

AUTHORIZATION REQUEST FOR FY 2012

AR Title: SOUTH KOREA 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 Korea, with a focus on regaining market share by highlighting the quality and profitability of U.S. beef and working to overcome negative consumer perceptions.

In 2010, U.S. beef plus variety meat exports to South Korea continued to rebound, with exports more than doubling in volume to 112,759 mt and climbing by 140 percent in value to \$517.9 million. Import data from Korea showed a 19 percent increase in total beef imports, and U.S. beef market share grew to 32 percent (up from 25 percent in 2009). Korea is now the fourth-largest market for U.S. beef exports.

Following USMEF efforts, most major retailers are now selling U.S. beef, and as retail sales have gained momentum, chilled U.S. beef exports to Korea have also continued to increase. Since the foodservice sector has been very cautious about selling U.S. beef again, USMEF's activities have focused on five-star hotels, major rib house chains and individual BBQ restaurants in order to raise awareness of U.S. beef's presence in the market at these well-known outlets and to ease concern about the product. USMEF also continues to use the integrated "To Trust" campaign to raise the visibility of U.S. beef among consumers and counter negative images. USMEF's current strategies to further develop the market include the following:

- Continue to regain market share lost during the U.S. beef import ban by increasing the number of trusted end-users and securing market endorsements to address consumer bias.
- Form strategic alliances with high-end restaurants, Korean BBQ chains and franchised western style family restaurants to increase the visibility and positive image of U.S. beef.
- Increase U.S. chilled beef availability so as to compete with domestic Hanwoo and Australian chilled beef, and expand U.S. beef alternative cut usage, particularly at BBQ restaurants, to compensate for limited short rib supply.
- Alleviate lingering consumer anxiety so as to reduce the percentage of the population still reticent to purchase and consume U.S. beef.
- Utilize appropriate tactics and staff to expand U.S. beef education and promotion efforts as part of USMEF's Intensified Imaging Campaign in Korea.
- New opportunities include expanded volume and product range in major retail chains and Korea BBQ restaurants, and increased usage in holiday gift sets.

Export forecasts for 2011 and 2012 are 158,000 mt valued at \$754,900,000, and 180,000 mt valued at \$871,875,000, respectively.

B. Costs Requested from this AR*: \$1,507,320

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 1,083,462	\$ 1,083,462	
Federation of SBCs (FSBCs)	\$ 423,858	\$ 423,858	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$ 1,507,320	\$ 1,507,320	

* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$487,055; 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 – South Korea

Strategy 1 Proposed Direct Cost: \$1,507,320

Specific Tactic Information:

Tactic 1A: Market Development –

- a) On the supply/distribution side, reeducate key accounts about the safety, quality, profitability and versatility of reasonably priced U.S. beef, and provide information across sectors about safeguards in place in the U.S. beef industry to ensure a safe and consistent supply;
- b) On the demand side, alleviate lingering consumer concern over the safety of U.S. beef and inform consumers about its tastiness and availability.

Trade Servicing: USMEF will maintain regular contact with key accounts and disseminate information on the U.S. beef industry and the range of products available, as well as strengthen relationships with potential importers and new downstream HRI customers.

Trade Shows: USMEF will participate in trade shows to identify new buyers and reinforce relationships with existing customers. USMEF plans to attend at least two shows and will review other opportunities. USMEF plans to attend at least two shows and will review other opportunities. At least 2 trade shows will be attended.

Teams: Teams will provide an opportunity for participants across sectors to see 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. In addition, trade teams allow Korean buyers to meet U.S. suppliers and to familiarize themselves with their products first-hand. Two retail team with 10-12 participants and one media team with 5-7 participants are planned.

Seminars: USMEF will conduct seminars on the wide variety of U.S. beef items available and the safety of the products. These education initiatives can be customized according to the individual target account's requirements. USMEF will also conduct a Culinary Camp for Korean chefs to introduce new cooking methods for U.S. beef. Eight seminars are planned.

Educational Materials: Educational materials will be used to inform targeted sectors on specific U.S. beef topics and help them more effectively promote U.S. beef.

Communications & Public Relations: USMEF will expand the reach of its activities, and will communicate the U.S. beef industry's continued commitment to the Korean market and reinforce the profitability and safety message by providing information on new products, meat industry trends, and U.S. food safety systems, etc. Tactics include mass media activities, website communications, and print advertisements/advertorials communicating the quality, value and safety of U.S. beef, including *U.S. Meat* – 6 issues/year, 5,000 copies/issue plus e-mail service; *USMEF Newsline* – 48 issues/year via e-mail to 3,000 individuals; and weekly e-mail service to retailers via USMEF/Korea's web site.

Promotions: USMEF will provide support for the promotion of U.S. beef, including the introduction of chilled beef items at key accounts in the target segments in order to demonstrate the quality, value and the safety of U.S. beef. 7,000 days of in-store promotion are planned covering 750 outlets.

Consumer Events: USMEF will conduct events for targeted consumers to experience U.S. beef and learn about the positive characteristics of the product and industry. Two outdoor BBQ activities targeting the general public and 10 small scale cooking classes are planned.

- **Measurable objectives:**
 - 26% of targeted trade accounts will be confident in the consistent supply of U.S. chilled beef.

- 51% of targeted HRI accounts will feature a (new) U.S. beef item on the menu.
- 26% of targeted hotel/banquet accounts will feature U.S. beef on their menus.
- 25% of targeted retailers will merchandise recommended alternative U.S. beef items.
- 57% of targeted media will report favorably on U.S. beef and incorporate recommended key message points.

▪ **Proposed Direct Cost:** \$1,432,320

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in Korea, build and reinforce confidence in the U.S. industry as a producer and exporter of beef and keep the U.S. industry informed on critical changes in Korean government requirements and emerging consumer issues. Noteworthy Issues include passage of the U.S.-Korea free trade agreement and restoration of full access to the Korea market.

USMEF will carry out Issue Monitoring, Analysis & Reporting, Government & External Relations and Technical Support as described in the Prologue section. Additionally, USMEF will use specialized PR and communications to address concerns and image issues related to U.S. beef and the industry at all levels of the market.

▪ **Measurable objectives:**

- USMEF will contribute to and support initiatives to eliminate trade restrictive policies.
- USMEF will provide factual information to help improve Korean 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:** \$75,000

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	\$ 1,895,022	\$ 1,432,320	\$1,029,552	\$ 402,768		\$462,702
Market Access	USMEF	9/30/12	\$ 99,353	\$ 75,000	\$ 53,910	\$ 21,090		\$ 24,353
South Korea Total			\$1,994,375	\$ 1,507,320	\$1,083,462	\$ 423,858		\$487,055
AR Totals			\$1,994,375	\$ 1,507,320	\$1,083,462	\$ 423,858		\$487,055

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:**

Apple Ad	Cooking Classes
Creative May	Ad/POS Production
Cuvix Information	Web Hosting/Management/Marketing
Design Depth	Retail Promotion/POS Production
Dong A Ilbo	Printing Design/Production
Heungseo Industry Co.	Booth Constructor
Ice Cube	Retail POS Installment
Instore & Global	Retail Advertising
JNF Design	Printing Design/Production
Joongang M&B	Retail Advertising
Korea Sauce	Sauce Manufacturer
Taepyung Salt	Salt Packet Manufacturer
Weber Shandwick	PR/Advertising
Yujin Metro	Subway 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	\$832,878	\$432,102	\$1,264,980	\$ 217,800	\$ 113,002	\$ 330,802
Market Access	\$ 49,381	\$ 25,619	\$ 75,000	\$ 0	\$ 0	\$ 0
AR Totals	\$882,259	\$457,721	\$1,339,980	\$ 217,800	\$ 113,002	\$ 330,802

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
Korea	\$1,375,742	\$1,250,000	\$800,000	\$ 1,374,999	\$1,249,998	\$751,499
AR Totals	\$1,375,742	\$1,250,000	\$800,000	\$ 1,374,999	\$1,249,998	\$751,499