

AUTHORIZATION REQUEST FOR FY 2012

AR Title: TAIWAN 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 Taiwan, with a focus on driving overall U.S. beef consumption by highlighting the quality, nutrition and safety attributes, and increasing market penetration in the retail and foodservice sectors by introducing new cuts.

For the fifth consecutive year, Taiwan posted record imports of U.S. beef based on value, and in 2010, the new mark was particularly impressive. U.S. beef plus variety meat exports to Taiwan shattered the previous record achieved in 2009 by more than 50 percent, reaching \$216.3 million. Total volume increased 43 percent to 38,994 mt, with the U.S. taking market share away from other major suppliers Australia and New Zealand. The market has cooled substantially in 2011, however, due to market access restrictions related to ractopamine findings.

USMEF is closely monitoring the current market access situation in Taiwan and has adjusted its strategy as needed, including conducting symposiums, seminars, press briefings, and updates with key opinion leaders. USMEF will utilize these individuals to influence other decision makers, and will continue to conduct risk communication activities aimed at achieving expedient policy outcomes. For other regular ongoing activities, USMEF's partnerships with high-end hotels and dining establishments have elevated the status of U.S. beef, since an endorsement by a five-star hotel makes an enormously powerful statement about the quality and safety of U.S. beef. This is the kind of positive message needed to reinforce these themes in the minds of Taiwanese consumers. USMEF's promotion of U.S. chilled beef in the foodservice sector has shown excellent results, with about two-thirds of all U.S. beef exported to Taiwan consumed in the HRI sector, primarily in the form of high-quality steaks. The U.S. has become the leader in the retail chilled beef market, and supermarkets—an important target for USMEF—are the fastest growing segment in the retail sector. USMEF's current strategies to further develop the market include the following:

- Continue educating the trade about the reliability and versatility of a wide range of U.S. beef items and work to expand the market to new buyers.
- Help drive overall beef consumption by creating a favorable U.S. beef image and increasing U.S. beef quality, safety and nutrition messaging directed toward consumers.
- New opportunities include bone-in beef at retail and eligible offal for foodservice.

Export forecasts for 2011 and 2012 are 30,700 mt valued at \$173,730,000, and 33,500 mt valued at \$192,871,500, respectively.

B. Costs Requested from this AR*: \$335,025

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 240,816	\$ 240,816	
Federation of SBCs (FSBCs)	\$ 94,209	\$ 94,209	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$ 335,025	\$ 335,025	

* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$470,623; 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 – Taiwan

Strategy 1 Proposed Direct Cost: \$335,025

Specific Tactic Information:

Tactic 1A: Market Development –

Regain loyalty among key buyers and identify new market players by demonstrating the safety, variety, profitability and superior quality of U.S. beef, emphasizing the value and versatility of underutilized cuts.

Trade Servicing: Trade servicing consists of relationship building and providing market and product education via meetings with targeted accounts. The desired outcome of the trade visits is for accounts to become more knowledgeable about a wide range of U.S. beef cuts and begin purchasing these products.

Trade Shows: USMEF will participate in the Food Taipei trade show. This show serves as an important venue for introducing new cuts and variety meat items to traders who will work with their customers to market new U.S. beef items. USMEF will also attend the Taiwan Culinary Exhibition to

deliver key messages to consumers about the quality attributes of U.S. beef including value, taste, nutrition, safety, and convenience.

Teams: USMEF may invite key opinion leaders (KOLs) such as journalists, experts, government officials, and academia to the U.S. to gain first-hand knowledge about U.S. beef production and MRL standards on ractopamine (as appropriate). By educating these KOLs on the importance of agriculture technologies that the U.S. industry has been adopting, USMEF will equip these influencers with the tools to communicate U.S. beef safety to decision makers to help U.S. beef regain market share.

Education: USMEF will cooperate with importers and distributors to educate downstream customers on the quality and profitability of U.S. beef. Seminars and deskside training will also cover topics such as the superior taste of U.S. beef, product specifications, packing, production, grading, nutrition, market trends, safety issues and a cost analysis of the cuts. Two seminars and 8 desk side trainings are planned.

Educational/POS Materials: USMEF will produce materials such as booklets, banners, stickers, recipe cards, cooking DVDs and posters to create a positive image and encourage the use of U.S. beef. The materials will promote U.S. beef and educate restaurants, retailers and their customers about the grain-fed taste and high quality attributes of U.S. beef.

Communications: USMEF will utilize various avenues of communicating to further increase awareness of the production technologies, safety, quality, versatility, tastiness and nutritional value of U.S. beef and maintain buyer loyalty. For example, USMEF will conduct cooking demos with targeted consumers and will cooperate with U.S. beef distributors to arrange for trucks to carry high-quality U.S. beef images. The truck ads will reinforce importers' and distributors' loyalty to U.S. beef, and will help consumers associate the mobile ads they see on the road with the U.S. promotional materials they see in retail outlets. Two events are planned, and truck ads will run on approximately 10 trucks for 365 promotional days.

Public Relations: To address market access issues and regain the dominant imported beef position in Taiwan, USMEF will contract with public relations agencies to restore confidence in the safety of U.S. beef and increase purchases by targeted buyers. USMEF will place emphasis on educating target accounts about ractopamine's safety and benefits, and how ractopamine increases livestock production as an agriculture technology. Four PR activities are planned.

Promotions: USMEF will cooperate with importers, distributors, foodservice operators and retailers to conduct promotional activities designed to create a positive image for U.S. beef. The promotions will encourage the promotion of new items, in particular U.S. value cuts, chilled beef and dry-aged beef. Eight promotions are planned at 250 outlets.

Website: USMEF will continue to feature U.S. beef foodservice promotion activities on its Chinese language-website and through its newsletters. USMEF will also highlight restaurants featuring U.S. beef on its website.

- **Measurable objectives:**
 - 83% of targeted trade accounts will have a favorable attitude toward U.S. beef based on information provided by USMEF.
 - 66% of targeted trade accounts will collaborate with downstream customers to promote U.S. beef.
 - 60% of targeted restaurants will actively participate in and contribute to USMEF promotions to their customers.
 - 50% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

- **Proposed Direct Cost:** \$300,000

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in Taiwan, build and reinforce Taiwanese confidence in the U.S. industry as a producer and exporter of beef, and keep the U.S. industry informed on critical changes in Taiwan government requirements and emerging consumer issues. Noteworthy Issues include Taiwan’s BSE-related restrictions on imports of U.S. beef and zero tolerance policy on the presence of ractopamine in beef.

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 Taiwanese 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:** \$35,025

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	\$ 723,561	\$ 300,000	\$ 215,640	\$ 84,360		\$423,561
Market Access	USMEF	9/30/12	\$ 82,087	\$ 35,025	\$ 25,176	\$ 9,849		\$ 47,062
Taiwan Total			\$ 805,648	\$ 335,025	\$ 240,816	\$ 94,209		\$470,623
AR Totals			\$ 805,648	\$ 335,025	\$ 240,816	\$ 94,209		\$470,623

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:**

Jingshi Enterprises	Promotion Management
JWT	Marketing Agency
New Idea	POS Production
Tai Horng	POS/Advertising Production
Target Exhibition Design	Exhibit Design/Construction
WISE PR	PR

- 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	\$189,621	\$98,379	\$288,000	\$ 9,138	\$ 4,741	\$ 13,879
Market Access	\$10,888	\$5,650	\$16,538	\$ 370	\$ 192	\$ 562
AR Totals	\$200,509	\$104,029	\$304,538	\$ 9,508	\$ 4,933	\$ 14,441

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
Taiwan	\$276,420	\$290,000	\$232,500	\$ 276,420	\$289,999	\$230,898
AR Totals	\$276,420	\$290,000	\$232,500	\$ 276,420	\$289,999	\$230,898