



2018-2022

AMERICAN LAMB BOARD LONG RANGE *Plan*

PROMOTION | INFORMATION | RESEARCH



Mission

To increase the value of American Lamb for all segments contributing to the American Lamb Checkoff Program

American Lamb Board Long Range Plan

2018-2022

Introduction

This 2018-2022 long-range plan is designed to help focus the work of the American Lamb Board and its stakeholders on fundamental strategies that must be executed to build demand, and to sustain and strengthen the American Lamb industry. The American Lamb Board will use this plan to create its budgets and annual work plans, and encourages industry partners to use it as a guide to seek opportunities to work collaboratively on these core strategies.

Background/Situation Assessment

The American Lamb industry continues to face substantial challenges from declining sheep numbers, loss of infrastructure, extreme price volatility and declining market share. Imported lamb now represents more than half of the lamb consumed in the US. As overall sheep production in the US continues to decline, there are also fewer and fewer lambs available for the traditional market due to competition from ethnic and nontraditional markets. Many sheep producers are taking proactive approaches to sell their own products directly to customers and foodservice operators, thereby bypassing traditional marketing channels. The volume of sheep and lambs direct marketed and sold into ethnic markets from auctions is an estimated 1.3 million head yearly out of the 5 million head total.

Per capita consumption of lamb in the US has remained steady over the past ten years at approximately 1 pound per person per year. More than one-third of consumers have never tried lamb and nearly 20 percent of US lamb consumption occurs during the spring holidays. Income plays a huge role in lamb consumption. Consumers with annual household incomes of \$75,000 or more are at least twice as likely to have eaten lamb than those with lower annual household incomes. Urban shoppers are the most likely to consume lamb with the highest consumption on the coasts.

Fortunately, US lamb demand has been increasing. In 2015, US lamb demand was up 7 percent compared to 2014 and increased again in 2016 by 2.5 percent. The future holds tremendous promise for an industry which produces a unique, flavorful, tender and nutritious protein that meets the changing needs and preferences of consumers.

In order to build demand for American Lamb, the industry has to deliver a high-quality consistent product competitively priced with

other protein options. Improving the quality and consistency of our products to ensuring consumers have a great eating experience every time, increasing our industry's productivity and stabilizing our prices are all critical to the success of creating demand for American Lamb, thereby increasing the share of American-produced lamb consumed in the US.

About the American Lamb Board

The American Lamb Board, established in 2002, is a national promotion, research and information organization (national checkoff program) whose purpose is to increase demand for American Lamb and increase the value of American Lamb for all segments of the industry. The Board is appointed by the Secretary of Agriculture and represents all sectors of the industry. The work of the American Lamb Board is overseen by the US Department of Agriculture and the board's programs are supported and implemented by the staff in Denver, Colorado.

The American Lamb Board represents a diverse constituency including more than 80,000 producers with diverse production systems and needs; seedstock producers; lamb feeders; and feeders. The Board will continue to focus on building demand and profitability for all sectors through marketing and promotion, research and education that addresses lamb quality plus increased productivity and collaboration with industry partners.

Your Advocate

FOR PROMOTION, INFORMATION AND RESEARCH



Key Trends and Opportunities that Will Influence the American Lamb Industry 2018-2022

GLOBAL DEMAND GROWTH

Growth in the total global population, and particularly growth in the global middle class, provides opportunities for lamb. The global middle class is expected to grow from 2 billion people to 5.9 billion by 2030. There is also a global shortage of lamb — global production is currently failing to match growing consumption demand. This means there is an opportunity to increase global supplies of lamb. This also means that supplies of imported lamb to the US can potentially decline as they find stronger opportunities in other markets.

INTEREST IN BUYING LOCAL AND PRODUCTION PRACTICES

The lamb consumer tends to be well educated, have a higher income and specifically looks for healthy, high-quality foods. They are questioning where their food comes from, how it is raised and how it influences the health of the environment. Fine dining chefs and progressive retailers are also asking these questions, realizing how these factors are important to savvy consumers.

According to the 2018 *Power of Meat* study, 42 percent of supermarket shoppers would like to see their meat department offer more meat and poultry raised in the United States, 40 percent want more antibiotic-free, 39 percent want more all-natural, and 38 percent want more hormone free/no added hormones.

Overall, consumers are demanding more transparency regarding food production practices. The American Lamb industry has a great story to tell, but also needs to continually evaluate and improve production and management practices to authentically respond to consumer interest and concerns about lamb production.

Growing consumer interest and demand for grassfed and antibiotic-free meats offers opportunities for the American Lamb industry.

CHANGING CONSUMERS PREFERENCES

Consumer cooking habits and meal preferences are changing. Consumers are spending less time preparing meals at home but also eating more adventurously through ethnic/global cuisines. Growth in the US of ground lamb sales indicates that consumers want approachable cuts and products with which they are familiar.

Millennials now represent nearly one-third of US consumers, and are a driving force in the growth of lamb demand. They do not have the bias against lamb that older generations have, and they are adventurous eaters who want bold, interesting flavors. It is important for the American Lamb industry to respond to Millennials and build a brand with product attributes that resonate with this important audience. Millennials are interested in food and cooking; for them, food is a form of entertainment and a way to express themselves. They seek unique tastes and foods with authentic stories. American Lamb can fit their needs and interests, while fulfilling the emotional appeal Millennials desire. However, digital

communications are key to reaching this audience. Therefore, the American Lamb Board should leverage digital technology to engage and connect with this important consumer group, inspiring them to get adventurous with American Lamb.

Minority populations consume more than half of the lamb produced in the US. The American Muslim market alone includes 1.7 million households and \$98 billion in disposable income. Minority populations have unique dietary restrictions and needs based on their culture and heritage. Our industry needs to pay close attention and address their needs.

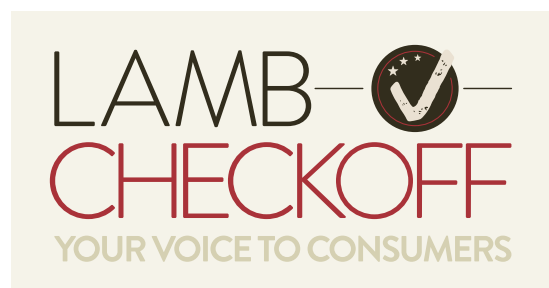
NUTRITION PERCEPTIONS OF LAMB

There is growing consumer interest in lamb as a nutritious lean protein with rich flavor. This is being driven by trendy diets and fitness programs such as Paleo, Clean Eating and Crossfit. Consumers are being told to eat more lamb by their trainers, nutritionists and friends. Lamb offers consumers that are interested in health and wellness a lean protein alternative that is out of the ordinary. When you are eating healthy and restricting certain foods, the more diversity and rich flavor in your diet the better!

PRICE AND PERCEIVED VALUE OF AMERICAN LAMB

The price of all meats has increased during the past several years, with lamb leading the way. In the US, American Lamb supermarket prices are often significantly higher than imported lamb. One of the biggest barriers to increasing lamb consumption is price. Not only is American Lamb priced higher than other protein choices and higher than imported lamb, price volatility inhibits increased usage. Chefs, retailers and consumers are buying less American Lamb because of price volatility.

American Lamb will always be priced at a premium, but the industry must ensure that our prices remain in a competitive range with other premium alternatives and that American Lamb's value attributes are enhanced. It is very important that the value attributes of American Lamb are effectively communicated to chefs, retailers and consumers. One of the best ways to improve the perceived value of American Lamb is to reduce its price. To do this, it requires the industry to decrease its costs through improved productivity so that our American Lamb price stays within a closer range of imported lamb price.



Strategic Direction 2018-2022

VISION

A unified, thriving American Lamb industry that concentrates its resources around priorities and a measurable plan that fosters the opportunity for profitability for all contributors

MISSION

To increase the value of American Lamb for all segments contributing to the American Lamb Checkoff Program

STRATEGIC OBJECTIVE

Increase demand for American Lamb

The single most important strategic objective for the American Lamb Board in the next five years is to increase the demand for American Lamb. The specific objective is to increase lamb demand by 2 percent annually during the next five-year period. Achieving this objective will require that resources be committed and actions taken on the core strategies detailed in this plan.

CORE STRATEGIES

- Grow awareness and expand usage of American Lamb among chefs and consumers
- Promote and strengthen American Lamb's value proposition
- Improve the quality and consistency of American Lamb
- Support industry efforts to increase domestic supplies of lamb
- Collaborate with industry partners and stakeholders to expand efforts to address the first four strategies

Core Strategy:

Grow Awareness and Increase Usage of American Lamb among Chefs and Consumers

More than a third of US consumers have never tried lamb and the average annual consumption is less than one pound. Lamb is less than 1 percent of fresh meat retail (supermarket) sales. Many consumers only eat lamb once or twice a year for holidays or special occasions and many only eat lamb at restaurants. There is great opportunity to increase lamb consumption/demand by building awareness and educating consumers, media, retailers and chefs about the adventurous flavor, culinary versatility and variety of cuts to inspire usage beyond holidays and beyond the rack.

GOAL

By 2022, increase retail sales of lamb and increase lamb menu items by 10 percent.

INITIATIVES

- Educate and engage influencers to help build awareness and inspire year-round usage of American Lamb.
- Promote seasonal campaigns to keep American Lamb top of mind year-round and inspire uses beyond traditional holidays and cuts.

- Promote approachable recipes and techniques that consumers are familiar with to build consumer confidence about cooking with lamb, including burgers, tacos, pizzas, pastas, kabobs and chops.
- Inspire target audiences to increase usage of American Lamb through strategic digital communications and promotional/educational tools including recipes, photography, video, podcasts, etc.
- Identify and fund opportunities to educate target audiences and provide sampling opportunities at key events and conferences.
- Continue to fund educational programs about American Lamb targeting culinary students and teachers, foodservice distributors and chefs.
- Develop programs that inspire chefs to feature American Lamb in a variety of ways, including cut diversity, cookery methods, global flavors, appetizers, soups, salads, brunch, etc.
- Promote the unique attributes of American Lamb and increase awareness in foreign markets working with the US Meat Export Federation.

Core Strategy: **Promote and Strengthen American Lamb's Value Proposition**

Lamb is a premium product and more expensive than alternative meat options. In addition, American Lamb is more expensive than imported lamb options. We have to ensure that we give our customers enough value to justify the premium price, plus find ways to gain production efficiencies, reduce costs and price our products more competitively.

There is an increased interest in where food comes from, how it is raised and how meat production influences the environment. This trend provides an opportunity for the American Lamb industry to differentiate itself from other meat choices.

GOAL

By 2022, increase the number of consumer respondents who agree that positive American Lamb attributes strongly outweigh the negative.

INITIATIVES

- Support investments in new product development, and product and packaging innovations.
- Continue to support efforts that communicate the value of lamb's nutrition and health benefits.
- Connect and communicate directly with consumers, retailers and chefs through innovative tactics regarding American Lamb's value attributes (flavor, nutrition, raised by US farmers and ranchers, freshness, versatility, quality, safety, and the industry's commitment to animal welfare and the sustainability of natural resources).
- Collaborate with industry stakeholders in order to demonstrate to key target audiences the US lamb industry's commitments to quality, safety, animal welfare and standards, and the sustainability of natural resources through environmental stewardship. Ensure antibiotic stewardship, including investing in initiatives that ensure the responsible/judicious use of antibiotics, and commit to the development and use of alternative management practices.
- Leverage and support industry resources and programs that equip producers with tools needed to increase production efficiencies, positively influence American Lamb's value proposition and respond to consumer market signals.

Core Strategy: **Improve the Quality and Consistency of American Lamb**

The American Lamb industry is extremely diverse in terms of production management practices, breeds and genetics, lambing seasons and age of animals at time of harvest. As a result, quality, flavor and size can be inconsistent. Strengthening or improving the consistency of our products will help our industry deliver consumers the same high quality eating experience every time.

GOAL

By 2022, validate the technology and implementation process at major lamb plants that will: 1) detect and remove off-flavors of lamb, and 2) provide accurate feedback on carcass quality to producers.

By 2022, improve perceptions of American Lamb quality, using the Quality Audit¹ as the benchmark.

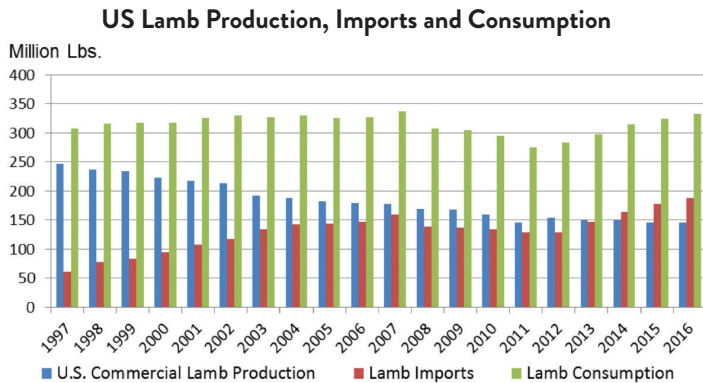
INITIATIVES

- Ensure that the electronic grading systems being pilot tested in the Dixon and Greeley harvest facilities are accurate and working.
- Invest in research that will assess the ability of mass spectrometry technology to detect off-flavored lamb at the plant level.
- Invest in trained and untrained consumer sensory panels to better understand flavor preferences.
- Investigate the seasonality of lamb production in the US to determine opportunities to fill the gaps with the right lambs at the right times.
- Support quality assurance, traceability and pricing programs that provide incentives and direction for producers and feeders to deliver the best carcasses with the best likelihood of providing the highest quality lamb.
- Identify research and education opportunities that address improving the quality and consistency of American Lamb.

¹ Preferences and Complaints Associated with American Lamb Quality in Retail & Foodservice Markets, Colorado State University, 2015

Core Strategy: Support Industry Efforts to Increase Domestic Supplies of Lamb

Imported lamb now represents more than 50 percent of the total lamb consumed in the US. The industry needs to address increasing domestic supplies in order to capture market share for lamb sales and grow demand.



SOURCE: 2016 Sheep Industry Review Prepared by the American Sheep Industry Association for the American Lamb Board, March 2017 (not counting freezer inventory nor US exports); based upon USDA NASS and ERS data

GOAL

By 2022 increase domestic lamb's market share by 5 percent.

INITIATIVES

- Support stakeholder programs that address key barriers for entry into and expansion of operations in the American sheep industry.
- Support programs that attract, develop and enable the next generation of producers into the sheep business.
- Support accelerated lambing efforts and other production practices and projects that will increase productivity and domestic production.

Core Strategy: Collaborate and Communicate with Industry Partners and Stakeholders to Expand Efforts to Address the First Four Strategies

The American Lamb industry is too small not to have strong collaboration and communication among its partners and stakeholders. With the limited resources available to support and promote the American Lamb industry, it only makes sense to work towards common goals that will benefit all segments and industry organizations and maximize the industry's investments in the lamb checkoff.

GOALS:

- Improve industry trust and openness to changes required to address the first four core strategies.
- Leverage all industry resources to address the first four core strategies.
- Strengthen American Lamb Board relationships with industry stakeholders and allied industry organizations.
- Increase industry awareness of American Lamb Board strategies and programs.

INITIATIVES

- Support allied industry organizations' programs and resources that address the first four core strategies, including producer education, young leader development and genetic improvements.
- Keep industry partners and contributors informed about American Lamb Board programs, strategies and results.
- Provide funding and promotional materials for lamb marketers.
- Provide funding and promotional materials for local lamb promotions to expand activities beyond the American Lamb Board's target markets and to increase industry engagement.
- Work to improve and expand relationships with the nontraditional segment of the industry and improve the value of American Lamb Board programs for this segment.
- Develop communication programs which reach contributors and industry partners in order to improve awareness of the American Lamb Board.



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