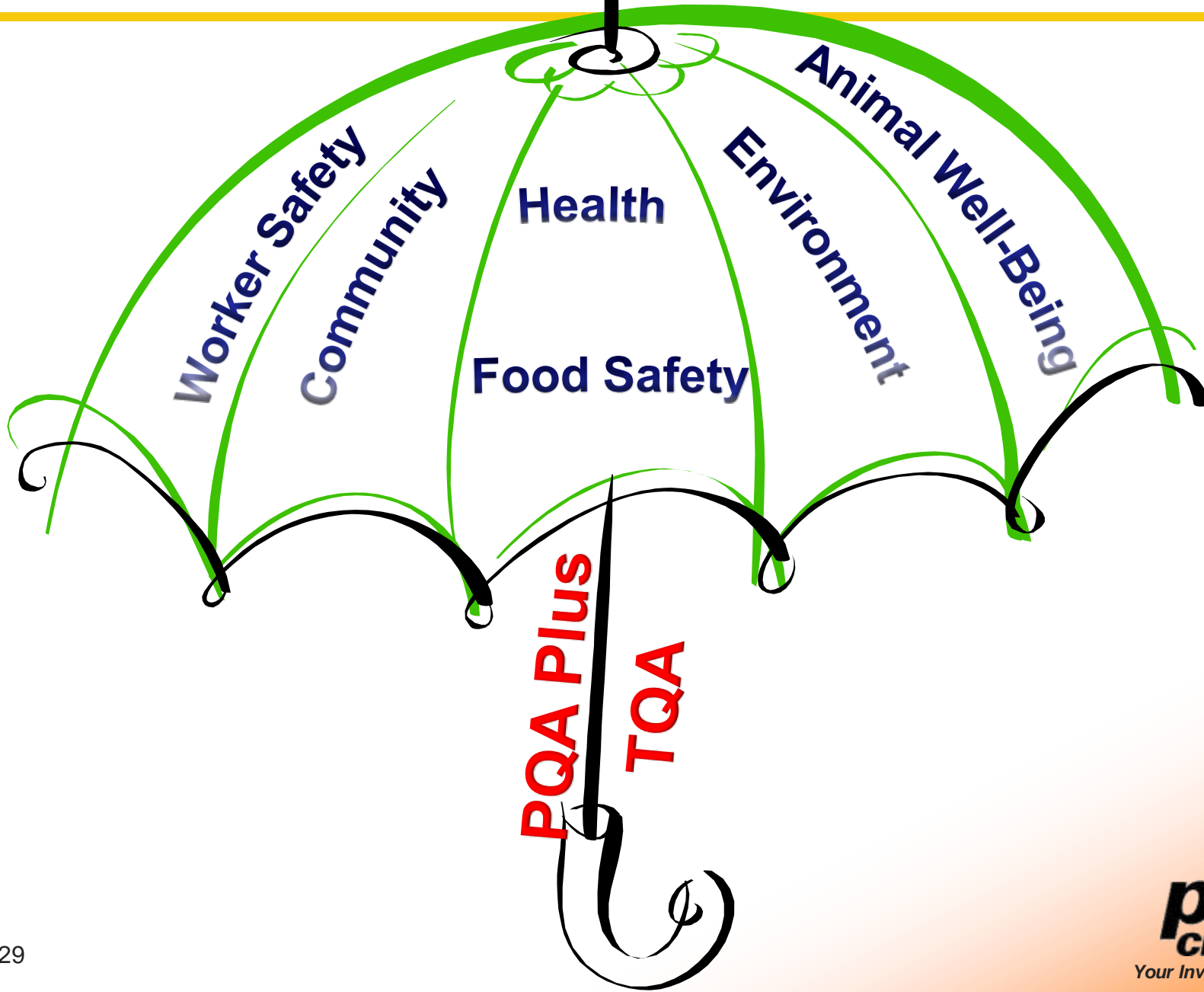


Timeline

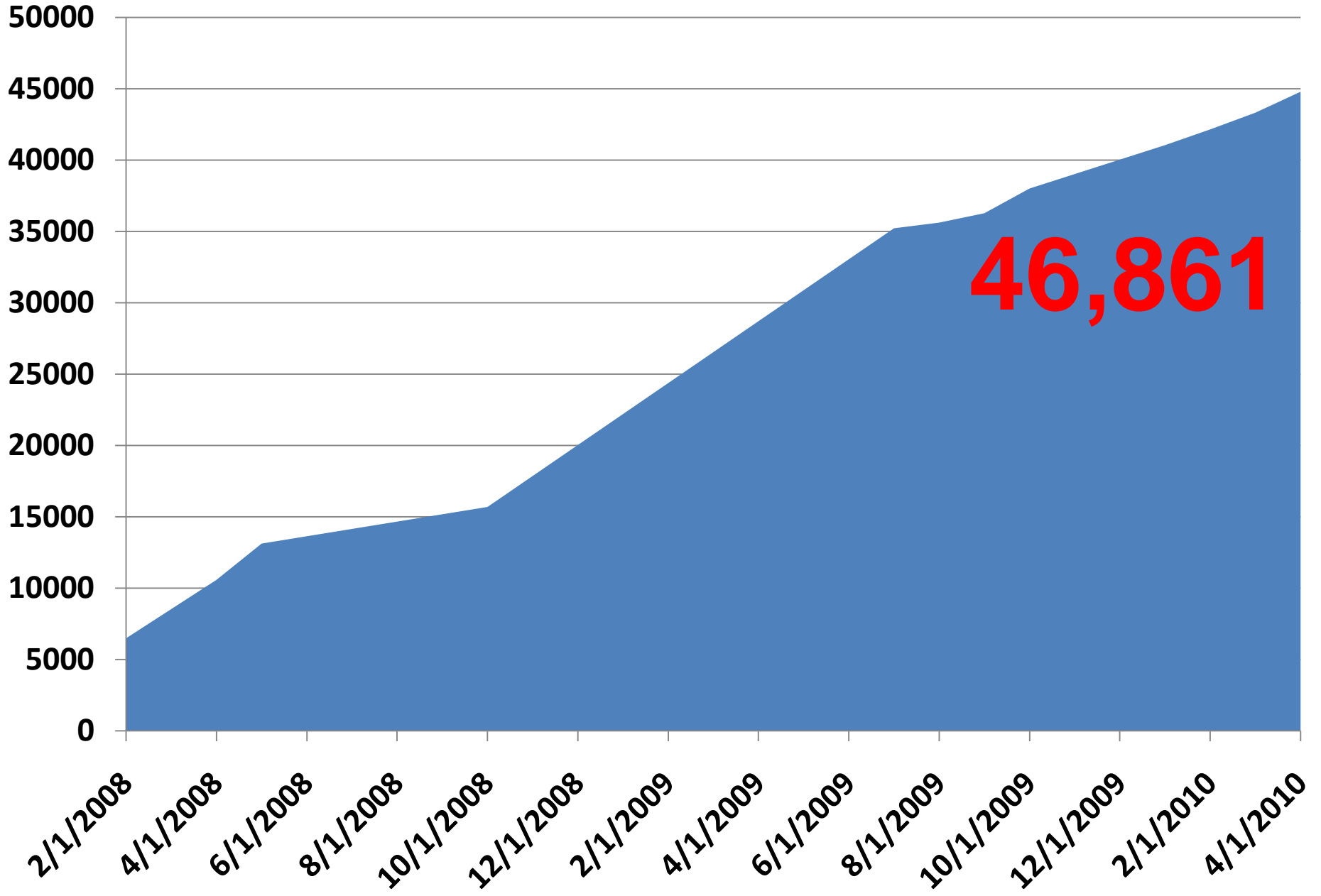
- June to Dec. – “Transitional” Advertising
 - *Not new brand position*
 - *New voice, use of pork pic*
 - *Digital in June, print in July/August*
- July – Segmentation Study Qualitative Results
- Aug. to Oct. – Share Segmentation Study with Packer/Processors and State Pork Associations
- Fall 2009 – Refine position, test with target
- March 2011 – New brand launch

A New Era of Social Responsibility?

The “We Care” Umbrella

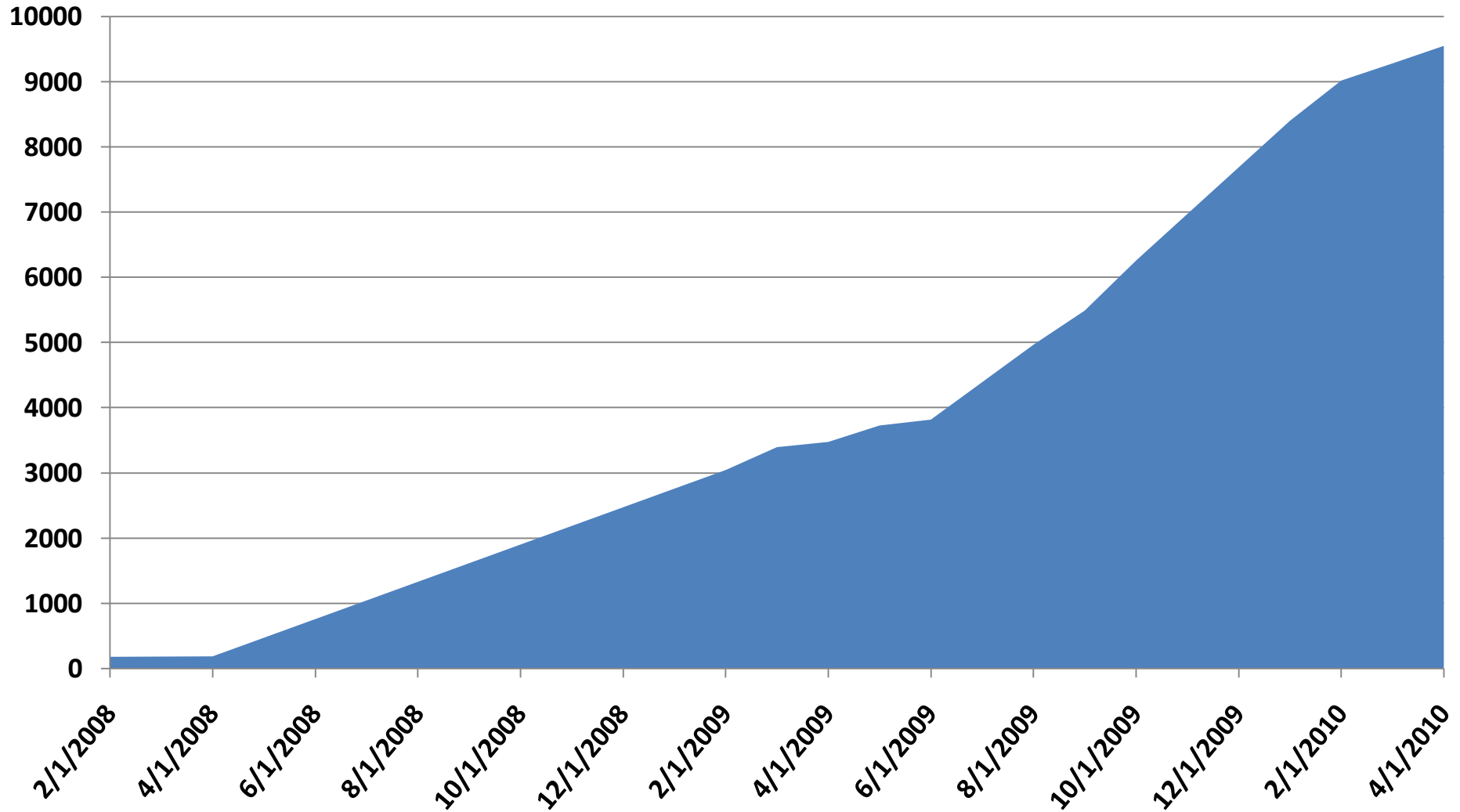


PQA Plus Certifications



Site Status

- Number of Sites Assessed = **10,286** (June 9, 2010)
- Represents 60% of the U.S. swine inventory



We Care Inventory Process

- What industry programs/practices demonstrate a commitment to each Ethical Principle?
- Can these programs/practices be measured, either at the individual farm level or at an aggregated industry level?
- What tools exist to help producers implement and/or measure/assess effective implementation of each Principle?
- Where are the gaps that leave our industry vulnerable?

Addressing Consumer Concerns: A Vision

- National Campaign of Integrated, Coordinated Tactics
- Carefully Crafted, Consistent Messages
 - Focus is Maintaining Freedom to Operate and Building Trust in Modern Production Ag
- Specific, Targeted, High-Value Audiences
- Utilize Full Spectrum of Media
 - Paid, Earned, Print, Broadcast, and Social
- Well-Funded Coalition of the Willing with 3-5 Year Commitment



Quick Hits & Random Thoughts

Or. . . Things I'd Love to Tell
You About If We Had All Day

Current Opportunities, Challenges, Issues, & Needs

- BK Ribs!
- International Marketing—Market Access Focus
- New USDA Dietary Guidelines
- USDA Cooking Temperature Guidance
- SIV Surveillance
- Pork Carbon Footprint Study
- State & National Task Force
- Checkoff Budgets
- New Officers & Board Appointments

Questions & Discussion?

Thank You!

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