

## AUTHORIZATION REQUEST FOR FY 2012

**AR Title: CENTRAL/SOUTH AMERICA 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 Central and South America region, with a focus on educating importers and HRI operators about the profitability of U.S. beef value cuts primarily in Guatemala and Costa Rica, while also exploring opportunities in Panama.

In 2010, exports of U.S. beef plus variety meat to the Central/South America region set new records, up 52 percent in volume to 16,930 mt, and up 86 percent in value to \$47.2 million. Peru, a significant importer of beef livers and other variety meats, was the top market, importing 6,267 mt of U.S. beef/bvm worth \$11 million. Chile became the leading market for U.S. beef muscle cuts with a total of 1,490 mt (+218 percent), slightly outpacing the previous leader, Guatemala (+16 percent to 1,411 mt).

Most Central/South American countries continue to increase imports of beef, though in many markets, the U.S. is not the leading supplier. Awareness of U.S. beef products in the marketplace is still low, and USMEF is working to increase buyer knowledge through the promotion of beef value cuts in the HRI and retail sectors, while also educating importers and distributors on the range of U.S. beef products available.

USMEF's current strategies to further develop the market include the following:

- Educate importers, distributors and other market stakeholders about the profitability of U.S. beef value cuts and provide training on the proper handling and merchandising of unfamiliar cuts.
- Identify and communicate ways in which beef variety meats and low-cost alternative cuts can be packaged, branded and/or fabricated differently to increase the margins, and highlight the profitability of U.S. beef variety meats.
- New opportunities include activities involving buyer-seller supply facilitation.

Export forecasts for 2011 and 2012 are 19,000 mt valued at \$56,750,000, and 21,000 mt valued at \$63,719,750, respectively.

**B. Costs Requested from this AR\*: \$193,390**

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 139,009	\$ 139,009	
Federation of SBCs (FSBCs)	\$ 54,381	\$ 54,381	
Other Sources ( <i>describe</i> )			
<b>Total Funds Requested</b>	<b>\$ 193,390</b>	<b>\$ 193,390</b>	

\* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$17,202; 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 – Central/South America**

**Strategy 1 Proposed Direct Cost: \$193,390**

### **Specific Tactic Information:**

#### **Tactic 1A: Market Development –**

Communicate the quality, consistency and profit potential of U.S. beef to buyers by introducing them to U.S. beef value cuts and identifying options for adding value to U.S. beef and beef variety meats.

Trade Servicing: USMEF will meet with in-country partners and U.S. suppliers interested in selling U.S. beef products in the region and will provide industry and product information to the trade and other buyers. USMEF will also gather market information from the in-country buyers and U.S. packers.

Teams: Buyers may be invited to travel to the U.S. to see the U.S. beef industry and products, and to discuss the best business and marketing approach in the region. Two teams with 8-12 buyers each are planned.

Seminars: Presentations on various aspects of U.S. beef will be conducted, possibly including sales force training. Six seminar series are planned in the region.

Promotions: USMEF will carry out promotional activities with targeted customers to create demand for and to expand the knowledge of the versatility, use, profitability and proper handling of U.S. beef. Two promotional activities are planned (one retail; one HRI).

Marketing/Communication: USMEF will coordinate the development of advertisements, PR, promotions and POS materials as needed.

▪ **Measurable objectives:**

- 16% of targeted importers/distributors and retailers will consistently source and successfully promote U.S. beef to their downstream customers.
- 25% of targeted processors will consistently and successfully adopt USMEF recommendations with respect to packaging, fabrication and branding.

▪ **Proposed Direct Cost:** \$192,390

**Tactic 1B: Market Access –**

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the Central & South America region and keep the U.S. industry informed of critical changes in Central/South American government requirements and emerging consumer issues. Noteworthy issues include a) BSE-related restrictions on U.S. beef imports, particularly in those countries with the most potential for imports; b) full and timely implementation of the provisions of free trade agreements throughout the region; and c) lack of trust among some Central American authorities regarding U.S. export documentation.

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.
- USMEF will present scientific evidence on the safety of U.S. beef to the region's importers, researchers & decision makers.
- 80% of USMEF members will report that they receive the information they need from USMEF related to market access.

▪ **Proposed Direct Cost:** \$1,000

**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	\$ 208,732	\$ 192,390	\$ 138,290	\$ 54,100		\$ 16,342
Market Access	USMEF	9/30/12	\$ 1,860	\$ 1,000	\$ 719	\$ 281		\$ 860
<b>CS America Total</b>			<b>\$ 210,592</b>	<b>\$ 193,390</b>	<b>\$ 139,009</b>	<b>\$ 54,381</b>		<b>\$ 17,202</b>
<b>AR Totals</b>			<b>\$ 210,592</b>	<b>\$ 193,390</b>	<b>\$ 139,009</b>	<b>\$ 54,381</b>		<b>\$ 17,202</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:**

Hill & Knowlton	PR Agency
Interdia Foodservice	Distributor
Jessica Julca	Regional Consultant
Tech de Monterrey University	Seminars
Tony Mata	Meat Science Consultant
Wurmser Ogilvy & Mather	Advertising

- 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	\$79,546	\$41,269	\$120,815	\$ 12,223	\$ 6,342	\$ 18,565
Market Access	\$658	\$342	\$1,000	\$ 52	\$ 27	\$ 79
<b>AR Totals</b>	<b>\$80,204</b>	<b>\$41,611</b>	<b>\$121,815</b>	<b>\$ 12,275</b>	<b>\$ 6,369</b>	<b>\$ 18,644</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>C/S America</b>	\$66,876	\$80,400	\$108,000	\$66,875	\$80,107	\$108,000
<b>AR Totals</b>	<b>\$66,876</b>	<b>\$80,400</b>	<b>\$108,000</b>	<b>\$66,875</b>	<b>\$80,107</b>	<b>\$108,000</b>