To: Beef Promotion Operating Committee Members

From: U.S. Meat Export Federation

Subject: **Foreign Marketing FY11 Authorization Requests Prologue: A Strategic Overview and Activity Introduction**

USMEF considers this document to be an integral part of its Foreign Marketing ARs and respectfully asks the Operating Committee to approve it with them.

Strategic Priorities:

In support of the Beef Industry Long Range Plan, USMEF organizes its programs in the international markets around the following strategic priorities:

- *Market Development* – to introduce U.S. beef to new buyers in untapped sectors in each market while expanding the volume and range of cuts purchased by current buyers.
- *Market Access* – to minimize the impact of government requirements and emerging consumer issues that could potentially restrict U.S. beef exports.

Activity Descriptions:

As each market develops, USMEF conducts activities in the various sectors along the entire distribution chain – from importers/distributors, foodservice and retail, to targeted consumers – to achieve these strategic priorities. The activities that USMEF conducts in support of these priorities are similar in all markets, but their implementation and the specific messages that are delivered through these activities are tailored to fit target audiences in each market and segment. General information on the types of activities conducted is provided below, while specific information associated with the activities in each market is presented in the individual ARs.

Market Development Activities:

Trade Servicing – trade servicing encompasses the informal activities that are conducted in a market to stay current on intelligence, connect buyers and sellers, communicate the commitment of the U.S. industry, stay in touch with target accounts, and build and maintain relationships.

Trade Shows – the purpose of trade shows is to bring buyers and sellers together so that they may interact, discuss business needs, reinforce personal relationships, become informed about trends and be exposed to new and current products. In general, a trade show consists of a U.S. or meat pavilion in which USMEF and U.S. beef suppliers have booths for displaying product samples and meeting buyers. Trade shows range from large-scale events, such as FoodEx in Japan, to smaller regional shows hosted by importers in the Caribbean.

Trade Teams – trade teams are conducted to give participants (normally importers and decision-makers from targeted hotel, restaurant, institutional (HRI) and retail companies) a thorough overview of U.S. beef production techniques and the industry so that they are better informed about topics such as quality attributes, the range of products available from the U.S., safety and inspection procedures, and/or trends in food service and retail industries. In many cases, trade teams are an important means to facilitate business relationships between buyers and sellers.

Seminars/Training – the purpose of seminars is to deliver key messages about U.S. beef to target audiences. As buyer education is one of the cornerstones of market development, seminars allow USMEF to reach buyers in a very direct manner. Seminars range from large-scale presentations to hands-on training and one-on-one desk-side visits.

Communications – advertising and public relations (PR) are utilized to create a positive image for U.S. beef among targeted consumers and to stimulate purchases. Advertising and PR takes a variety of forms, including paid advertising, article placements and events to keep U.S. beef top-of-mind among members of the target audience. The purpose of these activities includes: introducing

new products; providing information about where U.S. beef can be purchased; generating goodwill; and promoting the quality and safety attributes of the product.

Promotions – promotions are a critically important component of meeting USMEF's objectives. Promotions encourage retailers and food service operators to become first-time buyers of U.S. beef and then to expand the range of cuts and items they include in their menus and their meat cases. Promotions also provide a means for delivering messages about the positive attributes of U.S. beef, such as taste, safety, versatility and freshness, directly to targeted consumers. USMEF participates jointly with HRI and retail partners in promotions that take many different forms, including new menu features, in-store tastings, and large-scale events and contests that are tied to purchases.

Issue Management Activities:

Issue Monitoring, Analysis and Reporting – the purpose of this activity is to provide U.S. exporters, U.S. industry trade associations and U.S. government agencies with information and analysis on import policies and requirements, as well as consumer issues, that could restrict U.S. beef exports. Tactics supporting this activity include organized meetings or conferences, relationship building, and formal communications with relevant parties.

Government and External Relations – the purpose of this activity is to communicate information about meat safety systems, U.S. government export requirements, U.S. production practices, and U.S. industry positions on market access issues to foreign government authorities, opinion leaders, the media, the trade and the general public in international markets. Tactics supporting this activity include seminars, teams, educational materials, relationship building, public relations and research.

Technical Support – the purpose of this activity is to disseminate information concerning U.S. meat industry trends and provide local government authorities and the trade with information on U.S. export specifications, certification procedures, safety inspection measures and quality assurance programs. Tactics supporting this activity include seminars, research, relationship building, public relations, educational materials and teams.

Resource Allocation:

As part of its annual planning process, USMEF makes a systematic assessment of its allocation of resources across the markets where it conducts programs. The main factors that are considered are the current and anticipated size of the market (both volume and value of exports), current and medium-term (3-5 years in the future) market access conditions in each market, the current and medium-term competitive environment in each market, the degree of penetration of USMEF's programs into the market, various economic factors, the cost of doing business, and the results of program evaluations. Based on this assessment, USMEF senior managers develop recommendations for the share of funding that will be allocated to each market for the coming year.

Measuring Results:

USMEF evaluates the impact of its programs at the strategic and tactical levels in each market. The ARs include descriptions of the strategies that USMEF employs to address its strategic priorities in each market. Each of these strategies is designed to work together to deliver carefully considered messages to specific target audiences. The performance measures presented in each AR gauge the effectiveness of USMEF's strategies at delivering these messages and educating the target audience. For the market development priority, the target audience includes the importers, distributors, processors, hotels, restaurants and retail chains that USMEF works closely with to achieve its strategic objectives. For the Market Access priority, the target audience varies by market but includes among others opinion leaders, industry and government decision-makers, and U.S. industry leaders. To manage the cost of measuring the impact of its strategies, USMEF collects and analyzes information from selected representative members of the target audience. At the tactical level, USMEF collects and analyzes information, such as sales data, survey results, and estimates of the reach and value of public relations activities, to enhance the execution of selected activities.

Beef plus Beef Variety Meat Exports (Metric Tons)

Region	2007	2008	2009	2010 Forecast	2011 Forecast
Mexico	359,452	396,065	291,704	255,000	267,000
Canada	132,144	154,798	143,044	152,000	157,000
Japan	46,744	74,119	91,467	115,000	150,000
Middle East	95,801	92,327	98,857	110,000	110,000
Korea	25,166	57,267	55,535	99,000	116,000
ASEAN	17,300	53,452	67,172	79,000	28,000
Russia	2,035	46,163	29,064	54,000	55,500
Taiwan	22,596	27,313	27,257	31,500	32,700
China/Hong Kong	9,953	10,237	24,337	30,400	96,000
EU	13,592	24,185	18,344	22,200	26,500
Caribbean	15,915	16,586	16,610	18,600	19,100
C/S America	8,803	10,818	11,167	14,600	15,200
Dominican Republic	3,047	3,071	3,414	4,400	4,500
Other	18,648	18,311	19,404	17,600	18,300
Grand Total	771,196	984,712	897,376	1,003,300	1,095,800

Beef plus Beef Variety Meat Exports (US$ Value)

Region	2007	2008	2009	2010 Forecast	2011 Forecast
Mexico	$1,185,074,326	$1,398,854,586	$909,832,898	$828,959,557	$912,050,000
Canada	$602,028,314	$715,651,246	$637,003,040	$688,048,809	$709,100,000
Japan	$244,244,576	$382,521,259	$470,016,355	$605,128,241	$785,500,000
Korea	$118,784,759	$294,372,778	$215,673,979	$460,722,707	$543,000,000
ASEAN	$46,168,945	$165,166,518	$201,995,871	$243,869,728	$57,800,000
Middle East	$112,225,791	$147,655,930	$147,385,347	$214,621,599	$219,450,000
Taiwan	$107,207,595	$127,686,006	$141,172,911	$155,791,661	$162,065,000
Russia	$2,219,357	$95,269,411	$40,206,106	$128,621,908	$131,262,500
EU	$48,545,650	$110,664,364	$93,832,508	$117,524,822	$136,600,000
China/Hong Kong	$36,318,698	$42,535,166	$85,478,061	$122,977,329	$380,940,000
Caribbean	$53,068,817	$59,328,380	$63,578,422	$68,042,926	$70,193,000
C/S America	$17,961,066	$26,142,740	$25,456,683	$36,473,410	$38,266,000
Dominican Republic	$15,855,104	$19,192,085	$16,732,110	$25,498,000	$25,650,000
Other	$27,845,078	$34,460,202	$33,148,262	$31,306,300	$32,997,000
Grand Total	$2,617,548,076	$3,619,500,671	$3,081,512,553	$3,727,586,998	$4,204,873,500

Source: USDA/USMEF