In the history of the American economy, promotion has long been used as sales aid in creating demand. Its role in building and maintaining markets for hundreds of products has received wide acclaim—in fact so much that it is frequently overlooked that promotion is only one of many factors which help to establish and expand markets for particular products.

The decision of the consumer to buy a given commodity also involves the interactions of many other factors. These include consumer incomes, price, actions of competitors, quality of the product, availability and quality of substitute commodities, behavior of marketing institutions and that most elusive element—psychological whims of the consumer. When demand creation or expansion is viewed within this framework it is clear that promotion cannot be looked upon as a magic phenomenon capable of solving all problems of market expansion.

The now familiar experience of the Edsel motor car illustrates this point. Even though millions of dollars were spent on promotion, a successful market could not be established. The success of promotion is not spontaneous or automatic. Thus a critical and searching analysis of its possibilities is a necessary prerequisite to activating a program.

In looking at the possibilities for promoting beef, I shall emphasize two aspects of the problem—(1) beef consumption patterns as they relate to promotional possibilities and (2) the promotional relationships between the producer group and the marketing institutions involved in distributing beef. This approach does not provide a complete analysis of the potential for promoting beef. But it considers two of the very important factors which bear on successful promotion.

Characteristics of Beef Consumption

During the past 30 years consumer acceptance of beef has grown at a phenomenal rate. Over this span of time, the per person consumption of beef has almost doubled, increasing from approximately 48 pounds per person in 1930 to 88 pounds in 1961. On the expenditure side, growth in consumer acceptance of beef has been equally impressive. In 1930 consumers spent about 2 percent of their income for beef products. In 1960 this percentage had grown to 2.5 percent. On first appraisal this increase may appear unimpressive. But on close examination this represents a 25 percent increase in the portion of consumer incomes spent for beef.

In addition when Engel's universally accepted law of consumption is recalled, this increase takes on added significance. Engel found that as incomes rise consumers tend to spend a smaller proportion of their incomes for food. This law, although formulated many years ago from analysis of European consumption habits,

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has generally held for total food expenditures of U.S. consumers. Yet we see that rather than decreasing the proportion of their income spent for beef, consumers have increased it as their incomes rose.

Studies on the promotion of several commodities have shown that this favorable trend in demand appears conducive to effective promotion. This, of course, should not be taken as an absolute requirement. An upward trend in demand for a product suggests that there are no strong social economic or technical forces in conflict with consumption. Furthermore, it is said that when a favorable trend exists, advertising can be used to strengthen the preferences existing for the commodity and accelerate the rate of consumer acceptance. If we accept these premises, the rising trend in demand for beef would appear to be a plus factor from the promotional viewpoint.

In reviewing consumption data for meats, it also becomes immediately apparent that consumers have much preferred beef to other red meats. The growth in consumption of beef has, by far, exceeded that of each of the other red meats. The implication, of course, is that beef is a product which enjoys a high status position in the minds of consumers. This is viewed by many to be favorable from the promotional viewpoint.

What then, are the particular attributes of beef that differentiate it from other meats in the minds of consumers? Economists frequently have noted the speeded up growth in consumption of beef relative to other red meats. But they have not offered an adequate explanation of why this is so. They point out that there has been a migration of farm people to urban areas, and that people in urban centers tend to eat more beef. But this explanation does not go far enough. It is too general and does not pinpoint with precision the basic attributes of beef that differentiate it from other meats. Such information is important to know if the product is to be most successfully exploited in a promotion program. Perhaps some form of market research could help provide the necessary answers. The fact that consumers do view beef as a distinctive product and not just meat lends support to the view that it has a promotional potential.

Moreover other meats and other food should not be looked upon as the only competitors of beef. Beef is a high resource-using food and occupies a place in the consumer budget comparable to many nonfood items. That is, it may be looked upon to some extent as a luxury item whose sales are sensitive to changes in consumers' disposable income. Therefore, in the event of a squeeze on the family budget it would not be surprising if beef were one of the first items to suffer as consumers reduce their spending.

An analysis of sales shows that consumer income is a significant factor in the consumption of beef, and tends to substantiate this observation. Over the past 30 or so years, a 1.0 percent increase in personal disposable income has been associated with about a 0.5 percent increase in the quantity of beef consumed. Since the 1935-40 period, consumer incomes have been rising and beef consumption has
increased correspondingly.

When we look to the future, further increases in consumer incomes appear to be in prospect. Economists estimate that by 1975, consumer incomes will be 20 to 25 percent above 1960 levels. This means more consumer discretion in determining how their incomes will be spent. Consumers do upgrade their diet, both in quantity and in composition, as their incomes increase. But it does not appear logical that the present rate of increase in beef sales in relation to rising incomes can be maintained. The chief reasons for this expected development are the relatively low level of beef consumption in previous years and the increasing competition for the consumer's dollar from other food and nonfood items. Nevertheless the level of consumer income will continue to be a significant factor in the consumption of beef. And since prospects are good that incomes will be rising over the next decade, it appears that promotion might be employed effectively to influence consumers to allocate part of this newly-achieved discretionary spending power to buy beef.

Price is another factor significantly affecting consumers' purchases of beef. Studies have shown that a given change in the price of beef causes a proportionate change in sales. In the language of the economist, this is described as unitary elasticity.

There has been some controversy as to whether the relationship between price and sales of a product is of any significance from the viewpoint of the product's promotional potential. Some argue that where sales of a product change considerably in response to price changes consumers do not purchase fixed quantities, but exercise considerable choice in determining how much of the product is bought. Thus, promotion tends to be more effective in influencing consumers to purchase such products.

On the other hand, where sales remain about the same regardless of price, it is said that consumers evidently exercise no choice in determining the quantity purchased. Therefore, there is likely to be less response to promotional activities.

Others have argued that there is absolutely no relation between promotion effectiveness and the elasticity of demand for a product.

At present we do not have enough research findings to make a definitive statement about the relation between promotional response and the elasticity of demand of agricultural products. However, the findings of our research do tend to substantiate the findings of Professors Borden and Marshall. These researchers state that "a study of products will show that generally, though not always, products possessing an elastic demand are responsive to advertising and selling effort." If we assume this statement is generally correct then the approximate unitary elasticity of demand for beef can be interpreted to be a factor favorable for promotion.
Another attribute which should be considered is quality of beef and its implications for promotion. All available data on the consumption of beef clearly indicate that with rising incomes, consumers have been eating a higher and higher quality of beef including both better grades of carcasses and more desirable cuts. Data from the 1955 USDA household food consumption survey indicate that as income rises, families buy more of the expensive cuts of beef such as steaks and roasts and less of the cheaper cuts such as stewing and boiling beef. Further evidence of emphasis on quality by both consumers and producers is indicated by figures on the U.S. beef supply. The proportion of the beef supply in the top three grades—prime, choice and good—increased from 51 percent in 1947 to 69 percent in 1961.

What is the promotional significance of this great emphasis on quality? It would seem to mean three things. First beef producers must plan their operation to provide the consumer with the quality of beef they desire. Second, different quality levels should be differentiated so that the consumer can identify the quality he is purchasing. Third, quality is one of the internal attributes that can be successfully exploited in the promotional program.

Relation of Producer Groups to Distributive Trade

Our brief analysis so far indicates beef has several attributes which give it a favorable promotional potential. This, however, does not say that any promotional attempt by producers will be successful. Whether or not a specific program will be successful hinges upon many other factors such as a clear-cut definition of the objectives to be attained, the caliber of personnel operating the program, the magnitude of promotional funds available and, most importantly, the behavior or cooperation of the distributive trade.

Our research shows that marketing institutions connected with the distribution of the product play a critical role in the success of producer-sponsored promotional programs. It is not enough to execute a well designed program directed to the consumer. The product must be available and properly displayed at an attractive price at the place where the consumer finally decides whether to buy or not to buy.

We have found also that the success of a commodity promotional campaign is further enhanced if the retailer supports the program in his advertising. This does not mean that distributors and retailers are eager to cooperate with commodity groups in their promotional activities. In fact the distributive trade may wait until after the commodity group's campaign is over before actively merchandising and promoting the product. This seems to be especially true of products with limited sales.

In this respect it is well to review the current promotional activities of marketing institutions for beef and other meats. At retail the magnitude of these promotional expenditures is not known precisely. However, estimates by trade sources indicate media expenditures for all meat products in 1961 were between 130 and 140 million dollars, and expenditures for beef between 75 and 85 million dollars. Based
on a recent survey of retailers' newspaper advertisements, these estimates appear to be conservative. Audits of newspaper advertising space reveal that from 25 to 30 percent of the average retail food store advertisement is devoted to the meat department, that about half of that space or 10 to 15 percent of the advertisement is devoted to beef. When it is considered that most supermarkets advertise once or twice per week, it is obvious that beef is given substantial publicity.

There also is considerable promotion at the packer and processor levels. One reference source places the magnitude of promotional expenditures for all meat at $80 million annually. Although no detailed breakdown is given, it seems safe to assume that a considerable part of the expenditures is allotted to beef.

Producer organizations have also been active in some form of beef promotion. In 1957 estimated promotional expenditures for all meat by producer-supported organizations were approximately $3.4 million. Again it is likely that beef promotion played a prominent part in these expenditures.

These questions seem logically to flow from such expenditures.

(1) What are the goals of the marketing institutions making these expenditures?

(2) How do they compliment, supplement, contrast and compete with each other?

(3) What common interest can producer groups exploit to obtain greater cooperation with their promotional efforts?

This latter consideration is extremely important. Our research has constantly shown that a key requirement for successful promotion by commodity groups is cooperation of the trade.

In looking at the goals of promotion by the various middlemen, I would like to distinguish between two types of promotion—direct action and indirect action. The major objective of direct action promotion is to obtain an immediate response to the promotion. An attempt is made to motivate the consumer to take action immediately. On the other hand, indirect action promotion seeks no immediate response from the consumer. Its objective is to build a reputation and to enhance the consumer's latent desire for the product by building mental associations.

At the retail level most beef promotion is of the direct action type although some firms engage in both. The purpose of the retailer's beef ad is to attract patronage to the store. The primary appeals are price and quality. Where consumers are already acquainted with the product the effect of promotion of this type may be suspected of being primarily of short life.
However, this type of promotion preceded and backed up by the indirect-action type can be quite effective. Also beef advertising by large retailers probably aids in building a favorable image of the product, especially if the promotion is repeated frequently over long periods of time and emphasizes quality characteristics of the product.

For example, in its promotion one large chain emphasizes the juicy and tasty characteristics of its beef without reference to price. One merchant describes his beef as western-fed and still another alludes to the tenderness of his beef. All of these types of advertisements probably aid in building a favorable mental image of beef in the minds of consumers and enhance the desirability of the product. To that extent they benefit beef growers. Even the direct-action types, primarily advertising price, are beneficial in helping to move temporarily heavy supplies into consumption.

Most promotion by packers is done on a brand basis and falls into the indirect action category. Packers' primary interest is to increase sales of their brand and only incidentally to increase sales of all beef. Nevertheless, it is likely that their advertising has an effect on the total demand for beef. Even though the appeal of an advertisement is directed at a brand, it may attract the attention or heighten the interest of consumers who purchase other brands, or are even indifferent to beef.

Producer groups, it would seem, might engage in both types of promotion, depending upon overall objectives and industry supply conditions. Where the market is temporarily burdened with unusually heavy seasonal supplies, the direct-action type of promotion might be employed to induce consumers to immediately purchase the product. On the other hand, where supplies are running at normal levels the indirect action type of promotion might be initiated in which the main objective is to build a more favorable mental image and educate consumers as to how they might benefit from the use of beef. There may be still other occasions in which both types of promotion can be used in combination.

Thus, it is seen that the promotional objectives as well as the types of promotion for beef differ at different levels of the distribution system.

The problem commodity groups face is to find a common interest which they and the various marketing institutions may jointly promote. Logically this common interest is increased profits. Therefore, in planning and soliciting trade support for their promotional program producer groups must consider the profit motives of individual firms throughout the distribution channels. More specifically, they must be prepared to demonstrate how their promotional program will contribute to the profit goals of the firm.

For beef it would appear that such a rationale can be convincingly established. At the retail level we have indicated that the firm attempts to increase
profits by generating increased store patronage and traffic. Because of the prominence of beef in the consumer budget it is an excellent traffic builder. Furthermore, a good part of the retailer's sales dollar is derived from the sale of beef. It generates more sales per customer than any other of the approximately 6,000 items the retailer stocks. One study showed that 8 percent of every dollar spent in food stores is spent for fresh beef. These facts should provide sufficient appeal for the retail trade to cooperate in a producer-sponsored promotional program for beef.

We have also indicated that the primary interest of packers and processors in promotion is to enhance profits by increasing sales of their brand. Producer-sponsored programs contribute to the profit objectives of individual packers by increasing the total size of the market to be shared. Thus, even though the firm's share of the market may remain constant, if the total market expands profits will be increased. And it is on this basis that their cooperation with the producer program can be solicited.

Our abbreviated analysis has pointed to a number of factors which suggest a favorable potential in promoting beef. But this is a far cry from actually executing a successful promotional program. There are a number of additional complex questions we have not discussed and which must be considered.

For example, what size of budget will be required in order to exploit the attributes of beef? While we cannot provide a definitive answer on this question we do know that some organizations' budgets are too modest to register an impact on demand of any practical significance. And we also know that there are other organizations who have sizeable budgets in absolute terms but obviously are trying to cover too many markets.

Equally important, assuming adequate funds can be obtained, what is the optimal level of expenditures? To answer this question, economic information of a most complex nature is required. We must measure the demand and supply curves. We must estimate the promotional elasticity of beef--that is, determine how much beef sales will increase with a given investment in advertising.

Another important set of questions relates to the management of the proposed organization. First, can experienced, well qualified marketing people be obtained to operate the promotional program? And second, assuming such persons can be secured will they be free to make decisions which are in the best interests of promotion or will they be inhibited by internal political strife and interference?

These are important considerations. Cases are known where persons have been chosen to operate such programs on the basis of their stature in production rather than on the basis of their marketing know-how. Also, there have been instances where even though qualified persons were selected to operate the program, optimal promotional decisions could not be made because of internal political conflicts.
Another important factor to be considered is detailed information about the characteristics of consumers of your product. Such information should include frequency and size of purchases according to size of community, income, family composition, education, age of housewife, occupation of wage earners and ethnic background. This information is necessary to identify weakness and strength in the total marketing program. The greatest value of this information is to identify segments of the market that offer the greatest potential for exploitation and to provide a basis for defining specific objectives of promotional programs.

In considering the various factors connected with commodity promotional programs too much emphasis cannot be placed on defining specific objectives of the program. Defining and stating objectives in such general terms as "expand the demand," "expand the market," "promote orderly marketing," "raise prices," etc. express noble sentiments, but are worthless as a guide in executing an effective program. Such statements specify the overall objective or purpose of the group. But to be most useful, objectives should be stated in specific terms indicating where, how or what is to be done in achieving the overall objective, such as the segment of the market to be developed or the sales level to be attained in selected areas. Time goals also should be specified for attaining these objectives.

These are but a few of the factors which have a bearing on the ability successfully to promote beef. Demand creation is a difficult and complex task. There is no magic in promotion. It requires skill, planning and judicious execution. We should take a long, hard look before embarking upon such an undertaking.