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# ***ECONOMIC ANALYSIS OF MEAT PROMOTION***

PROCEEDINGS FROM THE NEC-63 CONFERENCE

Adam's Mark Hotel  
Denver, Colorado

June 2 - 3, 1995

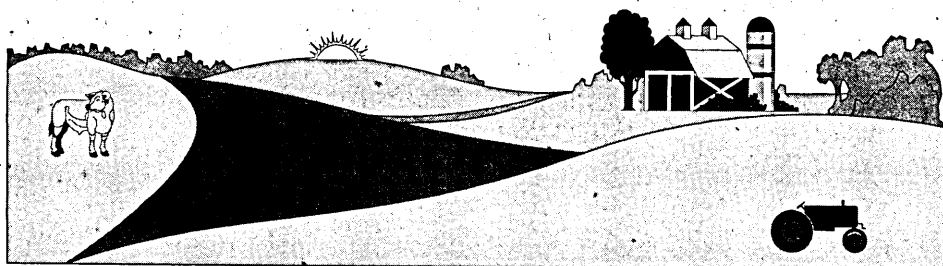
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## **PART THREE**

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### **COMMODITY PROMOTION AND MARKET EXTENSION**

## IDENTIFICATION OF ACTIONABLE MARKET SEGMENTS IN THE U.S. BEEF INDUSTRY

*Mike Sundet*

In maximizing the efficiency of promotional budgets, it is imperative that dollars be targeted in the areas which reap the greatest rewards. In most, if not all cases, this means abandoning the typical mass media approach and identifying specific segments within the overall market that can be more efficiently reached through targeted promotional spending. It is important to note that the term promotion in this context does not refer solely to advertising, but also encompasses other efforts such as direct-to-consumer communications, point-of-purchase promotions, public relations, as well as other informational and educational endeavors.

The Beef Industry Council (BIC) of the National Livestock and Meat Board and Leo Burnett U.S.A. recently conducted an analysis to segment overall meat users into more actionable targets. This new segmentation will assist in directing current and future BIC promotional efforts.

In deciding on the current segmentation strategy, numerous proposed segmentation schemes were evaluated on several criteria to gauge usefulness and actionability. As with any segmentation study, each resulting segment was required to be homogenous, yet provide differentiation across groups. It is critical in developing a practical segmentation to identify means of differentiating the segments that can be directly acted upon.

Using panel data from a monthly Meat Purchase Diary, the new BIC segmentation was founded on consumers' meat purchasing behavior. The segmentation resulted in five distinct groups of consumers who differ in their patterns for purchasing meat. Out of these segments, the BIC has identified three key groups on which its promotional efforts can be focused.

The three segments to be targeted by the BIC consist of 56% of all households, but these households drive 81% of beef movement. By identifying the key segments that yield the most potential to maintain market share and grow new business, the BIC is in a position to more efficiently use its' promotional dollars.

The households within the targeted groups exhibit differing patterns of meat purchases, as well as different demographics and attitudes. Examining the key components driving purchase behavior for each group allows the opportunity to direct specific programs that will cater to the needs and attitudes of each individual segment. Custom designed marketing efforts are becoming increasingly important in maximizing the return on investment to the beef industry.