

## AUTHORIZATION REQUEST FOR FY 2012

**AR Title: ASEAN PROMOTIONAL CAMPAIGN**

**Name of Contractor: U.S. Meat Export Federation**

**CBB Budget Component: Foreign Marketing**

### **I. OVERVIEW**

**A. AR Description:** This Authorization Request describes USMEF's marketing plan for the ASEAN region, with a focus on increasing purchases of U.S. beef by demonstrating its profit potential through education and promotions primarily in Singapore, the Philippines, Indonesia, Thailand, Malaysia and Vietnam.

In 2010, exports of U.S. beef plus variety meat to the ASEAN region increased 5 percent in volume to reach 70,425 mt, with value increasing 15 percent to \$232.3 million. Increased U.S. beef/bvm exports to Indonesia (13,273 mt, up 207 percent) and the Philippines (10,944 mt, up 37 percent) made up for a drop in exports to Vietnam (43,398 mt, down 19 percent), which remained the top destination for U.S. beef/bvm to the region. Despite a down year for Vietnam, the ASEAN region posted an export value record of \$232.3 million, led by the strong results in Indonesia and the Philippines.

U.S. beef has maintained a high-quality image in the ASEAN region, and 5-star hotels use and identify U.S. beef in their restaurants to promote their upper-class status. To capitalize on this, USMEF works with many upscale establishments that use rib and loin cuts, with a focus on further educating chefs and HRI operators about incorporating additional U.S. beef cuts onto their menus, in particular moderately priced underutilized cuts, as these smaller markets compete with larger importing countries for reasonably priced beef. USMEF's current strategies to further develop the market include the following:

- Develop the image of U.S. beef as the premier beef available in the market, from five-star establishments to family-style outlets.
- Educate HRI end-users about the profitability of underutilized U.S. beef cuts and teach them how to incorporate these cuts into their restaurant concepts.
- Build the market for U.S. beef variety meat such as hearts and livers as standard input material for processors in the Philippines, Indonesia and Vietnam.
- Work with targeted food distributors, chefs, purchasing managers and restaurant owners to identify and address establishment-specific opportunities and challenges.
- New opportunities include retail market growth and expanding the marketing reach in the region to new U.S. beef users.

Export forecasts for 2011 and 2012 are 59,000 mt valued at \$188,500,000, and 35,000 mt valued at \$85,780,000, respectively.

**B. Costs Requested from this AR\*: \$97,265**

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 69,914	\$ 69,914	
Federation of SBCs (FSBCs)	\$ 27,351	\$ 27,351	
Other Sources ( <i>describe</i> )			
<b>Total Funds Requested</b>	<b>\$ 97,265</b>	<b>\$ 97,265</b>	

\* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$141,469; implementation by Tactic in Table IV.

\*\* Implementation for this and other FOREIGN MARKETS ARs requested in separate AR FM-13-2012.

**C. Start date: 10/1/2011**

**Completion date: 9/30/2012**

**II. PLANNING INFORMATION FOR THIS AR**

**A. Long Range Plan Core Strategies/Strategic Initiatives Addressed by This AR:**  
Capitalize on global growth opportunities

**B. Committee That Reviewed This AR:** Joint International Markets Committee

**C. Committee Recommendations for This AR:** The Joint International Markets Committee recommends this AR to the Operating Committee for funding in FY 2012.

**III. PROGRAM INFORMATION FOR THIS AR**

**A. Strategy 1: International Marketing – ASEAN**

**Strategy 1 Proposed Direct Cost: \$97,265**

**Specific Tactic Information:****Tactic 1A: Market Development –**

Educate key accounts about the quality and value of a wide range of U.S. beef products to mitigate the perception that U.S. beef is not price competitive, and to encourage expanded purchases among trade, HRI and retail accounts, while maintaining relationships with existing buyers.

Trade Servicing/Account Development: USMEF will provide targeted importers with information on new products, U.S. meat industry trends, food safety, and meat handling techniques. The activities will include relationship building, product education, market monitoring, strengthening customer relations, and distribution of educational materials through desk-side and in-house meetings.

Trade Shows: USMEF will use trade shows to communicate and reinforce the safety and profitability message by providing information to targeted

segments on U.S. production practices, the U.S. grading system, U.S. meat inspection and food safety systems, and the variety of cuts and items available from the U.S. USMEF will also use the shows to identify new buyers and reinforce relationships with existing buyers. USMEF plans to exhibit in the U.S. Pavilion at the following shows: Food, Hotel & Tourism Bali; Food & Hotel Asia Singapore; Food & Hotel Thailand; and World Food Expo Philippines. Other shows may be selected as well.

Trade Teams: USMEF will reinforce the safety and profitability message of U.S. beef by providing information on U.S. production practices, meat inspection, food safety and the grading system. Teams will also visit various retail outlets to observe merchandising techniques. USMEF may also conduct a team to Japan and/or Korea to demonstrate how leading retailers and restaurateurs are profiting from prominently featuring U.S. beef, as well as a joint importer-foodservice team to the U.S. Two teams with 10 buyers each are planned.

Seminars/Training/Communications: USMEF will hold seminars to communicate and reinforce the safety and profitability message to targeted importers, traders, foodservice operators, chefs and retail managers. The seminars will also demonstrate proper handling, popular cuts/products, and new and underutilized products. USMEF will also hold in-house seminars with individual companies to assist them with personalized buying programs. Other meetings will be coordinated through the Singapore Culinary Training Program. USMEF may also have a retail specialist from another USMEF office conduct training in various ASEAN countries. Six seminars and trainings are planned.

Educational & POS Materials: This activity includes development/production of POS and educational materials to supplement promotions and communicate the safety and high quality attributes of U.S. beef. POS materials will help encourage outlets to hold promotions for U.S. beef, and to convey the “good eating experience with U.S. beef” message to the public.

HRI & Retail Promotions: USMEF will conduct menu promotions that support the introduction of new cuts and beef items. These promotions will carry the message of the safety of U.S. beef and also demonstrate the profitability of U.S. beef to chefs and how the upscale image and versatility of U.S. beef enhances their menus and profits. The targeted outlets will be fine-dining, upscale indigenous, western-style, Chinese, Japanese, Korean and local restaurants. USMEF will also conduct retail promotions to convey the safety message and introduce new items to meat buyers to demonstrate the profitability of merchandising these products. Six promotional activities are planned at 15 outlets.

American Beef Club Branding: USMEF will continue to recognize fine restaurants and upscale supermarkets that serve U S beef. The selection will be based on those outlets that have participated in USMEF educational programs. This activity will increase the visibility for U.S. beef

in the foodservice and retail industries, as well as provide continued education for Club members.

- **Measurable objectives:**
  - 80% of targeted trade accounts will understand the profit potential of and have a favorable attitude towards U.S. beef based on information provided by USMEF.
  - 77% of targeted HRI accounts will regularly feature/promote U.S. beef on their menus.
  - 77% of targeted retail accounts will regularly stock U.S. beef.
  
- **Proposed Direct Cost:** \$97,265

**Tactic 1B: Market Access –**

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the ASEAN region and keep the U.S. industry informed on critical changes in ASEAN government requirements and emerging consumer issues. Noteworthy issues include a) BSE-related restrictions on imports of U.S. beef in Singapore, Thailand and Vietnam, and b) Vietnamese revised acceptable residue levels for selected chemical compounds in meat could impede U.S. beef exports.

USMEF will carry out Issue Monitoring, Analysis & Reporting, Government & External Relations and Technical Support as described in the Prologue section.

- **Measurable objectives:**
  - USMEF will contribute to and support initiatives to eliminate trade restrictive policies, particularly in Thailand and Singapore.
  - USMEF will provide technical information to the Vietnam government demonstrating that U.S. standards meet Vietnam’s requirements.
  - 80% of USMEF members will report that they receive the information they need from USMEF related to market access.
  
- **Proposed Direct Cost:** \$0

**IV. DETAILED BUDGET SUMMARY**

Strategy and Tactic	Program Manager	Completion Date	Total FY 2012 Est. Budget	Total Direct Cost	Direct Cost by Funding Source			Est. Impl.
					CBB/BPOC	FSBCs	Other	
Market Development	USMEF	9/30/12	\$ 238,734	\$ 97,265	\$ 69,914	\$ 27,351		\$141,469
Market Access	USMEF	9/30/12	\$ 0	\$ 0	\$ 0	\$ 0		\$ 0
<b>ASEAN Total</b>			<b>\$ 238,734</b>	<b>\$ 97,265</b>	<b>\$ 69,914</b>	<b>\$ 27,351</b>	<b>\$ -</b>	<b>\$141,469</b>
<b>AR Totals</b>			<b>\$ 238,734</b>	<b>\$ 97,265</b>	<b>\$ 69,914</b>	<b>\$ 27,351</b>	<b>\$ -</b>	<b>\$141,469</b>

## V. SUPPLEMENTAL INFORMATION

### A. Will all of the work detailed in this AR be completed by the end of the fiscal year? If not, please provide an explanation?

- The objectives are expected to be achieved, though they are part of longer term strategies which will continue into the next fiscal year.

### B. Changes from FY 2011 Approved AR:

- There are no major strategic changes in this AR.

### C. Subcontractor information:

- Name of proposed subcontractors:**

Exclamation Graphic	POS Production
Usaha	Travel Agency

- Subcontractors are selected using USMEF competitive bidding and vendor selection policies and procedures that include bidding all contracts greater than \$25,000 at least every three years. Selection is based on qualifications and reasonableness of cost for similar services.

### D. Identify any relationships between this AR and projects previously funded by the Operating Committee:

- This AR is a continuation of the strategy and tactics currently underway.

### E. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY 2011 Approved Budgets			FY 2011 Actual Expenses (NCBA's as of 5/31/11)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Market Development	\$58,815	\$30,514	\$89,329	\$ 10,502	\$ 5,449	\$ 15,951
Market Access	\$0	\$0	\$0			\$0
<b>AR Totals</b>	<b>\$58,815</b>	<b>\$30,514</b>	<b>\$89,329</b>	<b>\$ 10,502</b>	<b>\$ 5,449</b>	<b>\$ 15,951</b>

### F. Historical Summary of Budgets and Expenses:

	Total Approved Budgets			Total Actual Expenses		
	FY 2010	FY 2009	FY 2008	FY 2010	FY 2009	FY 2008
<b>ASEAN</b>	\$89,168	\$99,160	\$160,000	\$88,840	\$95,796	\$156,617
<b>AR Totals</b>	<b>\$89,168</b>	<b>\$99,160</b>	<b>\$160,000</b>	<b>\$88,840</b>	<b>\$95,796</b>	<b>\$156,617</b>