



Progress Report On the Lamb Industry Roadmap

Over the past 9 months, the five Roadmap committees have been meeting and working hard on the key Roadmap strategies and solutions that were designed to strengthen the profitability and short and long term competitive advantage of the American lamb industry and reverse the decline in demand for American Lamb.

Implementation Committee

This committee oversees and monitors the progress of the implementation of all the Roadmap goals as well as heads up the discussions related to value based pricing and electronic grading.

Value Based Pricing - The committee has developed a plan to increase the percentage of the US slaughter lambs that are sold on a value-based pricing scheme. The plan is now being circulated for input and support among the key lamb packers and fabricators. A copy of the plan is available at www.sheepusa.org.

Value Base Marketing will afford the industry to grow and prosper by rewarding the individual quality attributes of the lamb carcass and its parts and provide a higher quality consistent product to the consumer. The implementation committee is united in stressing the importance of increasing Value Based Pricing and encourages: 1) the feedback of data through the entire production chain, 2) all packers to strive to increase their grid-based pricing to over 80%, 3) Feeders and producers use the best data available to produce the highest quality lamb, and 4) Commercial and Seedstock producers to respond to these lamb quality indicators.

Expanding the use of one value-based pricing mechanism, grid-based pricing, offers the structure within lamb carcasses can be purchased on desired size and leanness. This present the opportunity to discourage waste within the industry, which in turn will result in less cost to producers and lower prices to consumers.

Electronic Grading - In 2013, ALB and the NSIIC funded a study at the JBS plant in Greeley, CO to finalize the instrument performance standards for lamb carcass yield (cutability) and quality grading. This standard would serve as a guide for use of the instrument in lamb plants. The study also included an economic evaluation done by Colorado State University to analyze and evaluate the benefits and effectiveness of the system and determine the potential return on investment (ROI) to the industry.

USDA is at a point in their evaluation where they are ready to move forward with a proposal to approve the electronic grading system and provide standardized protocols to be used by plants for USDA Lamb Grading Standards. Mountain States Rosen is definitely interested in purchasing the unit in Greeley. Other packers will be evaluating the technology and implementation of electronic grading. ALB has allocated some funds in their FY 2015 budget to support/subsidize the purchase of the technology.

Product Characteristics

This committee is charged with addressing strategies to improve the consistency and quality of American Lamb products. The Roadmap recommended the industry conduct quality audits every three years as a tool for the industry to measure and benchmark quality problems in American Lamb products and to provide a foundation to initiate systems and plans to improve lamb quality.

A Quality Audit is being conducted through Colorado State University and Ohio State University to quantify and benchmark perceptions regarding American Lamb quality at the retail and foodservice sectors. Perceptions regarding American Lamb quality are being gathered through interviews and will be ranked and willingness-to-pay estimates for lamb quality attributes will be established. Lamb samples are also being acquired from retail and foodservice operators throughout the country and label information, packaging and characteristics of the product including tenderness will be assessed.

This committee has also been discussing how various factors including age affect the palatability of lamb. They have also identified the need to develop best practices that could be promoted to eliminate, or at least reduce, the occurrence of undesirable flavors in American Lamb. Dr. Tatum, co-chair of the committee, developed a white paper on factors affecting lamb flavor. The white paper has helped the committee identify the need for more data and information to help guide the industry to make sound decisions regarding lamb maturity and the potential changes to either labeling via FSIS or changes to the grading standards via USDA. The white paper is available at www.sheepusa.org.

The American Lamb Board is going to work with this committee to finalize a research project to study the effects of various sheep industry production factors on the palatability and tenderness of the meat. Production factors should include chronological age, physiological factors, feeding and nutrition systems, rates of gain, and breeds.

Dr. Zerby, co-chair of the committee, has also coordinated a process with the major lamb suppliers to gather data and better understand the seasonal supplies of lamb at various physiological ages. The companies have been asked to sort their lambs at slaughter between four age groups.

Demand Creation Committee

This committee is charged with addressing strategies to build demand in both traditional and non-traditional markets and works closely with the American Lamb Board. The committee conducted a face to face meeting in June 2014 to generate strategies and recommendations. The meeting generated lots of great ideas for building demand for American Lamb including:

Non-traditional recommendations:

1. Encourage the ALB to follow through on the recommendations from the direct marketing study over the next two years
2. Recommend that ALB develop mutton marketing resources
3. Explore value-added product opportunities for mutton such as sausage and identify product/recipe development resources such as universities and culinary schools
4. Encourage ALB to work with the US Meat Export Federation to include mutton in export promotions as appropriate
5. Encourage ALB to develop a multi-cultural marketing toolkit

Traditional recommendations:

1. Establish a traditional marketing advisory committee comprised of the mainstream packers/breakers/marketers that meets with the ALB periodically to review programs and events as well as advise on market trends and strategic direction.
2. Develop an American Lamb mark/updated logo that can be used by all marketers to drive awareness of American Lamb.
3. Encourage ALB to develop a year-round digital/social marketing plan focused on consumer demand and coordinate the implementation of the plan throughout the industry and educate key stakeholders on social strategies.
4. Encourage ALB and suppliers to evaluate and support USMEF export promotion opportunities.
5. Educate the industry on the importance of export markets

As a result of the June meeting, the American Lamb Board has allocated resources to address several of these recommendations in their new fiscal 2015 budget and plan.

In FY 2015, ALB will:

- Develop a multi-cultural tool kit to help the industry and retailers merchandise lamb to Muslim and Hispanic consumers.
- Sponsor the American Muslim Consumers Conference in New Jersey in November 2014.
- Develop new resource materials for direct marketers including simple recipe booklets with cut information, customizable promotional materials and a new direct marketing resource center on an updated/refreshed industry website to include reports, promotional materials, best practices tools and a public forum to ask questions and discuss ideas.
- Hire a branding and web design firm to update/refresh the American Lamb brand/identity and website
- Create a social marketing editorial calendar and best practices guide for suppliers and industry partners and will be coordinating three seasonal social campaigns/contests in FY 2015
- Continue their US Meat Export Federation membership and will be funding a new retail promotion for lamb and mutton in Mexico

- Develop a marketing advisory group to meet quarterly with ALB to review programs and events as well as advise on market trends and strategic direction

Productivity Improvement

This committee is working to develop plans and strategies to achieve a significant increase in industry productivity including:

1. Promoting widespread producer use of quantitative genetic selection: The National Sheep Improvement Program (NSIP) is a quantitative genetic selection tool designed to help producers make good breeding decisions and increase their profitability. NSIP's business is calculating Estimated Breeding Value's (EBVs) for seedstock producers and helping seedstock and commercial producers use those EBVs to their best advantage. This technology is proven to make significant genetic progress in sheep and yet, the technology is only being used by a small minority of sheep producers in the US. This summer, NSIP hired an agricultural marketing and communications agency, Demeter Communications, to help design a plan with specific actions to increase awareness of NSIP as a new and improved genetic selection tool and to increase membership and use of the technology.
2. Developing a plan to promote the formation of Producer Profitability Groups that will provide "hands on" assistance to sheep producers through production specialists and peer relationships. ASI is in the process of hiring a national coordinator to support the Producer Profitability Groups, production resources and ASI's current Let's Grow programs and initiatives.
3. Developing a long-term plan for U.S. sheep research and producer education: ASI has contracted with a consultant to conduct a survey of the US sheep research and education community to identify and prioritize the key research and education needs. The project will be completed in 2015.

Industry Communications Committee

This committee meets monthly to share issues and improve communication and collaboration across sectors and industry organizations. They also remain on "stand-by alert" to address industry mis - communications or crisis communication issues. The committee has also been asked to address ways to improve market information and industry reporting on inventories to better educate and prepare the industry for market changes.

Please send us your ideas, comments and questions via e-mail to any of the Roadmap committee members, a list of the members of each team and their email addresses is available at www.sheepusa.org.