

AUTHORIZATION REQUEST FOR FY 2012

AR Title: JAPAN 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 Japan, with a focus on continuing to build trust in U.S. beef and the industry at both trade and consumer levels and actively promoting a wide range of U.S. beef cuts and applications throughout the HRI and retail sectors while also exploring new market subsectors.

In 2010, U.S. beef plus variety meat exports to Japan increased 36 percent, reaching 124,561 metric tons worth \$639.5 million. Despite continued limitations on U.S. beef imports to beef from cattle 20 months of age and younger, Japan is now the third-largest market for U.S. beef exports. While the March 2011 earthquake and tsunami were devastating for Japan, the main areas for U.S. meat activities were not heavily damaged and USMEF's strategies have remained largely unchanged.

In addition to a handful of popular cuts, Japanese clients now also actively use alternative cuts such as specially-trimmed brisket, rib cap plate, clod and top blade muscle. More supermarkets, convenience stores and restaurants are selling alternative cuts at meat counters, in bento boxes or as standard menu items. Market acceptability and interest in U.S. beef have improved markedly in Japan, and consumer anxiety toward U.S. beef has abated. Although supplies have continued to grow each year, the lack of U.S. age-verified cattle and the seasonality of eligible cattle continue to limit consistent supplies of beef year-round. USMEF's current strategies to further develop the market include the following:

- Educate the Japanese trade about how to merchandise alternative U.S. beef cuts to increase sales.
- Actively promote both popular and underutilized cuts of U.S. beef, and provide new marketing ideas throughout multiple departments within HRI and retail accounts.
- Expand the use of U.S. beef as a substitute for Japanese and other imported beef in growing, underdeveloped market segments.
- Take advantage of the competitive pricing of U.S. middle meats by aggressively working to expand the presence of U.S. steak on Japan's dinner menus.
- Continue to utilize an integrated imaging campaign to help propel demand for high-value beef products across a wide range of end-users in Japan.
- New opportunities include convenience stores and bento box lunch outlets, retail store brands, high-quality branded beef in high-end hotel restaurants, and Japan's aging demographic.

Export forecasts for 2011 and 2012 are 163,000 mt valued at \$847,600,000, and 220,000 mt valued at \$1,158,820,000, respectively.

B. Costs Requested from this AR*: \$1,439,065

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 1,034,400	\$ 1,034,400	
Federation of SBCs (FSBCs)	\$ 404,665	\$ 404,665	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$ 1,439,065	\$ 1,439,065	

* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$689,630; 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 – Japan

Strategy 1 Proposed Direct Cost: \$1,439,065

Specific Tactic Information:

Tactic 1A: Market Development –

- a) Increase the volume of popular cuts and the number of new cuts of U.S. beef purchased by target accounts by communicating the positive attributes and alleviating users' concerns about supply, profitability and safety;
- b) Encourage the introduction and expansion of U.S. beef as a substitute for Japanese and other imported beef in growing, underdeveloped market segments by demonstrating the consistent supply, safety, quality and versatility of U.S. beef.

ICC/Account Development: USMEF will conduct day-to-day communications and disseminate timely information on U.S. beef trends and practices with targeted accounts at the working and the managerial levels to build and maintain positive relationships.

Trade Shows: USMEF will participate in large-scale trade shows and regional/company showcases to rebuild confidence among buyers, introduce new cuts/products and merchandising techniques, conduct cutting demonstrations and support U.S. packers/suppliers in their trade show participation. At least 2 large-scale trade shows and 4-5 regional/company showcases will be attended.

Teams: USMEF will organize trade, buyer, business development, educational and media teams to the U.S. to observe the beef production system, including the EV program and fabrication techniques for new and alternative cuts, and current U.S. merchandising trends. The teams will gain knowledge on U.S. beef and the industry, new business opportunities, and options for customizing cutting specifications and marketing tactics for Japanese buyers and consumers. Twenty-five trade teams and 1-2 media teams are planned.

Seminars: USMEF will conduct seminars with trade, HRI and retail accounts, as well as targeted consumers, to demonstrate the safety of U.S. beef, introduce new cuts/concepts and value-added items, convey the industry's commitment to producing quality products, and provide updates on new trends and merchandising techniques. The seminars will focus not only on the distribution of information, but how the target accounts can best utilize it. Fifteen seminars are planned.

Education: USMEF will disseminate information to the trade, media and targeted consumers on the nutrition and quality of U.S. beef, cooking techniques, and product safety through newsletters, the website, reference materials, cooking schools and other events. The consumer website will be updated seasonally and will achieve an average of 56,000 hits per month. Three planned activities including website and cooking events will reach 300,000 consumers.

Public Relations & Communications: USMEF will use two-way communication with trade and consumer media to strengthen relationships and to build trust toward U.S. beef and extend the reach of activities by disseminating information on USMEF activities, recipes, nutritional information, quality attributes of U.S. beef and updates on trends and occurrences within the U.S. beef industry. Planned PR & communications activities will reach 10,000,000 targeted consumers.

Promotions: USMEF will provide promotional support to targeted trade, HRI and retail accounts to demonstrate the profitability of featuring U.S. beef, while delivering the message to targeted consumers that U.S. beef is nutritious and safe. Examples of promotional support include in-store tastings, recipe cards, POS materials, sauce/spice giveaways, newspaper insertions, menu production, sales competitions, contests and seasonal campaigns. One nationwide seasonal campaign supporting 1,800 outlets, 1 chef contest, 3 major sales competitions, 1-3 convenience store activities with 25,000 outlets, and various other small-scale promotions are planned.

Research/Evaluation: USMEF will monitor consumer perceptions toward U.S. beef to determine purchasing drivers, existing challenges and how USMEF can better respond to consumer concerns and effectively conduct promotional activities. Four consumer panels and 6 tracking surveys are planned.

▪ **Measurable objectives:**

- 20% of targeted importers/distributors will consistently purchase 2 or more U.S. beef alternative cuts.
- 25% of targeted HRI/retail accounts will consistently feature 2 or more U.S. beef cuts.
- 50% of targeted bento/convenience stores will offer menu items featuring U.S. beef.
- 15% of targeted consumers will have purchased U.S. beef in the past 2 weeks prior to being surveyed.

▪ **Proposed Direct Cost:** \$1,224,065

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in Japan, build and reinforce confidence among Japanese leaders in the U.S. industry as a producer and exporter of beef, distribute information about international standards and relevant global research, and keep the U.S. industry informed on critical changes in Japanese government requirements and emerging consumer issues. Noteworthy issues include a) Japan's BSE-related restrictions on beef imports and related domestic regulations and consumer perceptions about the safety of U.S. beef; b) consumer concerns about the impact of production practices in the United States, including feeding GMOs to livestock, the use of growth promotants and antibiotics, cloning, animal welfare, and the impact of livestock production on the environment; and c) opportunities for expanding market access for beef in the Doha negotiations.

USMEF will carry out Government & External Relations and Technical Support as described in the Prologue section. Additionally, specific tactics will include the following:

Issue Monitoring, Analysis, Reporting: USMEF will monitor, analyze and report on changes in Japanese government policies and regulations, coverage by the Japanese media of the noteworthy issues identified above, and evolving consumer attitudes that could limit access to the Japanese market or acceptance by Japanese consumers.

Seminars/Media Gathering: USMEF will conduct seminars with the media, the trade, and regulatory officials (e.g. smaller gatherings at least monthly with targeted media, and frequent face-to-face meetings with selected influencers, bureaucrats and policy makers) to convey and disseminate factual information and messages about the U.S. beef industry to key opinion leaders. One-Two seminars with 30-50 participants and 2-4

smaller monthly gatherings and regional seminars with 4-8 participants are planned. Webinars may be introduced for cost reduction and wider coverage of the audience.

Media & Expert Teams: USMEF will bring two teams of key reporters, commentators and scientific experts to the U.S. to observe U.S. beef production and safety practices and how the U.S. industry ensures the integrity of the products that are exported to Japan. A separate group of policy makers may be brought to the U.S. in support of the technical discussions ongoing between the two governments. In addition, USMEF may send 1-2 teams of reporters and industry experts to meetings of international organizations (e.g., the World Organization for Animal Health) where the science supporting international standards is presented and discussed. When a new issue surfaces, USMEF may organize a team to the U.S. or appropriate countries/areas to study or gather first-hand information to better understand the issue.

Educational Materials: USMEF will develop reference materials, fact sheets, background papers and videos to educate targeted trade, media and regulatory/policy audiences and to clarify issues relating to risk management and international scientific standards. Scientific experts will contribute to the development of educational materials where required.

Issue Research: USMEF will conduct in-depth analysis of issues impacting the beef industry. These may include issues related to social awareness and perception, impacts/effects of new technologies or trends, or the influence of organizations/individuals on policy and opinion.

- **Measurable objectives:**
 - USMEF will contribute to and support initiatives to reduce/eliminate trade restrictive policies, such as age limits and sanctions for residue findings.
 - USMEF will provide factual information to help improve Japanese confidence in the U.S. beef industry.
 - 80% of USMEF members report that they receive the information they need from USMEF related to market access issues.

- **Proposed Direct Cost:** \$215,000

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	\$ 1,844,732	\$ 1,224,065	\$ 879,858	\$ 344,207		\$620,667
Market Access	USMEF	9/30/12	\$ 283,963	\$ 215,000	\$ 154,542	\$ 60,458		\$ 68,963
Japan Total			\$2,128,695	\$ 1,439,065	\$1,034,400	\$ 404,665		\$689,630
AR Totals			\$2,128,695	\$ 1,439,065	\$1,034,400	\$ 404,665		\$689,630

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:**

Adecco	Staffing Agency
All Japan Chefs Association	Industry Organization
Alvis	Technical Translation
AMITA	Research Firm
Asatsu-DK	Ad/Promotion Agency
Cinca Creation	Design/Creator
Cosmo PR	Public Relations
Daido Kotsu	Chartered Bus
Daiei-Kreo	Retailer; PR Agency
Daisho	Sauce Maker/Processor
Dentsu	Ad Agency
Diamond Friedman	Media Outlet
Eire Systems	IT Support
Foodlink Corporation	Distributor
Fujitsu Research	Research Firm
Gaishoku Sangyo Shinbunsha	FS Journal Publishing Company
g-chef Co., Ltd.	Consumer Publication Production
Gourmet Navigator Inc.	Web Portal Company
Hakuhodo	Ad Agency
Hannan	Importer/Distributor
Image	Website Coordinator
IPSOS	Research Firm
Ito Ham	Processor/Distributor
JAC	Staffing Agency
JF Gourmet Card	Restaurant Gift Cards
JTB Metropolitan Tokyo Branch	Travel Agency
Kinki Nippon Tourist	Travel Agency
MAO international	Merchandiser
MCA	Traders' Be&Po Coordinator
Moranbong	Sauce Manufacturer/Processor
Nihon Shokken Co., Ltd.	Sauce Manufacturer/Processor
Nihon Shokuryo Shinbunsha	Publisher and Event Organizer

Oglivy & Mather Japan	Research Firm
Pasona Sourcing	Staffing Agency
Prajunian Inc	Merchandiser
PRAP Japan	PR Agency
Reiko Hashimoto	Dietitian
SC Foods (ex Sumisho Fresh Meat)	Importer/Distributor
Shokuhin Sangyo Shinbunsha	Media Outlet
Shokuniku Tsushinsha	Media Outlet
Soken	Research Firm
Starzen	Importer/Trader
Taylor Nelson Sofres	Research Firm
Tokyu Agency	Ad Agency
Tsukishiro Circulation Research Institute	Merchandiser

- 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	\$742,650	\$385,291	\$1,127,941	\$ 274,826	\$142,589	\$417,415
Market Access	\$141,558	\$73,442	\$215,000	\$ 41,537	\$ 21,551	\$ 63,088
Disaster Relief	\$100,000	\$100,000	\$200,000			
AR Totals	\$984,208	\$558,733	\$1,542,941	\$ 316,363	\$ 164,140	\$480,503

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
Japan	\$1,337,515	\$1,322,064	\$2,320,000	\$1,337,377	\$1,322,039	\$2,318,950
AR Totals	\$1,337,515	\$1,322,064	\$2,320,000	\$1,337,377	\$1,322,039	\$2,318,950