

THE AMERICAN LAMB INDUSTRY ROADMAP

A Collaborative Effort of the American Lamb Industry

January 3, 2014

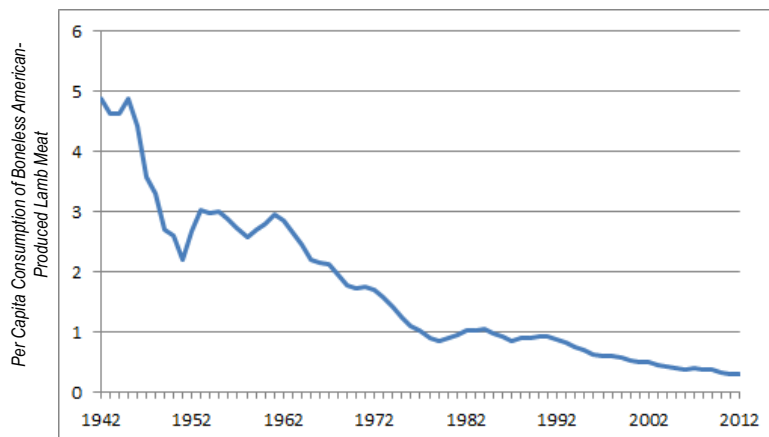
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A. Executive Summary

Consumption of American produced lamb has been in decline since World War II as shown in Figure 1. Some of the factors causing the decline in consumption and supply of American lamb are the negative experience of World War II veterans eating mutton, high mortality rates of lambs due to predators, ill-conceived Federal regulations that penalize producers, the loss of the National Wool Act in 1993, the sharp reduction in Federal grazing land, competition from imports, and many other factors that are due to forces beyond the ability of the sheep industry to control.

Figure 1. Per Capita Consumption of American Produced Lamb, 1942-2012
Federally Inspected Lamb Only



Source: Economic Research Service, U.S. Department of Agriculture, supply and disappearance data

Lamb also suffers from a negative perception in the minds of many U.S. consumers due to two factors: (1) lamb is the most expensive meat in the meat case; and (2) the quality of American lamb has been inconsistent.

Despite the above generalizations, some lamb producers have opted out of the traditional market channel and are marketing lamb meat directly to consumers and /or high quality retail outlets, white table cloth restaurants, or other channel participants close to consumers. These producers maintain strict control over the quality of the meat they market directly, and most of them are able to negotiate prices at which they can be profitable on a consistent basis.

The Lamb Industry Roadmap presents a set of action steps that the industry can and should undertake to strengthen the competitive position of participants in both the traditional and the non-traditional market channels.

However, it should be emphasized that the Roadmap is not the only effort to support the industry. The Roadmap focuses on several areas where the Industry Advisory Group believes new or renewed efforts are required. However, it also strongly endorses the many activities currently being implemented by:

- American Sheep Industry Association
- American Lamb Board
- National Lamb Feeders Association
- National Sheep Industry Improvement Center
- National Sheep Improvement Program
- State sheep associations
- Industry meat associations
- Land grant universities with sheep research, education, and extension programs
- USDA agencies that support the sheep industry
- Individual industry participants

If implemented by the industry, the Roadmap supplements the many other efforts to enhance the future of the industry. The Roadmap assumes that all sheep industry organizations will continue to pursue their mandate and continue to implement their unique activities.

The Roadmap has established four major Goals as shown in Figure 2.

Figure 2. High Level Goals for the Lamb Industry Roadmap

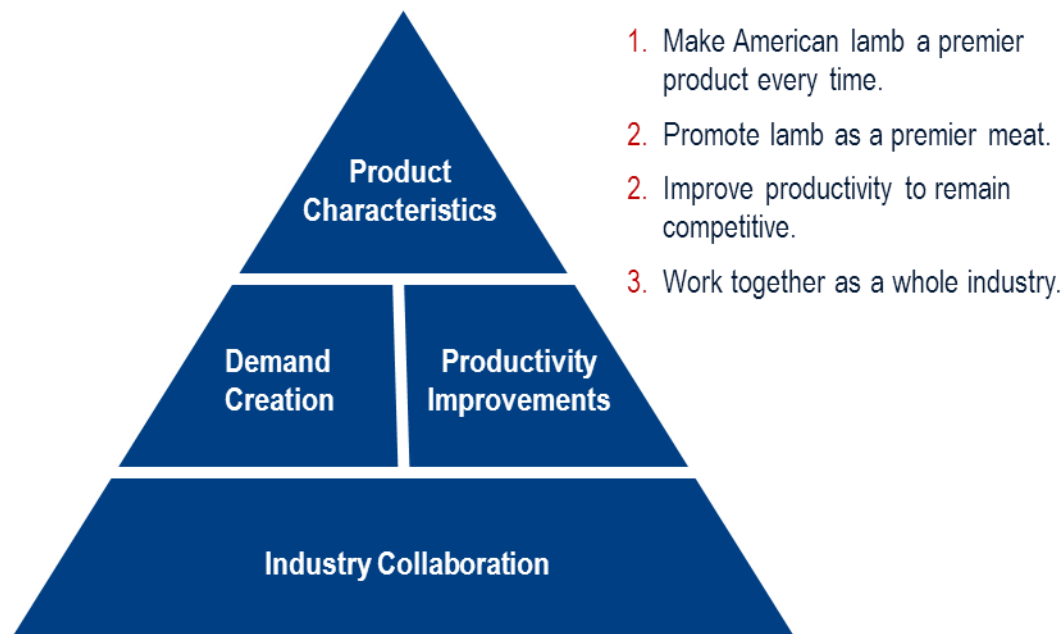


Figure 3 identifies the thirteen objectives that support the four Goals.

Figure 3. Objectives Included Under Each Goal

Goal 1. Product Improvement <ul style="list-style-type: none">■ Adopt consumer-driven, value-based pricing for slaughter lambs■ Improve consumers' eating experience of lamb■ Install electronic grading at packing plants■ Conduct a Lamb Quality Audit every three years
Goal 2. Demand Creation <ul style="list-style-type: none">■ Create a consumer-recognized and valued "American Lamb" brand limited to American lamb products of a defined quality■ Develop innovative value-added products■ Support non-traditional sheep producers across the country through a series of niche marketing activities■ Explore the benefits and costs of alternative paths to market for American lamb■ Build the volume and value of the export market for American lamb
Goals 3. Productivity Improvement <ul style="list-style-type: none">■ Promote widespread producer use of quantitative genetic selection■ Reduce the seasonality of the lamb industry■ Develop a long-term plan for U.S. sheep research and producer education
Goal 4. Industry Collaboration <ul style="list-style-type: none">■ Initiate a Rapid Response, Industry-Wide Communications Team

Action steps for each of the objectives are included in the body of the report.

Most of the thirteen objectives will benefit both the traditional and the non-traditional market channels; however, a few are directed to the unique needs of one channel as shown in Table 1.

Table 1. The Beneficiaries of Each Objective to the Traditional and Non-Traditional Market Channels

	Traditional Channel	Both	Non-Traditional
Adopt value-based pricing			
Improve consumers' eating experience			
Utilize electronic grading			
Conduct a Lamb Quality Audit			
Create American Lamb brand			
Develop value-added products			
Support producers in non-traditional channel			
Explore alternative paths to market			
Build volume and value of exports			
Promote quantitative genetic selection			
Reduce seasonality of lamb production			
Develop plan for sheep research & education			
Create industry communication team			

This report is not the essence of this effort. A document by itself is worthless. Value will be derived from this process only if action is taken.

Therefore, the emphasis should be on **the implementation process**, not on the document. This project is about the beginning of a **PROCESS** – not about creating a report. This report will be our **INITIAL** Roadmap for the industry. But the Roadmap will change and evolve over time as new events occur and as the industry learns from the implementation effort.

Some suggestions from industry participants are not included in this presentation, not because they were invalid, but because the Roadmap had to prioritize the initiatives to be accomplished in the next few years. Other issues can, and will, be addressed as the Roadmap unfolds. The industry is at the **BEGINNING** of a process.

Whatever challenges the lamb industry faces in the future, it must address them in a collaborative fashion. The historical practice of one sector in the industry blaming another sector for the industry problems is not productive. All sectors of the industry are absolutely critical to the industry's success. All sectors must be profitable on a reasonably consistent basis.

The Roadmap will require a major “sea change” for the lamb industry. Tweaking the dials will not be enough. Every participant in the American lamb industry will have to change the way they do business. It will be messy. It will be painful.

The industry cannot continue as it has been. The industry must change.

This plan, or something similar to it, is the industry’s only option.

B. Project Background

1. Brief History

This project is the outcome of a process that was initiated by the California Wool Growers Association (CWGA) in June 2012. CWGA issued a letter to the American lamb industry calling for a summit meeting to address the problems facing the industry.

A small meeting of industry leaders was called to discuss the proposed industry summit in September 2012. Those gathered felt that one large summit meeting would not be adequate to address the challenges of the industry, and they recommended instead that a facilitator be hired to guide the efforts of the industry to seek solutions to the major challenges that the industry faces.

As a result, the American Lamb Board (ALB) submitted a proposal to the National Sheep Industry Improvement Center (NSIIC) for partial funding of such an effort. NSIIC issued a grant to ALB for 50% of the funds to hire a facilitator. ALB sent a Request for Proposals to 10 consulting firms. The Hale Group – a boutique consulting firm that focuses on providing counsel to the food and agribusiness industries – was selected to facilitate the effort, beginning in January 2013.

2. Purpose

The purpose of this effort was:

To identify and analyze the major challenges facing the American lamb industry, to propose the most effective solutions to those challenges, and to develop a strategy for the industry that will strengthen its short-term and long-term competitive advantage and return the industry to consistent profitability.

ALB appointed an Industry Advisory Group to work with The Hale Group on this effort. Members of the Industry Advisory Group are listed below.

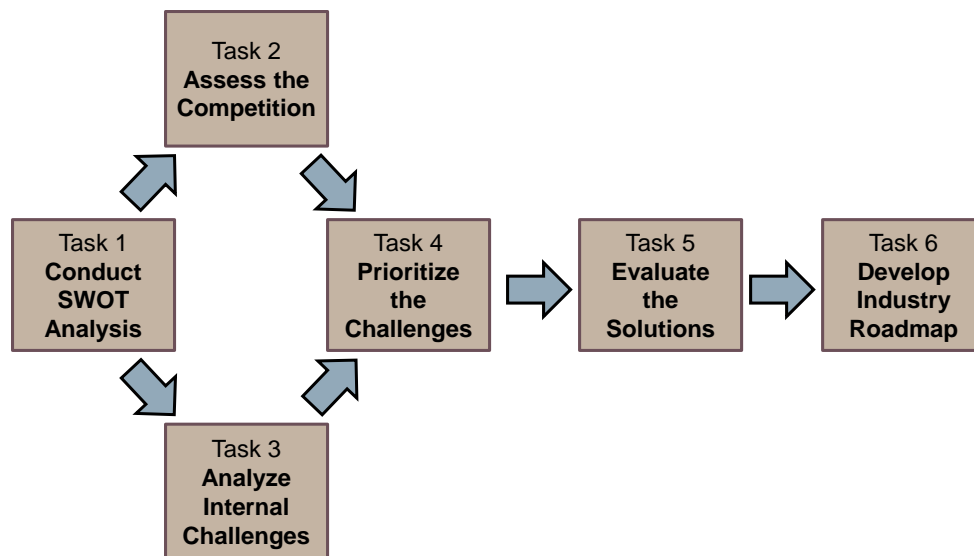
Members of the Industry Advisory Group

- Nick Forest, OH
- Burdell Johnson, ND
- Dan Lippert, MN
- Frank Moore, WY
- Butch Theos, CO
- Gary Pfeifer, CA
- Kathy Soder, PA
- Clint Krebs, OR
- Pierce Miller, TX
- Richard Hamilton, CA
- Dennis Stiffler, NY
- Bill Fosher, NH
- Reed Anderson, OR
- Henry Zerby, OH
- Clark Willis, UT
- Richard Drake, CO
- John Oswalt, MI
- Greg Ahart, CA
- Greg Deakin, IL

3. Methodology

The Hale Group's approach to the content of this assignment is depicted in Figure 4.

Figure 4. Approach to this Assignment



The Hale Group conducted conversations with many industry participants, reviewed prior reports about the industry, analyzed the most recent data describing industry trends, facilitated the discussions of the Industry Advisory Group, and prepared reports and presentation materials on behalf of the Industry Advisory Group.

The Industry Advisory Group had three in-person meetings in Denver, CO on:

- March 18-19
- June 13-14
- August 27-28

In addition, the 19 members of the Advisory Group were divided into five smaller Working Groups that addressed specific issues and then reported their findings and recommendations back to the larger group. Many conference calls were conducted between meetings. Hundreds, perhaps thousands, of email messages were sent and responded to during the course of this effort.

4. Ownership of the Roadmap

It appears that this project has become commonly known throughout the industry as “The Hale Report.” The Hale Group urges the industry to discontinue using that term. The Roadmap was developed by:

- Participants from all segments of the industry
- Participants from all national sheep industry organizations

It does not “belong” to The Hale Group or the American Lamb Board.

The Lamb Industry Roadmap is owned by the American Lamb Industry.

5. The Roadmap and Other Industry Activities

This Roadmap is not the only effort to support the industry. The Roadmap focuses on several areas where the Industry Advisory Group believes new or renewed efforts are required. It strongly endorses the many activities currently being implemented by:

- American Sheep Industry Association
- American Lamb Board
- National Lamb Feeders Association
- National Sheep Industry Improvement Center
- National Sheep Improvement Program
- State sheep associations
- Industry meat associations
- Land grant universities with sheep research, education, and extension programs
- USDA agencies that support the sheep industry
- Individual industry participants

If implemented by the industry, the Roadmap supplements the many other efforts to enhance the future of the industry. The Roadmap assumes that all sheep industry organizations will continue to pursue their mandate and continue to implement their unique activities. The following paragraphs mention only a few current programs of the sheep industry organizations that must be continued.

The American Sheep Industry Association (ASI) is currently conducting many activities that are vital to the industry and that support the efforts of the Roadmap. A few examples are:

- ASI continues its regulatory advocacy work on behalf of sheep producers across the nation to prevent or mitigate ill-advised regulations on the sheep industry.
 - These efforts are critical to the success of the entire industry.
- The Let's Grow Program seeks to attract and support younger sheep producers in the industry.
- The Sheep Safety and Quality Assurance program utilizes research and education to improve management during the production of safe and high-quality sheep products.
- ASI is taking the lead in initiating action with USDA to adjust the Livestock Mandatory Reporting (LMR) requirements.
 - As the lamb industry becomes smaller, the data reported by USDA through LMR becomes less reliable.
 - Clearly, the need for accurate information and unbiased analysis is as great now as it ever has been.
- The Roadmap supports ASI in seeking appropriate changes to LMR as quickly as possible.
 - The definition of "lamb" and yearling animals should be consistent with the overall industry goal of providing consumers with a positive and repeatable eating experience.
 - Accurate data from many participants in the industry is critical.

Some of ALB's important activities include:

- Qualitative research with consumers and trade channel participants
- Improving culinary education materials, chain restaurant promotions, summits with influential chefs
- Expanding the number of target markets

- Updating nutritional databases to include grain-fed as well as grass-fed feeding regimens
- Direct and Ethnic Marketing assistance
- Digital and social media, Lamb Jams, other consumer outreach
- USMEF proposals targeting the Middle East

The Roadmap strongly encourages a collaborative approach between American lamb marketers and ALB in order to leverage key assets to the end of building demand.

The state sheep associations and the Land Grant Universities are also engaged in programs and activities that are vital for the industry, such as:

- Programs of the state sheep associations that are tailored to assist sheep producers in their state.
- The vital advocacy work on issues of state legislation and regulation conducted at the state level by the state associations.
- The programs to support sheep producers through research, education, and extension at the Land Grant Universities.

These programs are all vital for the future well-being of the lamb industry.

**All of the above efforts, and many not mentioned,
support and enhance the Industry Roadmap.**

6. A Process, Not a Report

While this document is, in fact, a report, the essence of this effort is not about this document. A document by itself is worthless. Value will be derived from this process only if action is taken.

Therefore, the emphasis should be on the implementation process, not on the document.

- This project is about the beginning of a **PROCESS** – not about creating a report.
- This report will be the **INITIAL** Roadmap for the industry.
- But the Roadmap will change and evolve over time as new events occur and as the industry learns from the implementation effort.

- Some suggestions from industry participants are not included in this presentation, not because they were invalid, but because the Roadmap had to prioritize the initiatives to be accomplished in the next few years.
- Other issues can, and will, be addressed as the Roadmap unfolds.
- The industry is at the **BEGINNING** of a process.

7. Use of Terms in this Report

Before analyzing the current situation in the American lamb industry, the terms used in this report must be clarified. It is widely acknowledged in the industry that there are two very different segments of the industry. The common labels given to these segments are “traditional” and “non-traditional.” In addition, some people talk about the “traditional markets” and the “ethnic markets.” Unfortunately, different people in the industry use these terms differently.

In this report, we distinguish between the market channels in getting lamb meat to market on one hand and the two major segments of the market itself.

For the market channels we use the terms “traditional” and “non-traditional.” For the markets themselves we use the terms “ethnic” and “other.” We recognize the right of others to use the terms differently.

Table 2 attempts to describe how this report distinguishes the market channels in the U.S. industry.

Table 2. Market Channels of the American Lamb Industry

Traditional Market Channel	Non-Traditional Market Channel
<ul style="list-style-type: none"> Producers and feeders sell live lambs 	<ul style="list-style-type: none"> Producers sell meat or live animals directly to consumers or retailers and foodservice operators
<ul style="list-style-type: none"> Packer and fabricators sell meat to retailers and foodservice firms 	<ul style="list-style-type: none"> Producers use custom slaughterers and fabricators
<ul style="list-style-type: none"> Consumers buy lamb meat from retailers and foodservice firms 	<ul style="list-style-type: none"> Producers produce to consumer expectations
<ul style="list-style-type: none"> The markets set prices 	<ul style="list-style-type: none"> Producers usually negotiate reasonable, stable prices
	<ul style="list-style-type: none"> Producers have more leverage in pricing – selling not just on price, but also on product attributes

These two go-to-market channels take very different routes to market, yet each has an effect or influence on the other's success.

- Lamb marketers in either marketing channel risk losing a customer that has a negative dining experience from product with low quality standards that was supplied by the other marketing channel.
- Consumers can be confused over inconsistent marketing messages from highly independent lamb marketers.
- A reduction in industry infrastructure is felt by both the traditional and non-traditional marketing channel.

These two market channels do not exist in isolation, and some producers participate in both channels!

The terms for the two major market segments are indicated in Table 3 below.

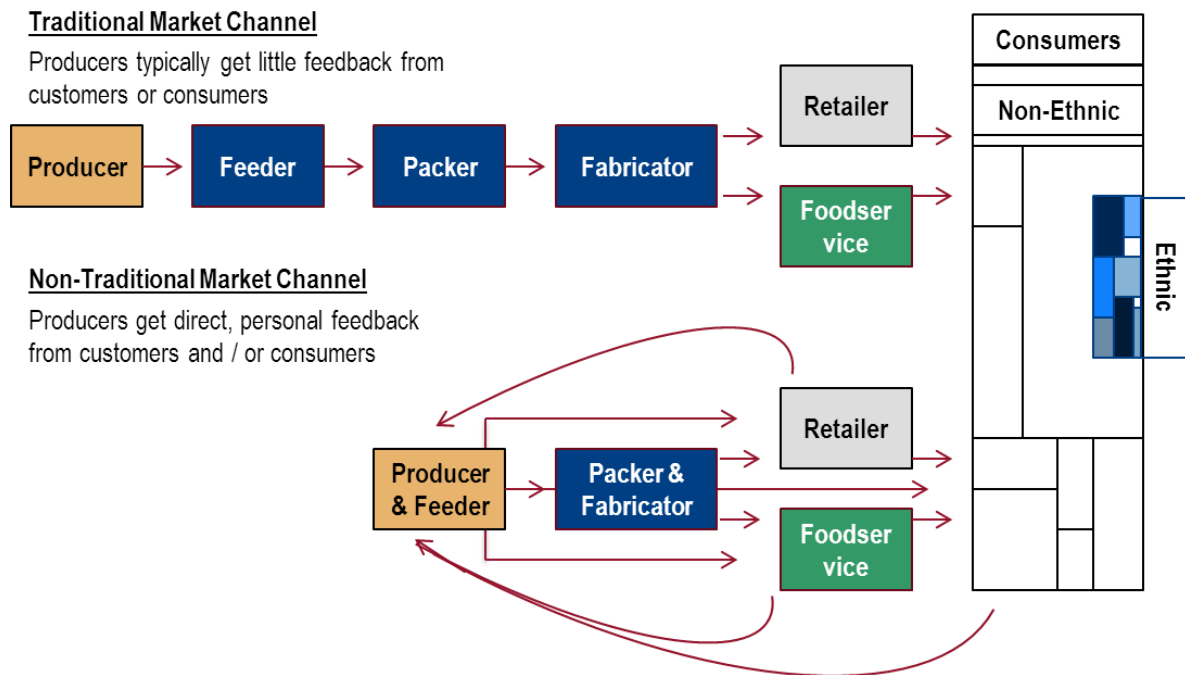
Table 3. Major Market Segments of the American Lamb Industry

Ethnic Market Segments	Other Market Segments
• Muslim people	• All other population groups not included in the "ethnic" groups
• Mediterranean peoples	
• Jewish people	
• Hispanic people	
• Hindu people	
• Other ethnic groups that eat lamb regularly	

It should be stressed that people who are included in the ethnic groups listed above often buy lamb in markets that are served by the non-traditional market channel, but they also go to American restaurants and American supermarkets that are served by the traditional market channel. Furthermore, some producers sell some of their lambs into the traditional channel and some into the non-traditional channel. Likewise, people in the "other" market segment buy some of their lamb in retail outlets or restaurants that are served by the traditional market channel, but also some establishments that are served by the non-traditional channel.

At the risk of oversimplification, we depict the typical go-to-market links in the distribution chain for both the traditional and non-traditional channels. Clearly, the graphic in Figure 5 does not describe all situations, and there are variations on these two themes.

Figure 5. Typical Flow of Product and Relationships



These two go-to-market routes are incredibly different in several critical characteristics which are summarized in Table 4.

Table 4. Vastly Different Segments of the Industry

Traditional Market Channel	Non-Traditional Market Channel
<ul style="list-style-type: none">• Produces the larger volume	<ul style="list-style-type: none">• Produces a smaller volume
<ul style="list-style-type: none">• Many producers do not get paid for delivering high quality carcasses	<ul style="list-style-type: none">• Producers get personal feedback on what consumers want
<ul style="list-style-type: none">• Has experienced a long decline in production	<ul style="list-style-type: none">• Producers are growing rapidly – can't keep up with demand
<ul style="list-style-type: none">• Has experienced highly variable profitability	<ul style="list-style-type: none">• Producers experience much less price volatility, and at price levels where they can be profitable on a regular basis

Since the two market channels for the lamb industry are incredibly different in the way they go to market and since the issues faced by participants in those channels are so different, we describe the situation analysis of each market channel in different chapters.

B. Situation Analysis – The Traditional Industry

1. Introduction & Background

The starting point for any strategic planning effort, either for an industry or a private entity, is an analysis of the current situation. It's an overview of the structure, dynamics, players and forces driving change in the operating environment in which the industry or company operates. It is a critical first step in understanding the landscape, as it sets the foundation for what the future can and should look like.

By way of background, reference is made throughout this document to various consumer food trends, which are described briefly here:

- Local – a growing movement among consumers to buy food that is either grown or produced “locally.” There is no clear definition of local. It can range from a farmers’ market in the local neighborhood, to produce sourced from a 500 mile radius with many iterations in between. The genesis of this movement is to reduce carbon footprint by buying food that is grown or produced near by to avoid the fuel consumed in long-distance trucking.
- Sustainable – another term that is not clearly defined, but has generally come to include three components: economic viability, social responsibility, and protection of the environment.
- “Free of ...” – consumers are also increasingly concerned that animals are raised without the use of growth hormones and antibiotics.
 - And a further evolution of this trend is products that are “natural” or “organic”

For the development of the U.S. lamb industry strategic roadmap, this overview begins with an analysis of the larger, traditional market channel for lambs.

The traditional market channel is one that is structured with many steps between the lamb producer and the final customer as depicted in Figure 4 of Chapter A above. It is a structure that has been in place for decades. Producers typically get little feedback from trading partners or the final consumers about their product. Lamb producers typically sell on the market and have little leverage with their primary customer, which is a finisher, a processor, or an open auction market. Decisions about how and where to market the lamb, how it is positioned, how pricing and margins are determined are the responsibility of others in the supply chain.

The traditional market channel represents the larger share of lambs sold in the U.S. While there is no “hard data” to rely upon, most industry observers believe that approximately 75-80% of all lambs sold in the U.S. move through the traditional channel.

It is the traditional market channel for lambs that has experienced significant swings in profitability over the last several years, due, in part, to the structure of the traditional industry market channel.

2. Methodology

To complete this situation analysis, a combination of primary (in-person visits and phone interviews) and secondary research (data collection, review and analysis of industry information) was conducted.¹

Topics that were raised with the industry included things such as;

- Current selling practices in the system – how and where lamb goes in the supply chain
- How sell decisions are made among producers
- The role of open auction markets *versus* selling direct to processors
- The role of finishers in the supply chain
- How lamb pricing is established
- The quality parameters that exist in the industry
- How information flows in the supply chain
- Pricing trends for the last 10 years
- Supply factors facing producers
- The outlook for lamb production and marketing in the U.S.

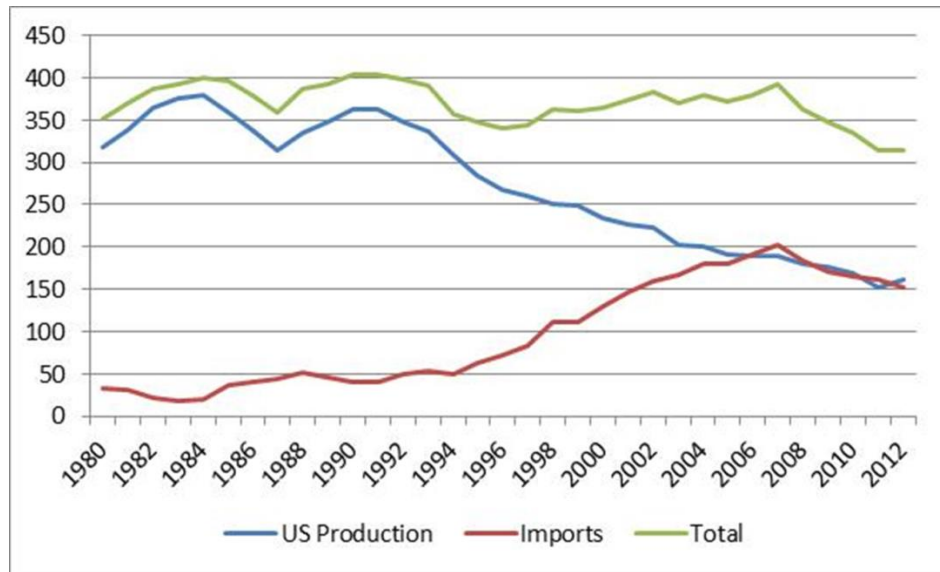
3. Key Findings

The most widely known and the largest challenge affecting the U.S. lamb industry is the decline in consumption in the U.S. over the last 65 years. This dramatic drop in consumption has had a lasting effect on producers, processors, and the support structure in the industry. Every aspect of the U.S. lamb industry has been affected by the lack of market demand for lamb. Figure 6 illustrates this major industry challenge.

¹ A summary of the themes that emerged in the interviews with lamb buyers in the food distribution channel is included in the Appendix of this report.

Figure 6. Domestic Production and Imports of Lamb Meat in the U.S.

Mil. pounds, carcass weight



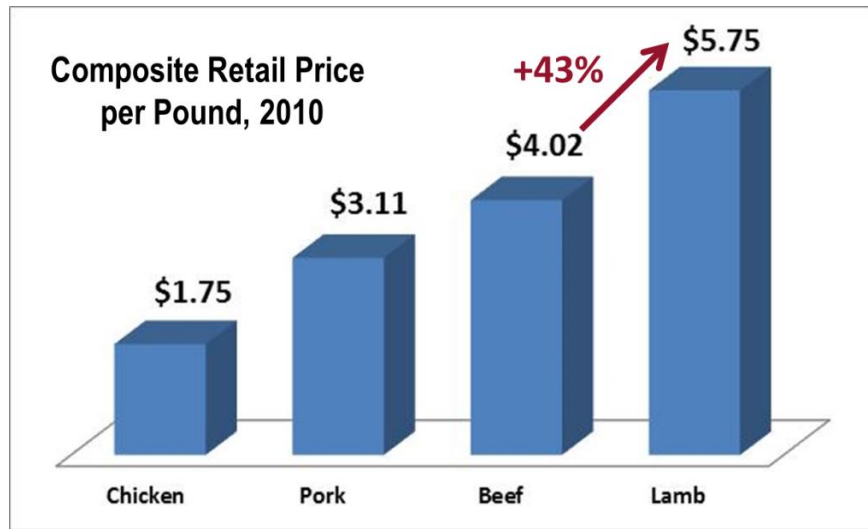
Source: Economic Research Service, U.S. Department of Agriculture, supply and disappearance data

Although this process did not specifically examine the success factors for imported lamb competitors over the past two decades, anecdotally a number of explanations emerged in discussions both with industry participants and buyers of lamb.

- Both Australia and New Zealand have aggressively targeted the U.S. market for lamb, in both the retail and foodservice sectors.
- Marketing funds have been allocated to target both trade buyers and consumers.
- Products seem to meet consumer demand for:
 - Consistently available, convenient products that are less expensive than American options
- Foodservice buyers cite consistent quality products designed to meet chefs' needs
- Imported products are "cherry-picked" to meet U.S. market needs for racks, chops, and legs. American lamb marketers must market the entire carcass.

The decline in consumption is further exacerbated by the price point at which lamb is offered to consumers, compared to the other major proteins. Although it varies somewhat from year to year, lamb was priced 43% higher than the second highest animal protein, beef in 2010 – prior to the 2011 rapid escalation of prices, as shown in Figure 7.

Figure 7. Composite Retail Price for Competing Meats



Source: Economic Research Service, U.S. Department of Agriculture and Fresh Look reports

The only other protein close in price point to lamb is seafood, yet per capita consumption of seafood in the U.S. is nearly 15 pounds per person.

There are many legacy issues which have contributed to the significant decline in the consumption of lamb. Many of these factors center on consistency of eating experience and taste. Consumers have been reluctant to purchase lamb due to the un-predictable dining quality of lamb, its taste profile and general lack of awareness about the nutritional benefits of lamb.

Part of this analysis summarized the positives and negatives of lamb into a SWOT analysis. The first portion of this analysis is summarized in the table below. It highlights many of the factors that have led to its rapid decline, but includes a balanced view that highlights the strengths of lamb as well.

Table 5. SWOT Analysis for the Traditional Market Channel

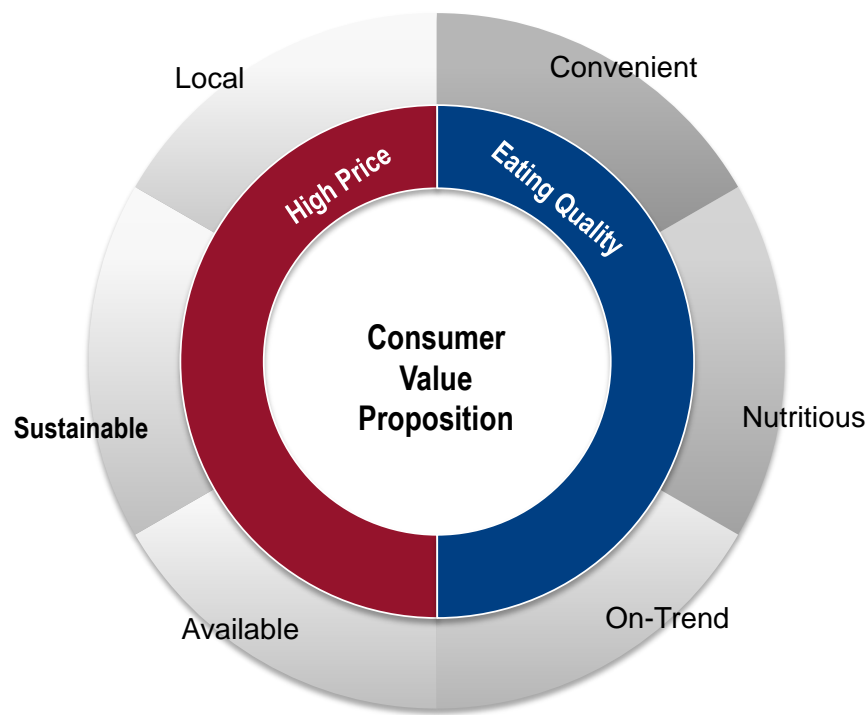
Strengths	Weaknesses
<ul style="list-style-type: none">• Lamb meat is flavorful	<ul style="list-style-type: none">• Lamb meat is high priced
<ul style="list-style-type: none">• Lamb has highly desirable nutritional profile, esp. for women and elderly	<ul style="list-style-type: none">• Lamb meat quality is quite variable, particularly fat cover
<ul style="list-style-type: none">• Satisfies consumer desire for food variety	<ul style="list-style-type: none">• Industry has limited funds for promotion
<ul style="list-style-type: none">• Geographic dispersion makes direct marketing more viable	<ul style="list-style-type: none">• Price discovery and reporting are not efficient and transparent
<ul style="list-style-type: none">• Can be finished on grass or corn	<ul style="list-style-type: none">• Consumption of U.S. lamb has been declining for decades
<ul style="list-style-type: none">• Fresh product availability	<ul style="list-style-type: none">• Limited value added offerings versus other proteins

There are many positive attributes associated with lamb. Focusing and capitalizing on these features is imperative for the U.S. industry's long-term sustainability. The opportunities for the industry are listed below, alongside the major threats that the industry needs to be mindful of and prepare to manage through.

Opportunities	Threats
<ul style="list-style-type: none">• Capitalize on lamb's unique flavor and consumers' desire for variety	<ul style="list-style-type: none">• Imported lamb is more consistent
<ul style="list-style-type: none">• Position lamb as "the premier" meat	<ul style="list-style-type: none">• Reduction in Federal grazing land or significant increase in fees
<ul style="list-style-type: none">• Promote the health qualities of lamb	<ul style="list-style-type: none">• U.S. consumption of all meat is flat to declining
<ul style="list-style-type: none">• Ethnic markets have room to grow	<ul style="list-style-type: none">• Credit is increasingly difficult to get for producers
<ul style="list-style-type: none">• Capitalize on market for "local food"	<ul style="list-style-type: none">• Some retailers could discontinue carrying lamb
<ul style="list-style-type: none">• New products / innovation	<ul style="list-style-type: none">• Loss of additional processing capacity

Given the challenges and threats highlighted in the SWOT analysis above, it is apparent that in order for the traditional industry to change course, it must change the value proposition of lamb it offers the market. Some consumers have been reluctant to purchase lamb due to the frequent unpredictable dining quality of lamb. Figure 8 captures the key elements to incorporate into a new offering that capitalizes on the strengths that lamb can provide;

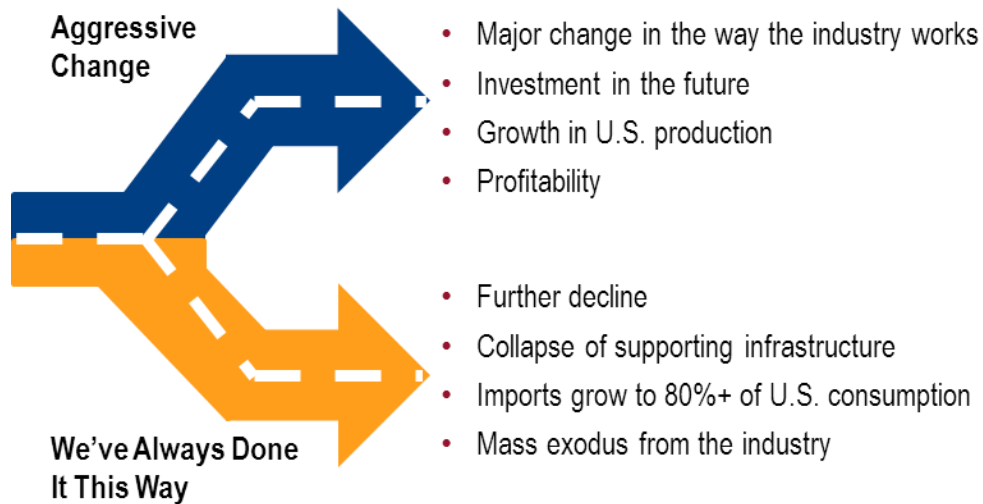
Figure 8. The Value Proposition for Lamb in the United States



The interviews and research conducted during this analysis revealed strong agreement across all segments of the traditional market channel that lamb needs to be re-positioned in a way that takes full advantage of the inherent benefits of lamb. But that will require a degree of cooperation and collaboration across all segments that have not been seen before. Unless this kind of industry-wide collaboration occurs, it is likely that within 10 years, the industry will shrink to a point where it becomes extremely difficult to conduct business. The risk that one or more of the major packers ceases operations, or that sheep industry research activities become virtually non-existent are real possibilities.

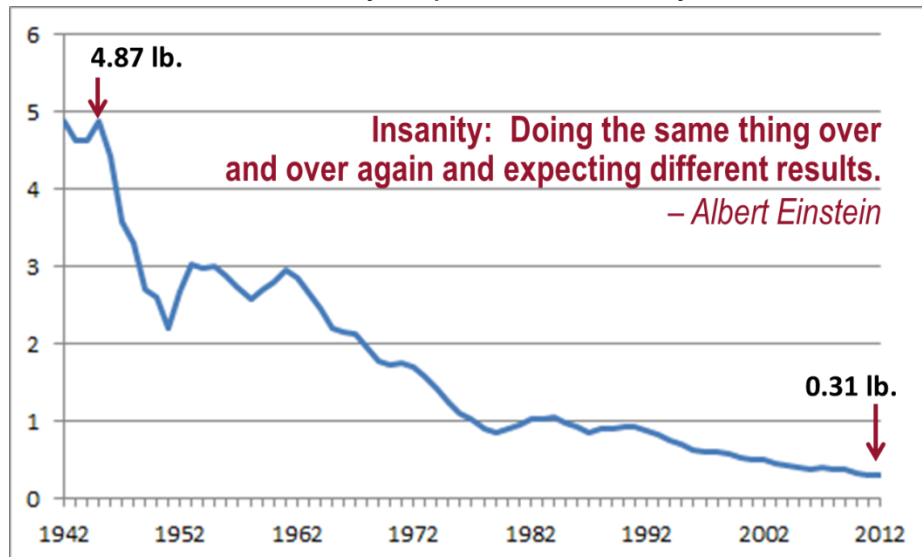
There are two visions for the future of the traditional lamb marketing channel, as described in Figure 9.

Figure 9. Alternative Futures for the American Lamb Industry



Undoubtedly there is significant work to be done to change course, but taking no action will not “bend the consumption curve.” Figure 10 shows the U.S. per capita consumption of American produced lamb (that is Federally inspected) since World War II.

Figure 10. Per Capita Consumption of American Produced Lamb, 1942-2012
Federally Inspected Lamb Only



Source: Economic Research Service, U.S. Department of Agriculture supply and disappearance data

Based on the input and research completed in this situation analysis, the Task Force formulated two visions of the future for the Traditional Market Channel for U.S. lamb.

- One in which no aggressive changes are made by the entire industry, both five and 10 years out.
- The second in which aggressive changes are implemented over the next 10 years, and what is required at a strategic level, to make them happen.

Both visions and likely outcomes are summarized below;

Table 6. Likely Outcomes if the American Industry Makes No Changes

5 Years from Now	10 Years from Now
<ul style="list-style-type: none"> • Imports are 80% of U.S. consumption 	<ul style="list-style-type: none"> • The traditional marketing channel has collapsed
<ul style="list-style-type: none"> • American lamb prices remain low 	<ul style="list-style-type: none"> • No large packing plants
<ul style="list-style-type: none"> • Many commercial producers exit the U.S. lamb industry 	<ul style="list-style-type: none"> • The non-traditional marketing channel is very profitable and has grown dramatically
<ul style="list-style-type: none"> • More industry infrastructure leaves 	<ul style="list-style-type: none"> • Small, regional packing plants have expanded
<ul style="list-style-type: none"> • The traditional marketing channel is on verge of collapse 	<ul style="list-style-type: none"> • Consumption of American lamb is starting to grow from very low base

With aggressive changes in the industry over the next 10 years, the industry can experience:

- An industry highly responsive to consumer demands and market shifts.
- A significant increase in demand within 10 years.
- Dramatic reductions in fat content of lamb and improvement in product consistency.
- Majority of lambs sold on value-based pricing system.
- A more collaborative, coordinated industry with industry leadership driving change.
- Every sector of the industry experiences consistent profitability and makes investments in the future.

The Task Force believes that there is hope. The traditional market channel for lamb can grow and become profitable, ***if it changes.***

4. Required Change

Some of the conceptual changes that will be required in the sheep industry if it is to be successful in reversing its long decline include:

- Consumers' definition of value must drive the entire industry
 - Eating Experience
 - Availability
 - Price
 - Convenience
- Producers must view themselves as being primarily in the meat business – wishing to derive profitable results from the production of meat.
- All industry participants must be paid based on quality, not just quantity.
- The industry must be profitable on purely economic terms with no expectations of future financial support from the government.
- Sheep producers must make decisions based on “the numbers” and sound analysis, not tradition or intuition.
- The American lamb industry can be and must be a world class competitor in global lamb production.
- The sheep industry must make productivity improvements rapidly to “make up for lost time” in comparison to foreign producers.
- Longer-term, collaborative relationships between all industry sectors must characterize the industry rather than short-term profit taking.
- Every sector is vitally important and must be profitable.
- Participants must take the long-term view, instead of maximizing short-term profit today.
- As the roadmap is implemented, each business participant in the industry – including individual producers – and each sheep industry organization would be well advised to review its mission, organizational structure and resources to ensure that it can effectively meet the needs of consumers and serve the needs of the future sheep industry.

These eleven points of recommended change form the basis for the final roadmap and the supporting initiatives that the Task Force crafted and is soon to begin implementation.

5. Summary Comments

The U.S. lamb industry has been in a state of decline for many years. The traditional marketing channel risks further, irreversible loss if it does not change the way in which the business is conducted. It needs to be more collaborative and more transparent. It requires significant investment in research, infrastructure and other resources to strengthen the industry. And participants in the industry need a change in mind-set.

International competitors have proven that there is attractive market demand for high quality, consistent lamb in the U.S. Domestic players in the non-traditional market channel have proven the same. There are many attributes that make lamb a highly desirable protein choice for consumers. There is a good basis for turning this industry around. It is up to the industry itself to want to do things differently.

C. Situation Analysis – The Non-Traditional Industry

1. Purpose of the Situation Analysis

The primary objective of this market assessment was to collect information and insights about non-traditional market channels for lambs. For purposes of this work, non-traditional market channels were defined as those go-to-market approaches that incorporate a closer, more direct connection to the end-consumer; in other words, some steps traditionally found in the traditional go-to-market system in the processing/distribution/marketing supply chain have been removed or shortened, allowing for producers to have a stronger link to their customers.

Additionally, it is common that the non-traditional lamb marketer has embedded in their product unique product characteristics that typically may not be found in commodity product. Examples of non-traditional markets include sales from producer-controlled processing to the consumer, farmers' markets, live animal sales from the farm to consumer, producer contracts direct with retailers or other marketers, and branded finished product sales from producer to independent restaurant operator.

This compares to the traditional marketing structure, in which lamb production, feeding/finishing, processing, fabrication, distribution and final sales are conducted in a more fragmented, commoditized environment, in which multiple buy-sell relationships exist, and the link to the final customer rests almost entirely with the retail grocery store or restaurant. There is little coordination or collaboration beyond scheduling deliveries or raw materials to meet near term market needs.

The unique selling approaches in combination with the uniqueness of the product offered by non-traditional marketers provides a higher degree of pricing leverage than producers selling to the traditional market channels.

Interviews were conducted with a cross section of members of the sheep and lamb industry located primarily, but not exclusively, in the Eastern half of the U.S. Included in the conversations were producers, extension agents, staff from select animal science departments among the leading Land Grant Universities, auction market managers, staff from state sheep associations, staff and Directors from breed associations, industry observers and others with working knowledge of these types of market arrangements.

To address the overall objective of this portion of the project, topics were raised such as:

- How lambs physically move through the supply chain
- The degree of ownership the producer takes in moving lambs to market
- How the markets were identified and then developed
- The dynamics of these market segments, e.g., customer needs and expectations
- The drivers of success among these non-traditional markets

- A general sense of the economics of these markets
- A description of the unique characteristics of the markets and the players
- Some of the challenges experienced when serving these markets, as well as identification of some of the un-met needs
- The potential role the American Lamb Board or American Sheep Industry Association could play to help foster these kinds of market approaches
- Whether these market approaches were unique only to the Eastern half of the country, or only for a segment of the producer community

2. Notes on Research Methodology

Very little quantitative data is compiled on the non-traditional market channel. The Hale Group's research was conducted primarily through:

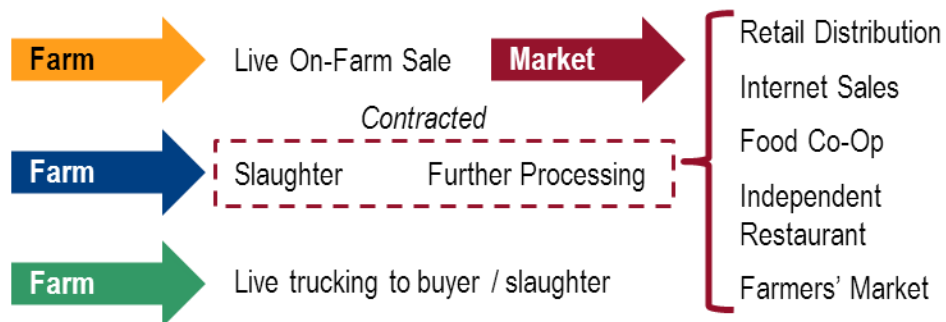
- A large number of phone interviews with participants
- A select number of "on-site visits"

In the absence of "hard data," we report on the non-traditional market channel primarily through comments made by participants in this channel. We have included selected quotes throughout the report from participants to convey the opinions and perspectives heard in the interviews.

While much of the research was focused on participants east of the Mississippi River, the findings were supported by interviews with participants in the Midwest and West Coast as well

Figure 11 depicts some of the various ways that lambs move to market within the non-traditional channel.

Figure 11. Alternative Routes to Market in the Non-Traditional Channel



The paths to market in the non-traditional market channels are generally shorter, and employ "grass roots" relationships and techniques to get product to market. The feedback loop from consumer back to producer is more immediate and direct.

3. Key Findings

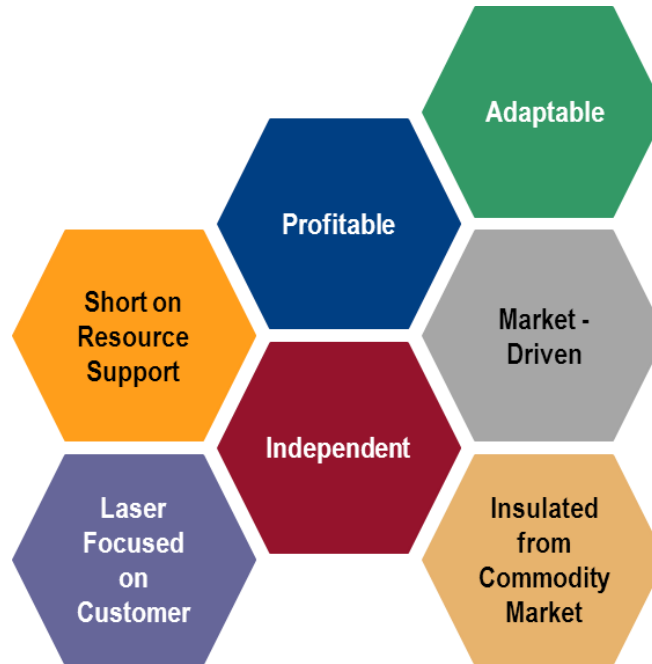
From discussions with those directly involved in non-traditional market channels and observing from the outside, we were able to characterize these types of efforts and companies. For the most part, non-traditional producers and marketers:

- Demonstrate entrepreneurial skills and are highly interested in direct marketing. For some, lamb just happens to be the product they are marketing; their approach and practices would be similar with other products.
- Have an ability to identify market opportunities quickly, and then provide a high degree of service to them – they are very intimate with their customers.
- Are new to the lamb business and are not “traditional” in their approach to the industry. They came from other businesses, and saw a clear market need.
- Demonstrate passion about the business and the product they offer to their customers, and also provide a credible, authentic story behind what they are doing.
- Are fiercely independent – they have been the producer, the processor, the marketer, the distributor, the financier. Many do not want or accept outside marketing assistance. Part of this is driven by the success they have found that they would rather keep to themselves.
- Express frustration that the Western lamb industry does not appear to be oriented towards their needs, nor does it seem to want to better understand their market.

Participants in the non-traditional segment of the industry are ingenious about how they go to market and how they think about the market. They have limited resources, but are able to make the customer connections and sell their offering effectively. They form deep relationships quickly with their customers, and are “high touch” with them. They have found an un-met need – premium quality American lamb – and fully exploit it.

Figure 12 illustrates the primary characteristics of the non-traditional lamb marketer discovered in this research.

Figure 12. Descriptors of Many Direct Lamb Marketers



Their approaches to the marketplace are as different as the markets which they serve. Each marketer has identified their own set of customers. For example, the ethnic market is a broad descriptor for a series of smaller market segments that are different in their demands for cuts, quality, timing of purchase, size of animal, etc. ***Not all ethnic markets are the same!***

Table 7 describes the possibilities that exist under the ethnic market;

Table 7. Examples of the Fragmented Market Segmentation

Ethnic	Muslim	Hispanic	Hindu	Eastern European	W European
	Middle East	Mexican	Indian	Caucus countries	Greek
	North African	Central American		Bosnia	Italian
	Central Asian	Cuban			
	African-American	So American origins			
	Lebanese				

This is not to say the ethnic markets are served only by non-traditional marketers. Major cross-over exists with the traditional market channel in serving ethnic markets. For example, one of the largest ethnic markets, the Indian-American segment, is served by both channel marketers. The Indian-American demographic is a heavy user of lamb, at home and within the foodservice channel. To reach consumers of this large market provides market opportunities for many suppliers of both channels.

Sub-segmentation has occurred in all markets that non-traditional lamb marketers have developed. For example, consumer direct sales can take the form of weekend farmers markets, Internet sales, sales through a CSA (Community Supported Agriculture share program) or direct off the farm sales. Those lamb producers selling to fine dining may be selling to one chef in the local community, or to a small regional chain of specialty restaurants *via* a specialty meats distributor.

As a lamb producer, these entrepreneurs do all the work. They:

- Identify and develop the market opportunities
- Own the direct relationship with the buyer / customer
- Coordinate the production, processing and marketing
- Manage the business from birth to final sale

There are few “middlemen” or others involved in the ownership or quality control of the product. Additionally, these lamb marketers rarely work together in an organized, collaborative fashion. There have been some attempts in the past to jointly approach the market, e.g., Scott County Sheep Cooperative, but they have not succeeded. The primary reason has been that producers have struggled with contract pricing commitments under these arrangements direct with customers.

Where we have seen cooperation among producers serving non-traditional market channels, it has come in the form of producers coordinating lamb production and supply to meet the demand needs of one leading marketer. These marketers convey the sense that they have decided they can succeed more effectively on their own. Going forward, assuming sales growth continues, these marketers may see the need for greater cooperation as the business becomes more complex and requires more resources.

One of the reasons non-traditional lamb producers have decided to take the “go-it-alone” approach is that they are making attractive returns. Nearly all producers reported that they were negotiating their own price for lamb unrelated to the current market price. Several quotes from the interviews follow.

- *“I put the sign out front, and the buyers just show up.” – Maryland*
- *“I don’t think in terms of \$/lb. I have to think \$/head like my customer, and at \$150/head I don’t have to worry either.” – Virginia*
- *“We should pull back on marketing to the general public. The heavy consumers of lamb are growing on their own.” – New York*
- *“We don’t have enough supply to keep pace.” – Maine*
- *“There is a severe shortage of fresh lambs in the Miami market.” – Florida*
- *“I have never dropped my price in the last two years, and I have never lost a customer.” – Massachusetts*

Non-traditional lamb marketers are extremely close with their customers and protect that relationship dearly. Many customers have been doing business for many years with the same producers, and have never shopped for a better deal. The strength of the relationship is a large reason that these marketers have done well.

There is little, if any, sensitivity to pricing for lamb being marketed direct to consumers. It is positioned as a unique, local, fresh, premium quality, healthy product with a credible story behind it. The way in which producers sell the product allows for premium prices that are detached from the commodity markets. Non-traditional lamb marketers never spoke of pricing based on the “market” or in comparison to imported product pricing. Pricing is as local as the product itself.

Nearly all respondents indicated that demand far outstrips supply of the kind of lamb product that these non-traditional marketers were offering to their customers.

4. Success Factors

Factors that have led to the success of these marketers include:

- Ability to quickly identify and connect with their customers and the market opportunity they serve.
- Agility and flexibility in serving their customers.
- Intimate and strong relationships with their customers.
- Ability to customize to the specific market need.
- Close proximity to their customers.

Importantly, the characteristics and factors leading to the success of these non-traditional marketers are not unique to the Eastern portion of the country.

- Proximity to ethnic groups, access to consumers, and diverse marketing channels exist in other parts of the country.

- Raw material, genetics, specific animal attributes are readily available to other producers.
- The decision to pursue these non-traditional channels is a personal preference, rather than an exclusive opportunity available only to other producers.

5. Challenges

This is not to say that there are not challenges to serving these kinds of markets. Interviewees cited the following as hurdles they regularly face:

- As a result of the independent, entrepreneurial efforts of marketing lamb, one of the challenges is that the Eastern U.S. lacks strong leadership for large numbers of producers in the non-traditional channel that can drive initiatives on a larger scale.
 - “Not many of us trust each other.”
 - “I have a good market; would rather do it myself.”
 - “Many producers will not come together to grow their niche to its peak, as they like the money they are making.”
- Many efforts have been tried to organize producers into a marketing pool or loosely structured group, yet many of these lacked a leader who could keep producers focused and committed to serving their niche.
 - “Producers stray to the highest price.” – Virginia co-op effort
- Numerous participants desired greater alignment between commercial producers, seed stock producers, producers who show animals, and club participants – greater coordination can help address the needs for quality and production improvements industry-wide
- Producers keenly feel the loss of industry infrastructure – from processing capacity to academic, extension and research assets
- Concern was expressed that too few young people stay in sheep production after college
- Many industry participants felt there is inadequate effort on what commercial producers need to improve meat quality, yield, taste, etc.
- Un-filled university and extension positions in sheep/lamb production
- Loss of flocks at universities, e.g., Cornell’s flock of 300 ewes at risk
- Research funding directed to biomedical work, not basic or applied research
- Few trained in basic husbandry, e.g., shearing
- Limited processing capacity near to their operations

- Little graduate student funding available, one scientist mentioned funding graduate work with his own personal money
- Research results not being fully communicated to producers due to lack of funding

The production and operational challenges of producers in the non-traditional and traditional channels are remarkable similar.

Key findings from the field research conducted with the non-traditional market channel are summarized in a SWOT analysis in Table 8.

Table 8. SWOT Analysis of the Non-Traditional Market Channel

Strengths	Weaknesses
<ul style="list-style-type: none"> • Lamb meat is flavorful 	<ul style="list-style-type: none"> • No collaborative effort to maximize market potential
<ul style="list-style-type: none"> • Producers give customers the quality they want 	<ul style="list-style-type: none"> • Limited scale, leverage
<ul style="list-style-type: none"> • Pricing is generally stable with all participants making a profit 	<ul style="list-style-type: none"> • Different marketing messages creates potential to confuse consumers
<ul style="list-style-type: none"> • Market growth rate is believed to be very attractive (though not quantified) 	<ul style="list-style-type: none"> • Constraints to slaughter / fabrication capacity
<ul style="list-style-type: none"> • Lamb has highly desirable nutritional profile, especially for women and elderly 	<ul style="list-style-type: none"> • Seasonality of business still effects some markets
<ul style="list-style-type: none"> • Participants tend to adapt to change quickly 	<ul style="list-style-type: none"> • Capital constraints
<ul style="list-style-type: none"> • Producers have shorter distances to target markets 	<ul style="list-style-type: none"> • Lamb is sometimes only a portion of the total enterprise and the owner's focus

Opportunities	Threats
<ul style="list-style-type: none"> • Ethnic markets have room to grow, and favorable demographics exist in the U.S. 	<ul style="list-style-type: none"> • U.S. consumption of all meat is flat to declining
<ul style="list-style-type: none"> • Capitalize on market for “local food” 	<ul style="list-style-type: none"> • Importers could move faster than entrepreneurs, stealing share and profits
<ul style="list-style-type: none"> • Capitalize on lamb’s unique flavor and consumers’ desire for variety 	<ul style="list-style-type: none"> • Increased regulations imposed on these smaller players
<ul style="list-style-type: none"> • Position lamb as “the premier” meat 	<ul style="list-style-type: none"> • Potential unfavorable reports on local lamb production or processing practices or conditions
<ul style="list-style-type: none"> • Promote the health qualities of lamb 	<ul style="list-style-type: none"> • Inability to secure enough lambs with desired quality characteristics

6. Summary Comments

Producers that operate within non-traditional channels exist in nearly every state. They are dynamic entrepreneurs that have discovered a path to market to market lambs that allows them more leverage in price setting than traditional lamb marketers. Many own the entire supply chain. Most desire direct contact with their customers and use these direct relationships to constantly improve their products. They have taken advantage of increased interest and awareness of sourcing locally grown product and a desire among consumers to have a direct connection with farmers.

The larger industry has an opportunity to work with non-traditional marketers in a collaborative manner, as both segments interests are aligned – both want to sell more lamb. Non-traditional marketers need scale, efficiency and production improvements to maintain attractive margins and find growth. Traditional lamb marketers can benefit from the mindset among non-traditional marketers, their views on serving the customer, and their desire to provide a consistently premium quality eating experience.

D. Goals and Objectives

1. Structure of Goals, Objectives and Action Steps

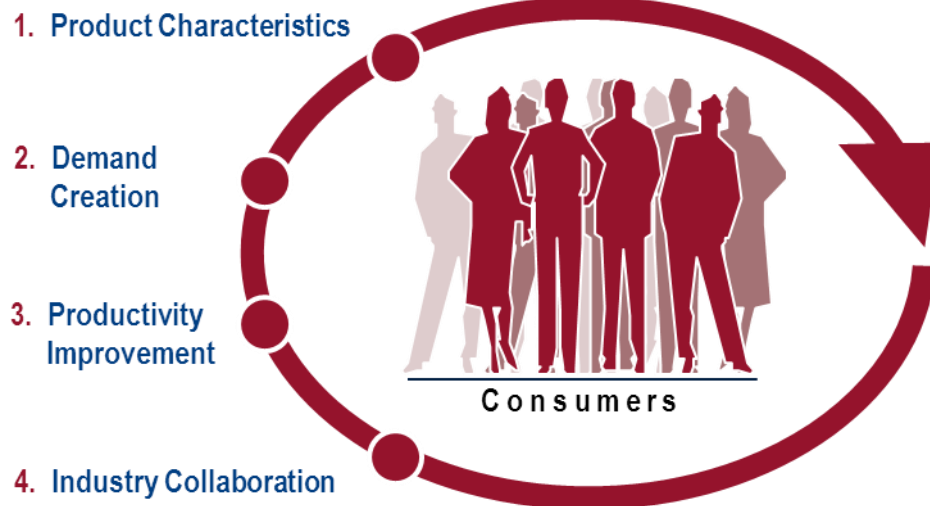
Strategic plans use diverse terms differently. In this report, the major components of the strategy are defined as follows:

- **Goals:** high-level desired industry accomplishments
 - **Objectives:** medium-level accomplishments required to achieve the goals
 - **Action Steps:** specific activities needed to accomplish the objectives
 - Actions
 - Timeframe
 - Activity Captain

The role of the Activity Captain is to lead that specific action step – not necessarily do the work all by themselves, or fund the effort. Activity Captains can seek funding from any source and seek information and personnel support from any industry participant.

Figure 13 shows the four areas in which the industry should set goals.

Figure 13. The Four Major Areas Requiring Industry Goals



Consumer desires must be the driving force behind all industry changes.

In implementing change, the industry needs to be aware of the time required to succeed. Most industry participants want to see change happen tomorrow. But major change rarely arrives that quickly. As the management guru, Ted Engstrom, once said:

Most of us over-estimate what we can do in one year and under-estimate what we can do in ten years..

Furthermore, growth usually occurs exponentially, not in a straight line. Exponential growth appears slow at first, but after several years it begins to build and grow rapidly.

The industry should view these changes as an investment in the future industry, not as a “quick-fix” for tomorrow. The fact is that the American lamb industry has been in decline for decades. The solution will require a major, long-term investment by all industry participants. There is no solution which will provide a quick return of cash.

2. The Four High-Level Goals

The four high level goals for the industry are:

- **Product Characteristics** – Improve the eating characteristics and the consistency of American lamb products as defined by the Lamb Quality Audit.
- **Demand Creation** – Achieve a significant increase in demand for American lamb meat as measured by the Demand Index.
- **Productivity Improvement** – Achieve a significant increase in industry productivity with metrics to be defined.
- **Industry Collaboration** – Work toward a common industry goal of meeting consumer desires rather than short-term self-interest.

Goals should be measureable and quantitative. At the moment, the industry does not have adequate data to determine reasonable, complementary, quantitative goals.

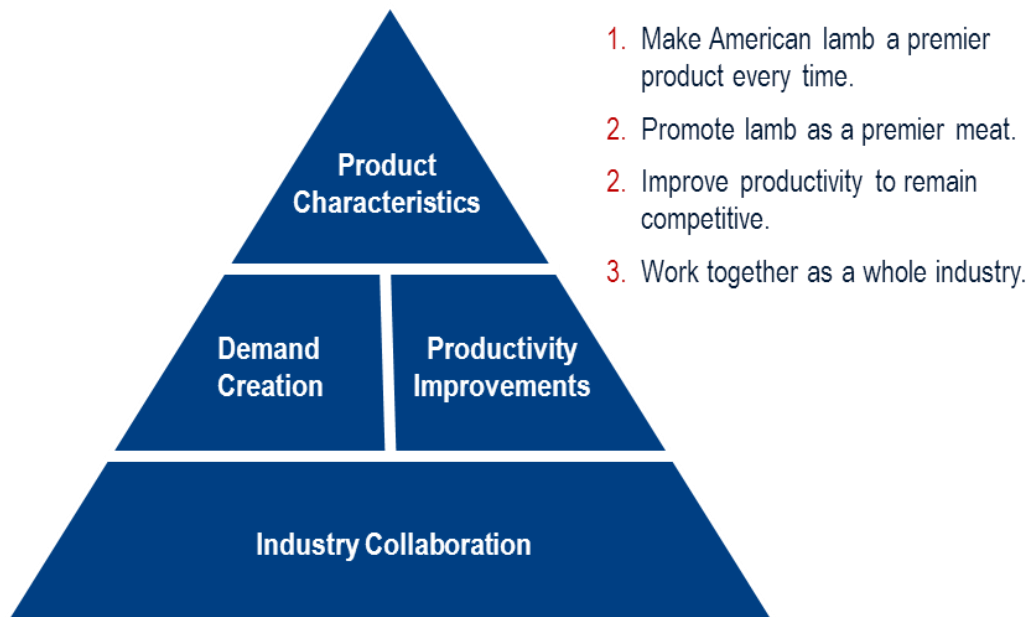
During 2014, an effort will be directed toward providing initial metrics for measuring improvements in all goals. This includes a revision of the Demand Index – which measures the strength of demand for lamb regardless of the current price or per capita consumption of lamb meat, and a metric to measure industry-wide improvements in productivity

After defining the metrics, the industry will track its progress in all areas in subsequent years.

3. Prioritization of the Goals

While each of these goals is a high-level goal, there is a sense of priority among them as depicted in the pyramid of Figure 14.

Figure 14. The Prioritization of the Four Industry Goals



The first and highest priority is to make American lamb a premier product for every consumer, every time. That is not simple since different consumers have different preferences. Excess fat has been identified as a high priority issue that must be addressed by the industry as soon as possible. However, it is not the only quality issue.

Many in the industry are concerned about the taste of lamb due to its age and other production factors. In the pages that follow, it will become clear that taste and lamb maturity must be addressed during Year 1 of the Roadmap implementation.

At the second level, two goals assume very high priority: (1) promoting lamb as a premier meat; and (2) improving productivity to remain competitive as an industry.

Supporting all of these three goals is the fourth goal of working together as a whole industry.

Thirteen objectives support the four goals. The goals and objectives are presented in Figure 15 below.

Figure 15. The Goals and Objectives of the Lamb Industry Roadmap

Goal 1. Product Improvement

- Adopt consumer-driven, value-based pricing for slaughter lambs
- Improve consumers' eating experience of lamb
- Install electronic grading at packing plants
- Conduct a Lamb Quality Audit every three years

Goal 2. Demand Creation

- Create a consumer-recognized and valued "American Lamb" brand limited to American lamb products of a defined quality
- Develop innovative value-added products
- Support non-traditional sheep producers across the country through a series of niche marketing activities
- Explore the benefits and costs of alternative paths to market for American lamb
- Build the volume and value of the export market for American lamb

Goals 3. Productivity Improvement

- Promote widespread producer use of quantitative genetic selection
- Reduce the seasonality of the lamb industry
- Develop a long-term plan for U.S. sheep research and producer education

Goal 4. Industry Collaboration

- Initiate a Rapid Response, Industry-Wide Communications Team

All of the above goals and most of the objectives will benefit the participants in both the traditional and the non-traditional market channel. Specifically, we show in Table 9 which channels will benefit from each of the thirteen objectives.

Table 9. Primary Beneficiaries of the Thirteen Objectives

	Traditional Channel	Both	Non-Traditional
Adopt value-based pricing			
Improve consumers' eating experience			
Utilize electronic grading			
Conduct a Lamb Quality Audit			
Create American Lamb brand			
Develop value-added products			
Support producers in non-traditional channel			
Explore alternative paths to market			
Build volume and value of exports			
Promote quantitative genetic selection			
Reduce seasonality of lamb production			
Develop plan for sheep research & education			
Create industry communication team			

During the period in which feedback was solicited to the draft presentation of the Roadmap earlier this fall, some industry participants expressed concern that the number of objectives included in the Roadmap was too large. However, it should be pointed out that no one organization is heavily involved in implementing the activities needed to achieve each of the objectives. Table 9 on the next two pages indicates which organizations will play a major role in which objectives. In light of Table 10, the Industry Advisory Group believes the thirteen objectives are doable over a five year time period.

Table 10. Major Implementation Participants of the Thirteen Objectives

Producers	Packers
<ul style="list-style-type: none"> • Participate in value-based pricing • Adopt quantitative genetic selection • Reduce seasonality of lamb production • Participate on industry-wide communications team 	<ul style="list-style-type: none"> • Adopt value-based pricing • Utilize electronic grading • Create American Lamb brand • Develop value-added products
	<ul style="list-style-type: none"> • Reduce seasonality of lamb production • Participate on industry-wide communications team
Feedlots	Fabricators
<ul style="list-style-type: none"> • Participate in value-based pricing • Reduce seasonality of lamb production • Participate on industry-wide communications team 	<ul style="list-style-type: none"> • Develop value-added products • Create American lamb brand • Participate on industry-wide communications team
American Sheep Industry Association	American Lamb Board
<ul style="list-style-type: none"> • Develop Research and Education Plan • Create an American lamb brand • Support non-traditional market channel • Improve consumer eating experience • Participate on industry-wide communications team 	<ul style="list-style-type: none"> • Conduct a Lamb Quality Audit • Create an American lamb brand • Improve consumer eating experience • Support non-traditional market channel • Explore alternative paths to market
	<ul style="list-style-type: none"> • Participate on industry-wide communications team
Land Grant Universities	National Sheep Improvement Program
<ul style="list-style-type: none"> • Develop Research and Education Plan • Reduce seasonality of lamb production 	<ul style="list-style-type: none"> • Promote quantitative genetic selection
	U.S. Department of Agriculture
	<ul style="list-style-type: none"> • Calibrate electronic grading

State Sheep Associations	National Lamb Feeders Association
<ul style="list-style-type: none"> • Develop Research and Education Plan • Promote quantitative genetic selection • Participate on industry-wide communications team 	<ul style="list-style-type: none"> • Reduce seasonality of lamb industry • Improve consumer eating experience • Participate on industry-wide communications team

No one organization or segment of the industry is responsible for taking the lead on all of the thirteen objectives.

E. Action Steps

In this chapter we present the action steps for each of the thirteen objectives under the appropriate goal.

Goal 1: Product Characteristics – Improve the eating characteristics and consistency of American lamb products as defined by the Lamb Quality Audit.

Objective 1 – Adopt consumer-driven, value-based pricing for slaughter lambs

Rationale

Lamb has the characteristics to be widely accepted as the “premier meat” among the major animal proteins: beef, pork, chicken, and seafood. Lamb has a very desirable flavor and an extremely positive nutritional profile. Lamb can strengthen its position in the meat case if it promotes its attributes and delivers high quality product on every eating occasion. However, the industry acknowledges that excess fat and inconsistency are the U.S. lamb industry’s biggest detractors from its premier status. Buying slaughter animals on weight provides incentive to overfeed lambs under certain market conditions – resulting in excess fat. Buying on weight and yield provides no economic incentive to produce high quality lamb.

Improving the eating experience of lamb for every lamb consumer on an absolutely consistent basis is a top priority for the American lamb industry.

- The lamb industry uses value-based pricing in:
 - Australia
 - New Zealand
 - Europe

Lamb imports have developed a reputation for being leaner and much more consistent quality than U.S. lamb. The most effective way for the U.S. to address excess fat and consistency is to:

- Set a clear target for a highly desirable slaughter lamb

- Provide economic incentive to producers and feeders to supply that target animal.
- Provide disincentives to those who deliver poor quality lambs.

The market for lamb products is very fragmented. Different market segments want somewhat different characteristics (but none want lots of fat). The industry must rebuild its fragile market positioning after high prices, excess fat, and inconsistent product quality have eroded demand. The American consumer's value proposition for American lamb must be rebuilt.

Each meat marketer must develop its own value-based pricing system.

- There is not one "target lamb" that meets the needs of all consumers.
- Packers and other marketers may adopt multiple "targets" for the different segments they serve.

Initially, we urge all packers and marketers to use at least two characteristics in setting their target for lamb carcasses:

- Fat cover
- Conformation / muscling / percent lean

We recommend gradual introduction of a value-based system:

- First eliminate the most serious problems – especially excessive fat – through discounts
- Gradually adjust and upgrade the quality characteristics through rewards
- Adjust the pricing system as results from the Lamb Quality Audit become available and the industry reaches conclusions on how to address animal maturity.
- Plan future changes and give producers time to adapt the genetics to meet the future requirements.

Value-based pricing must:

- Be directly connected to consumer desires
- Be expressed in quantitative terms
- Provide significant economic incentive and disincentive
- Be explained to producers and feeders so they know how to adjust
- Be applied to all lambs purchased

- The factual basis for assessing carcasses and producer payment must be provided on a timely basis

Pricing schemes will vary from packer to packer and from season to season.

In announcing a new Cargill program to market USDA labeled “USDA tender” or “USDA very tender” beef products, Cargill management issued the following statement in a press release:

We know that beef attributes such as tenderness, flavor and juiciness are important to consumers, and the long-term health of the American beef industry hinges on our ability to consistently deliver the best possible beef eating experience.

– John Keating, President, Cargill Beef

The Lamb Industry Roadmap is recommending an approach similar to Cargill Beef in promoting greater consumption of American lamb.

Value-based pricing is the key to creating other critical changes in the American lamb industry.

The lamb packers must take the lead in this initiative and producers and feeders must respond appropriately. If the packers do not execute this effort, the other recommendations in this Roadmap will have minimal effect.

Action Steps

Table 11. Action Steps for Goal 1, Objective 1

Action Step	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Activity Captain
Analyze customer desires for specific markets and define the "ideal lamb"	X					Each packer
Develop value-based pricing scheme that rewards producers for delivering highly desirable slaughter lambs	X					Each packer
Publicize value-pricing scheme		X				Each packer
Explain pricing scheme to producers/feeders			X			Each packer
Determine how to deliver target lambs			X			Producers & feeders
Begin to use value based pricing for lamb purchases				X		Each packer
Refine payment scheme based on Lamb Quality Audit results & customer feedback	Continuous Improvement					Each packer

Objective 2 – Improve consumers’ eating experience of lamb.

Many industry participants agree that excessive fat has sometimes created a negative impression of lamb. However, other factors also have an influence on consumers’ total eating experience:

- Taste
- Color
- Age – age of animal at harvest and length of time between harvest and eating
- Breed of sheep
- Feedstuffs
- Animal stress
- Portion size
- Other factors

To include other characteristics in a value-based pricing system, a few challenges are encountered:

- Many of the data on these characteristics are dated and / or incomplete.
- The industry needs to compile and analyze all available data that affects the consumer eating experience.
- Any critical gaps in data that have a major bearing on consumer response must be filled.

The Industry Advisory Team recommends that the industry begin immediately to eliminate excessive fat and devote a major portion of 2014 to collaboratively addressing other quality issues such as taste and maturity.

Based on the factual findings, action must be taken to ensure that consumers always have an extremely positive experience when eating American lamb. If needed, any regulatory barriers to improved quality lamb must be addressed.

Action Steps

Table 12. Action Steps for Goal 1, Objective 2

Action Step	2014	2015	2016	2017	2018	Activity Captain
Compile all available data on eating experience	X					ALB
Identify critical gaps in information about consumer preference	X					ALB
Conduct research to fill critical gaps		X	X			ALB
Utilize findings about eating characteristics to shape value-based pricing schemes		X	X	X	X	All meat marketers
Work with USDA to adjust regulations if appropriate		X				ASI
Utilize findings to market lamb more effectively		X	X	X	X	All meat marketers & ALB

This is not a one-time event. This should become an on-going activity.

Objective 3 – Install electronic grading at packing plants

The use of electronic equipment, instead of USDA meat graders, to grade animal carcasses has been used by other meat species. In fact, electronic grading of beef and pork has proven to provide more accurate predictability of certain quality and cutability parameters than subjective human grading. It provides more detailed information than manual systems.

Electronic grading equipment has been installed in the JBS sheep plant in Colorado. USDA is conducting their standardization trials in the fall of 2013. Data will need to be evaluated and approval for industry use by USDA should be completed by roughly the end of December 2013. Colorado State and a USDA economist are conducting an industry assessment and ROI analysis for industry consideration to be completed by end of December 2013.

Action Steps

Table 13. Action Steps for Goal 1, Objective 3

Action Step	Sept 2013	Oct 2013	Nov 2013	Dec 2013		Activity Captain
Delivery and installation of equipment	X					Manufacturer
Testing of equipment		X				JBS + MSR
USDA usage and calibration process			X	X		USDA
USDA approval and certification				X		USDA
Colorado State estimate of ROI				X		CO State

Action Step	2014	2015	2016	2017	2018	Activity Captain
Other major plants install equipment	X					Large Packers
Similar, less expensive equipment is investigated		X				Medium Packers
Medium size packers install less expensive equipment			X			Medium Packers
Small size packers install less expensive equipment				X	X	Small Packers

Objective 4 – Conduct a Lamb Quality Audit every three years

There is nearly unanimous agreement in the industry that lamb characteristics MUST be improved. Unfortunately, most of the data about lamb quality is anecdotal, not quantitative. There is no robust data to document the level of meat quality currently.

The U.S. chicken, pork, and beef industries have a much more extensive knowledge of their quality problems and what their future priorities should be. Furthermore, imported lamb has developed a strong reputation for being much more consistent than American lamb. If the American lamb industry is going to survive, it has to know what to improve and how to improve its eating characteristics.

The National Beef Quality Audit (NBQA) has been conducted every 5 years since 1991. Its purpose is to enhance producer profitability by improving the qualities and desirability of beef. Its premise is,

“You can’t manage what you don’t measure.”

In 1991 and 1995 the NCBA estimated that the industry was losing an average of \$138 per head due to quality defects. The 2011 Audit reported that losses due to quality and management defects had declined to \$44 per head. The Beef Quality Audit has resulted in meat quality improvements AND cost reductions. Of necessity, the Lamb Quality Audit will have a more focused scope than that for beef due to budgetary constraints. However, it is recommended that it be conducted every three years initially to provide more frequent feedback to the lamb industry in executing the Roadmap.

Action Steps

Table 14. Action Steps for Goal 1, Objective 4

Action Steps	Q3 2013	Q4 2013	Q3 2014	2015	2017	Activity Captain
Define the scope of the audit	X					ALB
Determine how to best accomplish the task		X				Consulting Team
Report findings and conclusions on 1 st Audit			X			Consulting Team
Incorporate findings into revised value- based pricing system				X		Packers & marketers
Adapt to revised pricing system				X		Producers & feeders
Contract for a 2 nd Lamb Quality Audit					X	ALB
Incorporate findings into revised value- based pricing system					X	Packers

Goal 2: Demand Creation – Achieve a significant increase in demand for American lamb meat as measured by the Demand Index.

The working group identified a number of objectives to support the goal of Demand Creation.

Objectives

- Create a consumer-recognized and valued American Lamb brand limited to American lamb products of a defined quality
- Develop innovative value-added products
- Support non-traditional sheep producers across the country through a series of niche marketing activities
- Explore the benefits and costs of alternative paths to market for American lamb
- Build the volume and value of the export market for American lamb

As can be seen from the Demand Creation Objective below extracted from the overall table of the thirteen objectives identified during the Road Map process, most of the Demand Creation objectives will benefit both the Traditional and Non-Traditional Channels. The one exception is the objective: “Support non-traditional sheep producers ...” which will actually arguably benefit both channels as the appeal of and demand for American lamb grows through successful marketing in the non-traditional modes.

Table 15 shows which channels will benefit from which Demand Creation objectives.

Table 15. Beneficiaries of the Demand Creation Objectives

Demand Creation Objective	Traditional Channel	Both Channels	Non-Traditional Channel
Create American Lamb brand			
Develop value-added products			
Support producers in non-traditional channel			
Explore alternative paths to market			
Build volume and value of exports			

Table 16 extracts the Demand Creation objectives and illustrates the involvement of various lamb industry participants in each of the objectives.

Table 16. Involvement of the Lamb Industry Sectors with Demand Creation Objectives

Industry Entity	Create American Lamb Brand	Develop Value-Added Products	Support Producers in Non-Traditional Channel	Explore Alternative Paths to Market	Build Volume and Value of Exports
Producers / Direct Marketers	X	X		X	
Packers	X	X			X
Fabricators	X	X			
American Sheep Industry Association	X		X		
American Lamb Board	X		X	X	X
USMEF					X

Objective 1 – Create a consumer-recognized and valued American Lamb brand limited to American lamb products of a defined quality

Rationale

A committee comprised of Roadmap Task Force members was formed specifically to address the objective of creating an “American Lamb Brand”. The committee participated in several conference calls and had extensive discussion. In the end, it was determined that an industry Task Force should be formed that could take advantage of the findings of the Lamb Quality Audit to form the basis of this new brand initiative.

The “American Lamb Brand” – actual name to be determined later – will only be used for products that meet a to-be-determined set of quality standards (potentially to include characteristics such as size, yield grade, meat-to-bone ratio or eye size, quality grade, and / or age). The intent is to create a consumer-recognized set of attributes and standards, communicated consistently with common language and visual elements, to build consumer trust and demand for American lamb that meets those standards. Because American lamb is typically more expensive than imported lamb, it is critical for the industry’s success that consumers find value in American lamb products to support their willingness to pay the higher price over time, and as prices fluctuate.

Industry experts, including retail and foodservice buyers, agree the flavor profile and other characteristics of American lamb make it a potentially superior product to imported alternatives in objective terms. These objective characteristics must be determined and codified into the “American Lamb Brand” standards in order that the “American Lamb Brand” be applied consistently across the various brands and products offered by packers, fabricators, and direct marketers across the country that meet the standards developed. The Lamb Quality Audit will provide benchmark data to be incorporated into the development of the “American Lamb Brand” standards.

Creating a consumer-oriented “American Lamb Brand,” with clear quality standards and market positioning, will provide American lamb marketers with a competitive advantage and help solidify consumer preference for American lamb. Not all lamb produced in the U.S. will qualify to be “branded,” thereby creating quality tiers designed to help consumers select a product that delivers the price-value they seek.

A number of overarching food market trends favor American lamb: local, sustainable, concern for improving nutrition, and social responsibility. These trends, and others, support consumer preference for American lamb, but the products that qualify for, and

are labeled with, the emergent “American Lamb Brand,” will deliver on specific quality attributes, as well.

Because the “American Lamb Brand” will transcend and augment the individual brands owned by packers and other lamb marketers, it was determined that a Task Force of various American lamb interests should be formed to take the steps necessary to create and administer the prospective “American Lamb Brand,” as described in the Action Steps below.

Action Steps

Table 17. Action Steps for Goal 2, Objective 1

Action Step	2014	2015	2016	2017	2018	Activity Captain
Empanel a Task Force comprised of academics, industry associations, and American Lamb marketers	X					Brand Task Force, facilitated by ALB
Review American Lamb Brand Committee Notes and Recommendations	X					Task Force
Clarify Brand Objectives	X					Task Force
Identify Certification Criteria		X				Task Force
Evaluate Implementation Options (e.g., Sheep Safety and Quality Assurance, USDA, etc.)		X				Task Force
Incorporate Insights from Lamb Quality Audit		X				Task Force
Conduct Consumer Research to Test Brand Attributes, and Refine			X			TBD
Develop Plan to Launch Certified American Lamb Brand (USDA process, industry implementation)			X			Task Force

Objective 2 – Develop innovative value-added products

Rationale

Many of the qualitative interviews with buyers of lamb in the U.S. marketplace referenced the need for innovation, and in particular, for products that meet key consumer needs: convenience, taste preferences, ease or speed of preparation, variety, etc. American lamb is perceived by many to lag the development of other key protein options. There is no doubt American lamb competes in a protein marketplace with an extensive portfolio of value-added products developed to meet the needs of consumers and chefs; to succeed over time an industry-wide effort in support of this objective is needed. While individual packers and fabricators clearly have their own valuable and important initiatives in place to develop new products in line with their individual marketing strategies, it is recommended that a broader effort will benefit all American lamb marketers.

Very importantly, value-added products can serve to use under-utilized cuts and enhance overall carcass value, as well as enhance the appeal and potentially broaden the application of yearling and mutton products for targeted customers. Value-added products can also serve to employ further-processing and frozen technologies to extend availability and “smooth-out” seasonality ... a critical need of the American lamb industry.

Consumers and foodservice operators want products that are convenient, labor-saving, flavorful, and varied, with an attractive price-value proposition. The American Lamb Board has conducted research in the past that supports some innovation, as have numerous other marketers. Clearly, other proteins can also provide success models, not only for actual product formats, but also in their industry initiatives to support innovation.

Action Steps

Table 18. Action Steps for Goal 2, Objective 2

Action Step	2014	2015	2016	2017	2018	Activity Captain
Establish consortium to lead effort (Packers / Fabricators / Marketers, ALB)	X					ALB
Identify funding source (Possibly TAAC)	X					Consortium
Establish objectives	X					Consortium
New product ideation and concept development	X					Consortium
Concept testing: marketplace feedback		X				ALB
Business case development		X				Consortium
Communicate to American Lamb marketers			X			Consortium
Create plan for ongoing NPD work			X			Consortium
Continued NPD work				X	X	Consortium

Objective 3 – Support non-traditional sheep producers across the country through a series of niche marketing activities

Rationale

In the course of interviews, both with buyers of American lamb and with participants in the non-traditional market channel, it emerged that some relatively simple but broad-based support is needed to assist the many marketers of American lamb who currently operate in a highly varied and fragmented way. Many of these marketers are “re-inventing the wheel” over and over, and would benefit from templates of marketing tools such as websites, various marketing communication tools, social media sites, farmers’ markets, etc.

While it is not possible to fund individual entities with tailored marketing materials and activities, it is possible to create customizable programs and materials, as well as online resources with wide availability. The American Lamb Board is currently engaged in some of these activities, and it is recommended they broaden and deepen these activities.

The first step is to determine the need, and it is recommended direct marketers be polled regarding their needs. Then priorities can be set and resources allocated to continue to pursue the support of this extremely important sector of the American lamb industry.

Action Steps

Table 19. Action Steps for Goal 2, Objective 3

Action Step	2014	2015	2016	2017	2018	Activity Captain
Poll sheep producers regarding direct marketing needs	X					ALB
Assess current resources and identify gaps	X					ALB
Develop plan to address needs of niche marketers, including necessary resources / funding	X					ALB
Implement plan (e.g., creating website, email marketing, packaging, social media strategy, etc.)		X	X	X	X	ALB

Objective 4 – Explore the benefits and costs of alternative paths to market for American Lamb

Rationale

It is clear that marketers of American lamb in the non-traditional sector utilize a wide variety of paths to market for their product. To benefit the rest of the industry, the Task Force believes it is worthwhile to study and quantify or build case studies for these alternative methods.

With the explosion of “digital life” over the past few years, and the trend toward the networked consumer, product paths to market are being facilitated in many new ways. Social media, the penetration of smart phones, and the increased availability of data and information regarding market needs are all game-changers. Various direct delivery options are available, to include but not be limited to farmers’ markets, local delivery / pick-up points, services such as UPS or FedEx, and consolidator services meeting the needs of farmers in a number of regions across the country.

Almost half of consumers say they will pay more for local products and, combined with the growing ability consumers have to shop online in a digital marketplace, this leads to options such as Amazon Fresh, and others, which allow consumers to order products online that are delivered directly to their homes.

And in the traditional sector, electronic ordering systems for lamb products have the potential to reduce supermarket inventory requirements and may gradually increase lamb consumption throughout the year.

Action Steps

Table 20. Action Steps for Goal 2, Objective 4

Action Step	2014	2015	2016	2017	2018	Activity Captain
Collect models of direct marketing and alternative paths to market currently in use by U.S. Lamb Marketers		X				ALB
Identify same in other industries		X				ALB
Create a database of resources and relevant contacts		X				ALB
Create a White Paper to share with entire American Lamb industry		X				ALB
Marketing Committee to discuss options for promoting tests based on findings		X				ALB Marketing Committee
Provide support to market tests as needed			X	X	X	ALB

Objective 5 – Build the volume and value of the export market for American Lamb

Rationale

Interviews with American lamb marketers repeatedly revealed the opportunity seen in the expansion and deepening of trade relations to facilitate growth in exports for American lamb. The export market for U.S. lamb has been widely variable, with relatively low value per pound. Individual lamb marketing companies have pursued their own strategies, but it was agreed by the Task Force that a broader industry initiative is important.

NZ and AU producers have clear markets for their high-value lamb cuts across the world, strengthening their resource base. The cachet of American products can work to the benefit of the American lamb industry in markets around the world.

The American Lamb Board has been working with the USMEF on this issue, and will continue to do so.

Action Steps

Table 21. Action Steps for Goal 2, Objective 5

Action Step	2014	2015	2016	2017	2018	Activity Captain
Create a White Paper for circulation to the industry that incorporates a market opportunity assessment and a cost benefit analysis of the various export markets for American Lamb, taking the approach of finding the best markets for each carcass component (Already underway at some level)	X					USMEF
Assess USMEF findings and make recommendations to the industry		X				ALB Marketing Committee

Goal 3: Productivity Improvement – Achieve a significant increase in industry productivity with metrics to be defined.

Objective 1 – Promote widespread producer use of quantitative genetic selection

The High Importance of Productivity Improvement

Some industry participants have suggested that the solution to the American lamb industry's decline in lamb consumption could be fixed by prohibiting lamb imports. However, the political climate in both political parties is averse to such a solution. The U.S. is promoting the benefits of free trade with countries around the world. Prohibiting lamb imports is not consistent with the current political climate.

While lamb production in Australia and New Zealand has declined in recent years, producers in those countries have several advantages over U.S producers: (1) they still have a much larger industry than the U.S. which provides them better industry infrastructure; and (2) the rainfall and temperatures in parts of those countries allow them to practice pastoral agriculture and finish their lambs on pasture rather than feed grains. Obviously, the transportation distance is a disadvantage for producers in those countries.

All told, imported lamb can often be sold at a cheaper price in the U.S. than U.S. produced lamb.

This leads to a dilemma for the American lamb industry: the packers and the producers have different vested interests. American producers want the packers to sell only American lambs; but if the price is right, importers will import lamb and sell it below the price for American lamb. Therefore, most packers and meat marketers sell both American and imported lamb.

Therefore, ...

...the only strategic option for American producers is to improve the beneficial characteristics of their lambs and to aggressively reduce their cost of production to get it as close as possible to the cost of imported lamb.

Rationale

- Genetic selection is an indispensable tool for producers to:
 - Deliver meat characteristics desired by consumers
 - Produce lambs as cost-effectively as possible to compete with imports

The National Sheep Improvement Program (NSIP) was formed to calculate Estimated Breeding Values (EBVs) for sheep producers and breed associations to enable producers to use those EBVs to their best advantage. EBVs are statistically created based on generations of progeny performance for various traits. EBVs are one of the most accurate tools to select for or against genetically superior or inferior sheep based on traits of interest to the individual producer.

Unfortunately, few seedstock producers and commercial producers use its services. Many reasons have been cited for low use of NSIP. Whatever the reasons, genetic selection MUST become widely adopted by the U.S. industry.

NSIP should launch an assessment of how to reintroduce LambPlan and genetic selection to the U.S. industry

Re-introduction of NSIP to commercial and purebred producers:

Some of the potential steps in reintroducing NSIP to the American lamb industry include:

- Confer with other livestock improvement organizations to collect the best ideas to bring back to the sheep industry.
- Engage in a strategic and organizational review of NSIP with the aim of re-introducing the organization and strengthening its resources.
- Create a strategy Task Force from across the industry to craft an appropriate direction for NSIP.
- Position it as “the” industry source for science-based sheep performance data and analysis.
- Ensure breed associations are fully engaged in this re-positioning and re-structuring process.
- Link genetic selection to value-based pricing for slaughter lambs.
- Design an effective and broad communication plan to reach as much of the industry as possible.

- Identify success stories among producers for use as models.
- Identify funding sources that can support expanded reach and services:
 - USDA and other science-based agricultural oriented organizations
 - Private sources, e.g., foundations
- Hire a full time Managing Director.

NSIP is a vital tool to reduce producer costs and improve profitability.

Action Steps

Table 22. Action Steps for Goal 3, Objective 1

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Conduct a strategic review of NSIP	X					NSIP
Confer with other livestock improvement organizations	X					NSIP
Implement a major effort to recruit widespread use of genetic selection		X				NSIP
Seek additional funding for NSIP		X				NSIP
Expand the use of NSIP		X	X	X	X	NSIP
Hire a full-time Executive Director			X			NSIP

Objective 2 – Reduce the seasonality of the lamb industry

The lambing cycle is very pronounced. Given the peaks in demand for lamb at Easter, Thanksgiving, and Christmas, the slaughter cycle does not match consumption. The feeder sector provides a valuable function by partially matching production and consumption. However, the industry needs greater flexibility in matching supply and demand. The entire industry would benefit from less price volatility.

There is no one silver bullet that will solve the industry's seasonality problem. Several alternative approaches should be taken to help reduce the problems associated with seasonality. These approaches should include:

- Joint planning of harvest windows among packers, feeders, and producers.
- Aseasonal lambing
- Greater use of frozen products – especially for the foodservice trade
- Development of value-added product to induce greater consumption during the periods of low lamb consumption
- The use of longer-term pricing arrangements

Reducing seasonality can be accomplished partially by packers, feeders, and producers planning together. Within limits, demand can be projected fairly well, week-to-week. Packers should establish agreements with producers / feeders to supply a high percentage of their expected sales, for slaughter week-by-week. Some producers will likely prefer a written contract; others may prefer a verbal agreement. Packers should provide premiums for weeks when supply is typically lower than sales.

Producers and feeders have several tools at their disposal to extend seasonality without jeopardizing meat quality:

- High or low intensity feeding regimens – depending on the harvest window
 - Extended use of grass and other forages to extend finishing
 - More rapid finishing with high concentrate feeds to accelerate finishing
- Aseasonal breeding of ewes
 - Extensive research concludes that some breeds are very amenable to birthings every 8 months

Producers must change genetics and lambing seasons, where feasible, to meet the seasonal variation in consumption. To reduce seasonal volatility, packers should offer higher prices during periods of the year when they need more lambs. Progressive

producers will figure out how to meet those harvest windows to capture an economic incentive.

The American lamb industry has historically promoted “fresh lamb” as opposed to lamb that has been transported 10,000 miles to reach our shores. However, some segments of the marketplace may be very amenable to the use of frozen product. In fact, some foodservice establishments prefer frozen meat to reduce inventory waste. The marketing of frozen product should be explored as one way to contribute to reduced seasonality.

The use of value-added products is recommended elsewhere to increase demand. However, by increasing demand for lamb, it may also contribute to less seasonality by reducing the volatility of consumption throughout the year.

After the price volatility of 2011-12, all segments of the value chain perceive value to include less volatility and greater stability. Supply agreements enable producers / feeders to obtain credit more easily. Retailers and foodservice operators prefer less fluctuation in prices

To create pricing stability in the industry, producers, feeders, and packers must establish longer-term working relationships with collaborative planning and not switch partners for 2¢ per pound.

Action Steps

Table 23. Action Steps for Goal 3, Objective 2

Action Steps	Q1 2014	Q2 2014	Q4 2014	2015	2016	Activity Captain
Packers plan volume of lambs needed by week	X					Packers
Packers solicit producers / feeders to supply specific volumes by week		X				Packers
Packers and producers / feeders reach verbal or written agreements for delivery			X			Packers, feeders, producers
Both sides of agreement deliver on their part of the agreement				X	X	Packers, feeders, producers

Objective 3 – Develop a long-term plan for U.S. sheep research and producer education

A large number of sheep researchers and extension specialists have retired over the last two decades, and many of them have not been replaced. There are no indications that this trend will stop or reverse. A large part of the problem is that government budgets at all levels are under tremendous pressure. Decisions regarding research and producer education are made state-to-state, one year at a time. But both research and producer education are critical for the long-term future of the U.S. sheep industry.

The sheep industry needs a long-term plan that is proactive, not reactive to budgetary pressures. It is imperative that the Agricultural Research Service of USDA preserve all sheep research stations. ASI is strongly advocating maintaining these important research centers. It is also imperative that applied research continue at the land grant universities. However, it may not be realistic to maintain research at all of the universities that currently have a half-time (or less) position in sheep research

- Two critical components of this initiative include:
 - A research and education strategy
 - Additional funding for research and education

The Roadmap Implementation Team should appoint a collaborative Research and Education Committee, including members of the academic community, to develop a long-term plan to answer questions such as:

- What are the high priority research topics?
- What should be the respective roles of ARS and land grant universities in sheep research to support the sheep industry?
 - ARS focuses more on pure research?
 - The land grant universities focus on applied research?
- Can several consortia of land grant universities execute coordinated, collaborative applied research for their larger region?
 - Addressing specific issues unique to different regions and sheep production models
- Can private sources of funding be found?

Producer Education

To meet the goal of improving producer productivity, extensive effort will be required to provide the most effective method of producer education. Without effective producer education of new and improved technology, some producers may gradually utilize less than ideal production practices. State sheep associations and state Extension Service personnel should collaborate to develop a long-term plan for producer education that is best for their state. In states with low sheep inventories, several states should consider developing a plan for a multi-state region.

Producer Productivity Groups – an ideal mechanism for producer education

One method of promoting producer education is:

- Voluntary groups of producers who share techniques and information
- Producers anonymously share annual production metrics to compare their experience with their peers
- The group gains access to the latest applied research findings and seeks to implement the recommendations
- Depending on the scope of activities, the group may hire a staff person to assist their collective and collaborative efforts to make productivity improvements
- Producers set annual goals and track their progress based on quantitative production metrics

Alternative mechanisms for producer education could include:

- Vibrant State Extension Service programs if budgets permit
- Private, for-profit sheep production consultants
- Regional seminars on sheep topics
- Internet websites and online chat rooms – producers helping producers
- Widespread distribution of applied research results in laymen's terms written by the research community

The above mechanisms have value, but most lack the important ingredient of rigorous tracking of production metrics.

Funding of Research and Education

- Funding for sheep research and extension is declining fast.
- The American Lamb Board should activate the “research part” of its mandate.
- ALB should develop a process for funding research and extension proposals that address the critical goals of the Roadmap:
 - Production efficiencies
 - Improving quality
- ALB should allocate funding for research and extension priorities starting in their fiscal year 2015.

Action Steps

Table 24. Action Steps for Goal 3, Objective 3

Action Steps	2014	2015	2016	2017	2018	Activity Captain
Develop long-term goals for U.S. sheep research	X					Research Committee
Develop long-term goals for U.S. sheep producer education	X	X				State sheep associations
Develop proposals for funding research and education efforts		X				Universities
Implement the research and education plans		X	X	X	X	ALB, ASI & state sheep associations
Begin funding of sheep research and education projects			X	X	X	ALB

Goal 4: Industry Collaboration – Work toward a common industry goal of meeting consumer desires rather than short-term self-interest.

Objective 1 – Initiate a Rapid Response, Industry-Wide Communications Team

In the past, there have been times when major problems could have been avoided, or mitigated, if there had been effective communication mechanisms in place across all sectors of the industry. Therefore, this recommendation proposes that such a mechanism be established.

Mandate of the Team

The mandate of the Rapid Response, Industry-Wide Communications Team is:

- To identify potential industry problem areas well in advance of the crisis stage.
- To recommend rapid response action steps to mitigate potential problems.
- To urge all relevant sectors and industry participants to contribute to industry-wide solutions to challenges.
- To seek the best interests of the **entire U.S. sheep industry**.
- To defuse tensions among the industry sectors.

This will be an informal group with no authority, but, hopefully, considerable influence.

- It will not be incorporated. It is not a new “organization.”
- It will be highly flexible. During crises, it may meet via a weekly conference call. At other times it may meet quarterly, or anything in between.
- The group can invite anyone it wishes to join its meetings on an “as needed” basis, e.g., supermarket buyer, foodservice buyer, academic, breed association rep, extension personnel, government official, etc.

Proposed Representation on the Committee:

- American Sheep Industry Association – 2 reps
- American Lamb Board – 2 reps
- National Lamb Feeders Association – 1 rep
- Lamb packers – 1 or 2 reps
- Breakers – 1 or 2 reps

Each organization cited above appoints its own reps. The officers of ASI and ALB appoint the team members not representing an industry organization.

It must be emphasized that this group will not replace or direct any existing sheep industry organization.

It is meant to operate only through influence in three ways:

- Provide a vehicle for rapid response.
- Provide greater coordination among all of the industry sectors and industry organizations.
- Be able to discuss and suggest action on any issue of relevance to the U.S. sheep industry.

Action Steps

Table 25. Action Steps for Goal 4, Objective 1

Action Steps	Q1 2014	2014	2015	2016	2017	Activity Captain
Appoint reps to Communications Team	X					Industry Orgs
Meet via conference calls as appropriate		X	X	X	X	Team

Prioritizing the Thirteen Objectives

Some industry participants feel 13 initiatives may be too many. However, no one industry segment or industry organization must take the lead on all 13 initiatives.

Not all initiatives require high intensity efforts in any given year

- Some are initiated quickly
- Others will be rolled out more gradually

Table 26 indicates the intensity of the initiatives for each objective over the next five years.

Table 26. The Intensity of Activity for Each Objective

Objective	2014	2015	2016	2017	2018
Adopt Value-based pricing					
Improve consumers' eating experience					
Utilize electronic grading					
Conduct a Lamb Quality Audit					
Create American Lamb brand					
Develop value-added products					
Support producers in non-traditional channel					
Explore alternative paths to market					
Build volume and value of exports					
Promote quantitative genetic selection					
Reduce seasonality of lamb industry					
Develop plan for sheep research & education					
Create industry communication team					

 = Major Activity
  = Moderate Activity
  = Low Level Activity

G. Execution Process

1. The Realities of the Lamb Industry

Many prior reports on the industry have been issued. These reports have resulted in limited change in the industry. This project, like previous ones, has no authority for mandating change. Furthermore, the lamb industry is one of the most traditional sectors of American agriculture. Most industry participants are seen as protecting their own interests or, at best, those of their industry sector.

One of the questions that the Industry Advisory Group asked itself repeatedly was:

“How can we ensure ourselves that the recommendations resulting from this effort will be implemented?”

2. A Lamb Industry Roadmap Implementation Team

To provide assurance that the recommendations in the Roadmap are implemented, the Industry Advisory Group recommends the formation of a Roadmap Implementation Team that will oversee the execution of the Roadmap.

The Implementation Team will operate primarily by:

- Conducting monthly conference calls, Year 1 & 2
 - Probably bi-monthly conference calls thereafter
- Asking for progress reports from Activity Captains of Roadmap
- Solving problems as they arise
- Prodding participants to intensify activity

It also envisions that the Roadmap should be reviewed and revised on an annual basis:

- Due to new developments in the industry
- Based on findings from prior year's implementation work

Membership of the Roadmap Implementation Plan

The Advisory Group recommends the following constituency for the Implementation Team:

- ASI and ALB – 2 reps
- NLFA – 1 rep
- National Sheep Improvement Program – 1 rep
- National Sheep Industry Improvement Center – 1 rep
- Sheep Breed Associations – 1 rep
- State Sheep Associations – 2 reps
- Packers – 2 reps
- Fabricators – 2 reps
- Additional members, if needed, to enable balanced industry-wide representation – 3 reps
- Ad hoc input from other industry participants as needed

The work of team will be done primarily on conference calls.

Each organization cited above will appoint its own reps. The officers of ASI and ALB will appoint the team members not representing an industry organization.

Given the track record of the industry at making change, the American Lamb Board has asked Bob Ludwig of The Hale Group to play a role in the Roadmap Implementation Team:

- Year 1 – Bob Ludwig serves as Chair to start implementation
- Year 2 – Bob Ludwig serves on the team, but not as Chair
- Year 3 – Bob Ludwig has no seat on the Team

American Sheep Convention, 2014

The introduction of the Roadmap to the Annual Sheep Convention will include:

- A presentation by describing the “The Lamb Industry Roadmap.”
- Brief statements by numerous industry participants indicating their plans to implement the roadmap in their organization:
 - Large and small producers
 - Large and small feeders
 - Large and small packers
 - Large and small fabricators
 - ASI, ALB, State Associations, NSIP
- Break-out groups discussing various goals and objectives of the Roadmap

All Sheep Industry Organizations

Sheep industry organizations are urged to:

- Devote a significant amount of time at each meeting to issues of Roadmap Implementation
- Focus a significant number of the plenary and workshop sessions on Roadmap implementation

Future Sheep Conventions

Sheep Conventions beyond 2014 should devote a significant amount of time to reporting on the progress of Roadmap implementation:

- A State of the Sheep Industry Address each year at the Sheep Convention
 - Calling out successes
 - Calling out failures to execute
- Multiple reports from various industry participants on:
 - Progress by their organization
 - Plans for their organizations

3. The Magnitude of the Change

The changes envisioned in the Roadmap are not trivial.

- This will require a major “sea change” for the lamb industry.
- Tweaking the dials will not be enough.
- Every participant in the American lamb industry will have to change the way they do business.
- It will be messy.
- It will be painful.

Continuing with the status quo is not a viable option.

This plan, or something similar to it, is the industry’s only option.

H. Appendix: Insights from Buyer Interviews

1. Introduction

The Hale Group conducted interviews with a number of food industry supply chain participants about American lamb, and more broadly, the market for lamb in the U.S. These interviews included: grocery meat buyers, grocery store meat department managers, meat wholesalers, foodservice distributor meat merchandisers, foodservice distributor sales representatives, restaurant chain buyers, and chefs in hotels, country clubs and restaurants.

The intent of the interviews was to explore key issues in support of the development of the American Lamb Industry Road Map. This qualitative scan was intended to surface issues of importance to the supply chain, gauge general perceptions of the benefits and features of American lamb *versus* imported options, and probe challenges posed by the usage of American lamb *versus* imports. These research findings are qualitative and should be interpreted as directional in nature.

There are three primary sections in this appendix: one which organizes comments by interview target type (Grocery Buyers, Meat Department Managers, Foodservice Chefs / Managers / Owners, Multi-Unit Operation Buyers, Distributor Protein Merchandisers, Distributor Sales Reps), highlighting the issues they raised as of most importance to them; another section that synthesizes the interviews into overarching themes that transcend the individual supply chain entities; and a final section that captures suggestions made to American lamb marketers during the interviews.

2. Issues Raised, by Interview Targets

a. Grocery Meat Buyers

■ **Advantages** of lamb as an offering in the meat case include:

- Lamb can be a preferred product by the store and the meat department management because of the more upscale shopper who typically buys lamb
- Lamb tends to be most popular for holidays like Easter or other religious or ethnic holidays
- More lamb products are available case-ready than in the past
- More lamb options are available today that are on-trend with natural, hormone and antibiotic free characteristics. Generically these are referred to as “Never Ever” programs, and were mentioned as gaining traction with consumers.

- With meat department managers who appreciate American lamb it can provide in-store excitement, appealing to customers who see it featured on the Food Channel or in their local fine dining restaurants.
- **Challenges** mentioned by grocery meat buyers in offering American lamb as part of their overall meat department marketing mix:
 - Lamb is a very small category compared to other proteins
 - Many consumers don't like lamb or have never tried lamb
 - It is perceived by some as “gamey”
 - Sampling lamb is a great marketing tool, but it's expensive to execute
 - However, it is very popular with consumers and gets them to try new things
 - The cost of lamb is very high relative to other proteins
 - Very difficult to promote American lamb at a price point that delivers appropriate margin on ad
 - Store managers and meat department managers are challenged with selling lamb, given the high degree of waste
 - Also, unless a meat department manager likes lamb personally, there is little incentive to promote lamb or educate consumers about lamb.
 - In fact, buyers mentioned meeting resistance from meat department managers to offering American lamb because it can result in: dissatisfied customers, excessive waste (negatively impacting department financial performance), and too much effort to manage (accounting for 1 – 2% of sales and significantly disproportionate effort).
- Ethnic applications and contemporary items driven by food shows on TV and restaurant offerings can be useful in marketing lamb successfully.
- Costco was cited as “doing a great job with lamb” (although it is frequently imported), with a consistent offering available at a price that appeals to consumers
 - The price point of \$9.99 / lb. for a lamb rack (“consumer sweet spot” for this product) “works”
 - Cap off, Frenched (easy to prepare, great eye appeal)
 - Consistently available
 - The Costco consumer is THE lamb consumer (i.e., high income, well-educated, etc.) (meat buyer)
- The role of American lamb for consumers, as opposed to imported options, has a number of appealing characteristics.

- On-trend with social conscience (animals are perceived by some as humanely raised as compared to beef and pork)
 - Note: it is important to note that buyers referred to this segment of consumers as very limited, but slowly and steadily growing. And this type of customer tends to be the “vocal minority”
- Those who buy American lamb are very loyal to the idea or “cause” of supporting American farmers and ranchers.
- Partially prepared / ready to cook / “foodservice” applications in the grocery are growing in importance as consumers want variety in convenient meal options.
- Imported lamb *versus* American lamb has some clear advantages according to grocery buyers.
 - Programs to manage quality and consistency are more fully developed with imported programs.
 - Fluctuations in pricing and quality are minimal with imported as compared to American lamb.
 - Availability of particular cuts is more consistent, at the same or very similar sizes and quality levels.

b. Meat Department Managers

A small number of meat department managers were intercepted in the store and interviewed about lamb.

- Lamb is not very popular relative to other protein products in the meat case, according to those interviewed. It is a very small product category, and is usually allotted minimal space. It is viewed as extremely expensive, overall, although there are several cuts which are available on a regular basis that offer great value, particularly given the leanness of the meat.
- Lamb tends to be purchased by either upscale customer for special occasions, or by various ethnic groups that view lamb as a staple protein.
- Customers who buy lamb tend to buy it regularly.
 - American lamb has great appeal with consumers of lamb for all of its positive characteristics.
 - Some brands perceived as local are highly valued.
- In speaking with butcher shop managers, a more detailed description of the lamb offered was typically given; and they seemed much more knowledgeable about available cuts, source of the lamb offered (mentioned: Colorado, Vermont, Western, California), information about origin and growing practices, etc.

c. Foodservice Chefs / Managers / Owners

Interviews were conducted with chain restaurant buyers, as well as chefs / managers / owners in restaurants, hotels, and country clubs.

- A number of particular **advantages** associated with serving lamb included the following.
 - Lamb is a specialty item that conveys panache and menu variety and depth.
 - Chefs like lamb as a protein, because they can do a lot with lamb, with different cuts.
 - Lamb is a lean protein, with great tenderness and flavor when prepared correctly.
 - There are different lamb cuts that work especially well with different cooking methods, allowing chefs to showcase these items not just by ingredient, but also by cooking method.
 - Lamb works well with many different ethnic cuisines, and many different flavor systems.
- **Challenges** with offering lamb mentioned by restaurants or other foodservice buyers
 - Lamb is ordered by consumers most frequently for special occasions, but does not tend to be a menu staple. It tends to be expensive relative to other options, so consumers reserve it for a special treat. And lamb does not have broad appeal, as do most other proteins mentioned.
 - Lamb may be served on a banquet to offer variety, but only for very high budget events. It does not work for all occasions, or all event types.
 - Once an item is menued, the price point can't change, so if the cost goes too high, it will simply not be offered.
 - The experience of two years ago with lamb pricing off the menu has created some resistance to menuing it again.
 - Lamb tends to be “specialized” because of its fluctuating price, and so does not actually appear on many menus. It is more often found on fine dining restaurants than casual restaurants, for example.
 - Chefs or restaurant buyers often do not know how to select lamb cuts that will fit with menu pricing structures. They are most familiar with racks, chops, and legs, and often don't think of other options.
- Lamb was almost universally described as a great product to work with in terms of flavor, texture, juiciness, natural leanness, and flexibility.

- Classic items such as chops and leg of lamb; but also shanks, shoulders ... very flavorful when prepared “the right way”
- Sourcing was cited numerous times as a challenge with lamb.
 - Lamb needs to be sourced from a knowledgeable meat purveyor or from a known local source to have confidence in the quality.
 - Broadline distributors focus on imported lamb because it’s “easier” with its consistent sizing, relatively consistent pricing, and frozen format options.
- Many chefs cited American lamb as in synch with their current focus on featuring and marketing farm-to-fork, sustainable, and local.

d. Restaurant Chain Buyers

When interviewing chain restaurant buyers, the focus is much more likely to be on quality control, contracting, logistics, and factors other than the actual food value of a product, and this was definitely the case with lamb. Some of the key themes that emerged with this group included:

- The food safety story is key in meeting chain restaurant needs. Lamb has the advantage of having much reduced issues with endemic foodborne microbes. In some senses American lamb works better in this regard than imports, but not in all. HACCP programs, quality assurance inspections, and food safety security throughout the distribution chain is key. Australia and New Zealand were mentioned as covering this facet of sourcing with solid programs.
- Certifications are very important in ensuring quality and quality assurance.
- The distribution system used by a vendor and the ability to provide a consistent product across the geographic scope of the chain is key.
- As demand builds, it is critical to ensure supply needs can be met across the chain, and in particular, when a product is being featured in some way.
 - Chipotle’s challenge with meeting demand for all-natural meat was cited as a potential challenge with American lamb.
- American restaurant chains want to provide American products to their customers. Some interviewed cited this as an opportunity that the American lamb industry has not fully leveraged.
 - According to those interviewed, American lamb vendors need to support their customers with marketing funds to allow restaurants to tout this feature.
- Contracted supply, and guaranteed pricing, are expected by restaurant chains as a foundation of doing business.

- Marketing basics were cited by several of those interviewed as part of a total package they look for when evaluating vendors.
 - Consistent sizing
 - Consistent packaging
 - More consistent pricing
 - Frozen options
 - Contractable, i.e., willing to develop annual contracts with pricing protection

e. Distribution Buyers

- According to interviews with broadline foodservice distributor merchandisers, American lamb companies do not typically consistently have “feet on the street” to support sales activities. Brokers and direct sales reps play an important role in supporting the in-market sales process by showing and sampling product, providing product expertise, and supporting distributor sales reps with menuing / marketing / preparation / handling tips and solutions.
 - These supporting activities are expected of all vendors; and American lamb has not been consistently and broadly available in the past with these services, according to those interviewed.
- Over time, both American and imported lamb programs have been used by all of the distributor buyers interviewed. Their clear preference is for a supply chain partner who can provide:
 - Sales support
 - Pricing in line with market expectations
 - The right products in the right package to meet customer demand
 - Program monies for marketing activities, operator promotions, food shows, etc.
 - Consistent availability
 - Assurance of food safety
 - Assurance of consistent quality

f. Distribution Sales Reps

Several broadline distributor sales reps were interviewed, and a few key perspectives emerged as represented in the following quotes.

- “If a product isn’t easy to sell, it’s not worth my time.”

- “A few of my customers buy lamb, and they know what they want, so I just be sure to give them what they ask for.”
- “My customers don’t typically ask me for lamb.”
- “I don’t know much about lamb. It just doesn’t come up except for legs at Easter and Christmas, and those we have covered.”

Recognizing that a broadline sales rep will have a warehouse with 10 – 20,000 items to draw from, with heavily branded and fully developed product lines of beef, pork, poultry, and seafood to draw from, they need sales support.

3. Themes Emerging Across Interviews

Overall perceptions of lamb are summarized in the following points. These themes emerged across many of the interviews, and are not presented necessarily in order of prevalence or priority.

- Consumer awareness of lamb varies geographically, and by urban *versus* suburban areas
 - “Mainstream” awareness and usage is relatively low
 - “People are afraid of making an expensive mistake with lamb, much like with fish / seafood. They do not trust their ability to cook the product to a good finished result.” (Grocery meat buyer)
 - Ethnic consumers are very strong lamb consumers.
 - Mentioned: Middle Eastern, Jewish, Hispanics, Greek, Muslim
 - Foodies / Coasts ... lamb is on many restaurant menus and is increasingly considered hip and cool, especially among chefs and restaurant workers.
 - Millennials are an emerging market, representing “new” lamb consumers
- Many mentioned the fact that lamb, and particularly American lamb, is on-trend. It is important to note that the perceptions of those interviewed are frequently expressed with their “consumer hat on” and do not necessarily represent an accurate view of the market.
 - Grass fed (it did not seem to be broadly understood that many American lambs are finished on grain.)
 - Hormone free
 - All natural
 - Sustainable
 - Antibiotic free

- Nose-to-tail trend (utilizing the entire carcass), particularly in major metropolitan areas, seems to extend a “halo effect” over lamb
- The growing importance of local as a consumer preference was mentioned again and again.
 - Strong preference for “idea” of American.
 - Strong interest in lamb grown and sourced from local family farms.
 - Interestingly, Colorado lamb was mentioned by several people as being particularly high in quality, which demonstrated that the phenomenon of “identified locale” can be as powerful as truly local.
- Benefits of American *versus* Imported were expressed by a number of those interviewed. It should be noted there was no unanimity of response, and in fact responses often contradicted each other. For example, New Zealand lamb was described as light in flavor and alternatively as gamey. Some also described it as grassy. The following were mentioned as strengths of American lamb.
 - Richer flavor
 - Higher quality
 - Better marbling for flavor, tenderness
 - Bigger eye in the chop
 - Consumer preferred
 - Flexible ... many cuts / applications
 - Butchers buying whole American lambs feel they can offer innovative ground meat blends, for example, that optimize flavor / juiciness and provide great value to the consumer at an attractive margin
- Lamb, and in particular American lamb, was almost universally described as expensive. However, it is important to note that for many, there is still a very strong price / value perception associated with lamb.
 - For example, the target menu price point for a Casual Dining restaurant might be in the \$13 to \$16 range, but a typical lamb entrée would need to be menued at \$19 to make target food cost / margin. (Casual Restaurant Buyer)
 - “A comparable cut from Australia or New Zealand might be \$2 / lb. less, making it a better option for the restaurant trade”
 - “Australian lamb can be \$6 / lb. less”
 - “When lamb is available for \$12 - \$15 / lb., and a high quality NY Strip is available for \$7 or \$8 / lb. it is difficult for lamb to gain penetration” (Casual Restaurant Buyer)

- Again and again, lamb was described as a special occasion protein, with the following instances most frequently mentioned.
 - Holiday
 - Rolled and tied leg for Easter
 - Special events
 - Racks and chops
 - Weddings, corporate banquets, fine dining celebrations
- Education came up repeatedly as a major need for the lamb category overall, and in particular for American lamb. These topics emerged across interview targets.
 - Features and benefits of lamb *versus* other proteins
 - Preparation methods
 - Presentation options
 - Value cuts and economical ways to offer lamb
 - Selling against competition
- Consistency of quality (and its lack) was mentioned by several of those interviewed, but as a modifier to the issue, a number also said they depend heavily on their supplier to make sure they have the lamb products they need, with the specs they require. So sourcing, weights, trim, portions, etc. are managed by the lamb supplier to ensure the needs of the retailer or the foodservice operation are met.
 - Several interviewees mentioned offering imported lamb at times, and American lamb at times, depending on price and availability.
- Grass Fed *versus* Grain Finished was discussed by many of those interviewed.
 - Opinions are very divided on this factor
 - Some are strong believers that the advantages of finishing lamb on grain far outweigh the “marketing appeal” of grass-fed. These advantages include:
 - Improved flavor – mild and delicious
 - Richer color
 - Better texture
 - More consistent marbling
 - Others believe that the consumer movement for humanely raised animals is strongly in favor of grass-fed.
 - Some also favor grass-fed, believing the meat is more healthful.

- Regional differences were noted in the interviews conducted.
 - On the coasts, fine dining chefs (restaurants, country clubs, hotels, resorts, etc.) are able to source American lamb locally through relationships with farmers, meat purveyors specializing in local sourcing, and farmers markets. It is in these areas that American lamb seems to have the most positive overall quality and value perception.
- The role of packaging format came up with several interviewees.
 - Chain restaurants frequently prefer frozen products
 - Ease of distribution
 - Extended shelf life
 - Inventory management
- Competitive imported products were described in many different ways by those interviewed. One topic that came up with several was focused on packaging.
 - Packaging systems used in Australia and New Zealand are perceived by some to be far superior to those used in the United States, offering the ability to preserve product in a chilled format for extended shelf life.
 - This packaging system was cited by one meat wholesaler as providing the opportunity to slaughter animals when they are at their ideal market weight, manage inventory in the supply chain, and prevent the introduction of heavy lambs to the market.

4. Ideas or Suggestions Offered by Interviewees

(Note: These ideas or suggestions may [and likely are] already in play with American lamb marketers; the intent of this section is to provide insight into what interviewees say “works” and what was “top of mind.”)

Communication Strategy: American Lamb Marketers

- Target Meat Department Managers with Educational Materials and Marketing / Merchandising Tips
 - Rather than looking at margin on strictly a percentage basis, encourage meat department managers to evaluate lamb on the basis of dollars delivered to revenue and the bottom line.
 - Provide case studies that demonstrate success
 - Focus on helping customers understand:
 - Preparing lamb (recipes, cooking techniques, grilling, etc.)

- Pairing lamb with wine, craft beer, side dishes
- Target restaurant buyers
 - Food safety benefits (no e coli)
 - Story of how American lamb is raised
 - Nutritional benefits of lamb
 - Lamb fit with different price points, and different menu applications
- Provide training materials for restaurant staff, including servers
 - Play to staff identity ... provide stories they can be proud to share with their guests
 - Nutritional benefits of lamb.
 - Compare and contrast with well known alternatives such as salmon
 - Wine pairings with lamb; craft beer pairings; side dish pairings
 - Give flavor characteristics cues: “Mild,” “Tender,” etc.
 - As appropriate, information about sourcing, grass-fed, etc.
 - Multi-media materials: video, apps, on-line, etc.
- Provide Distributor / Wholesaler Sales Reps with Selling Tools
 - Grocery**
 - How to cross-merchandise lamb with wine or complementary food products
 - What lamb cuts work best in what recipes
 - How to serve lamb economically
 - Monthly suggestions for how to serve lamb
 - Foodservice**
 - How to sell American against Australian. How to sell American against New Zealand
 - How to sample American lamb effectively and with the best results (provide a “kit”)
 - Preparation
 - Applications
 - Plating ideas
 - Storage and handling information
 - Nutritionals

- Portion costs
- Nutritional profile of various cuts of lamb
- Language for use on menus about different lamb cuts / dishes
- How to prepare economical cuts of lamb
- Plating suggestions for lamb
- Menu price calculator with food cost per ounce / per portion of different cuts of lamb
- How to menu American lamb at various menu pricing levels
- How to target American lamb to regional chains with the correct product at the correct pricing for their menu price structure
- How to offer American lamb, by market segment, either on the menu, on a banquet, or in a catering application
- Seasonal availability
- Holiday calendar, to include all relevant holidays for different religions that are significant opportunities for lamb
- Value-added cuts
- American lamb's fit with current trends
 - Ethnic cuisine
 - Contemporary dishes like sliders
 - Pairing it with ... (on-trend: e.g., pretzel buns, pickled, local, kale, etc. Always changing, so always need to update)
- PDF files of all of the above
- Website designed for foodservice, with everything downloadable
- Videos (short ... less than two minutes)

Product / Innovation Strategy

- Follow the beef industry's lead in introducing innovative cuts, e.g., Hangar steaks, Skirt steaks, Flatiron steaks, etc.
 - The pork industry was successful following this strategy
- Offer more value-added / ready to eat / ready to cook and eat products that appeal to consumers who do not have the time or the inclination to prepare complicated family meals but who want to offer their families variety and healthful / interesting options

- Follow the beef industry's lead in renaming cuts to make them more consumer-friendly

5. Overall Strategy

A number of points were made in response to the question, "What would your advice be to the American lamb industry?"

- Essential market requirements were cited:
 - More consistent pricing
 - More consistent quality products
 - More consistent availability
 - Build consumer awareness
 - Lamb is not just for special occasions
 - How to prepare
 - How to serve lamb economically
 - Health / nutrition benefits of lamb
 - Support trade marketing activities
 - How to position against competition: imports and other proteins
 - Unique selling proposition for American lamb
 - Education designed to support marketing and sales throughout the supply chain

It is clear that the market for lamb in the U.S. is highly fragmented with many market niches available for individual companies and marketers to successfully explore and target.