

## **AUTHORIZATION REQUEST FOR FY 2011**

**AR Title: CARIBBEAN PROMOTIONAL CAMPAIGN**

**Name of Contractor: United States Meat Export Federation**

**CBB Budget Component: Foreign Marketing**

### **I. OVERVIEW**

#### **A. AR Description:**

This Authorization Request describes USMEF's marketing plan for the Caribbean region, with a focus on expanding the range and volume of U.S. beef cuts sold by educating importers, distributors, foodservice operators/chefs, and retailers about the value and profitability of featuring U.S. beef primarily in Aruba, Jamaica, Grand Cayman, St. Lucia, Trinidad, St. Kitts, Curaçao, Barbados, Bahamas, Bermuda and Grenada.

Exports of U.S. beef/beef variety meat (bvm) to the Caribbean region were up seven percent in value to \$63.5 million and about even in volume at 16,550 mt. in 2009. U.S. beef had an estimated 34 percent share of the imported beef market, and the top destinations were Jamaica (4,820 mt) and the Bahamas (3,591 mt). While exports to Jamaica dropped in 2009, remarkable growth in the Bahamas made up for this decline, with U.S. beef exports up 20 percent in volume and 23 percent in value to \$15.6 million. The Netherlands Antilles was another market of significant growth in 2009, where U.S. beef/bvm export value grew by 57 percent reaching \$10.15 million. At the same time, the second largest beef supplier to the region, Brazil, saw its beef exports to the Caribbean region decline by 47 percent. Canada and the UK have recently begun cultivating new relationships among the trade to grow their share of the market.

U.S. beef is well-regarded in the Caribbean region for its tenderness, juiciness and flavor attributes and, therefore, is sold as a premium, high quality product. The chefs and distributors that have been exposed to USMEF programs understand the unique quality attributes that distinguish U.S. beef from the competition and promote these attributes among their peers. A major challenge during the economic downturn has been convincing importers to increase the variety of cuts they inventory. In response, USMEF has adopted an approach that presents the maximum SKU's from each cut and identifies ways the importers can work with their customers to stretch their menu or retail offerings. Cold chain management continues to be problematic in the region, particularly at the docks where the urgency of perishables is not top priority and the quality implications are not fully understood.

Export forecasts for 2010 and 2011 are 18,600 mt valued at \$68,042,926, and 19,100 mt valued at \$70,193,000, respectively.

**B. Costs Requested from this AR:**

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 46,787	\$ 46,787	\$
Federation of SBCs (FSBCs)	\$ 24,273	\$ 24,273	\$
Other Sources ( <i>describe</i> )	\$	\$	\$
<b>Total Funds Requested</b>	<b>\$ 71,060</b>	<b>\$ 71,060</b>	<b>\$</b>

**C. Disclosure of Implementation Costs Requested in Separate AR:**

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 6,360
Federation of SBCs (FSBCs)	\$ 640
Other Sources ( <i>describe</i> )	\$ -
<b>Funds Requested in AR FM-13-2011</b>	<b>\$ 7,000</b>

**D. Start date:** October 1, 2010

**Completion date:** September 30, 2011

**II. PLANNING INFORMATION FOR THIS AR**

**A. FY 2011 Priorities Addressed by This AR:** Develop and Expand International Markets

**B. Committee That Reviewed This AR:** Joint International Markets Committee

**B. Committee Recommendations for This AR:** The Joint International Markets Committee recommends to the Operating Committee that this AR be approved for funding in FY2011.

**III. PROGRAM INFORMATION FOR THIS AR**

**A. Strategy 1: International Marketing – Caribbean**

**Strategy 1 Proposed Cost:** \$71,060

**Specific Tactic Information:**

**Tactic 1A: Market Development –**

Keep U.S. beef and the industry top-of-mind among purchasers in the Caribbean in order to distinguish it from the competition and alternative protein sources.

Trade Servicing: USMEF will actively work with target accounts to connect buyers and sellers, communicate the latest trends and updates, distribute

industry information, and develop materials on cutting, merchandising and recipes.

Trade Shows: USMEF will attend at least two large trade shows – Taste of Caribbean and America’s Food & Beverage Show – and possibly up to five smaller, regional shows. At all the trade shows, USMEF will identify new buyers, reinforce relationships with existing buyers, communicate the profitability and high-quality message of U.S. beef and demonstrate the U.S. beef industry’s continued commitment to the Caribbean market.

Teams: Two or three trade teams will be brought to the U.S. with the goal of fostering loyalty to U.S. beef products, highlighting underutilized cuts, demonstrating handling and selling techniques, and reinforcing the high quality beef message. The teams will be composed of chefs, sales reps/buyers and retailers, and they will learn about the technical aspects of underutilized high-value/low-cost beef cuts, including handling, specifications, cooking and merchandising.

Seminars: Presentations on various aspects of U.S. beef will be conducted by USMEF’s Caribbean Consultant or a guest expert where budget allows. Twenty-five seminars, both formal and deskside, are planned.

Promotions: USMEF will conduct retail and menu promotions to introduce new concepts and products, with small deskside seminars for staff training incorporated into the promotional kickoff. The promotions will be supported with advertising, POS materials, menu printing, educational trips for the restaurant personnel, etc. When possible, other U.S. commodity groups that compliment the U.S. beef concepts will be sought to share in promotional costs. Five promotions are planned at 5 outlets.

▪ **Measurable objectives:**

- 80% of targeted importers/distributors will understand the supply capabilities and quality attributes of U.S. beef based on information provided by USMEF (up from 70% in 2010).
- 60% of targeted HRI/retail accounts will promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers. (up from 40% in 2010).
- 60% of targeted retail accounts will understand how to properly merchandise U.S. beef (up from 40% in 2010).

▪ **Proposed cost:** \$71,060

**Tactic 1B: Market Access –**

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the Caribbean and keep the U.S. industry informed on critical changes in Caribbean government requirements and emerging consumer issues. Noteworthy issues include BSE-related restrictions on imports of U.S. beef in St. Lucia.

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 in the Caribbean.
  - USMEF will present factual information to the St. Lucia CVO on U.S. beef safety and inspection systems.  
80% of USMEF members will report that they receive the information they need from USMEF related to market access.
- **Proposed cost:** \$0

**IV. DETAILED BUDGET SUMMARY**

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Market Development	USMEF	9/30/11	\$ 71,060	\$ 46,787	\$ 24,273	
Market Access	USMEF	9/30/11	\$ 0	\$ 0	\$ 0	
<b>Caribbean Totals</b>			<b>\$ 71,060</b>	<b>\$ 46,787</b>	<b>\$ 24,273</b>	
<b>AR Totals</b>			<b>\$ 71,060</b>	<b>\$ 46,787</b>	<b>\$ 24,273</b>	

**V. SUPPLEMENTAL INFORMATION**

**A. Changes from FY 2010 Approved AR:**

- USMEF has combined its Buyer Loyalty and Market Expansion strategies under the name “Market Development,” and has renamed its Issue Management strategy “Market Access.”

**B. Subcontractor information:**

- **Name of proposed subcontractors:**

Ace Graphics	Design & Production Services
Creative Awards	POS Material
Dietel & Son Printing	Design & Production Services
Elizabeth Wunderlich	Regional Consultant
Midan Marketing	Layout & Design
Rancher’s Resource	Layout & Design
Yerecic Label	Printing, POS Material

- 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.

**C. 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.

**D. Summary of Prior Year AR Budgets and Expenses:**

Strategy	FY 2010 Approved Budgets			FY 2010 Actual Expenses (NCBA's Books as of 5/31/10)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Buyer Loyalty	\$ 47,095	\$ 22,010	\$ 69,105	\$ 9,158	\$ 4,280	\$ 13,438
Issue Management	\$ -	\$ -	\$ -			\$ -
<b>AR Totals</b>	<b>\$ 47,095</b>	<b>\$ 22,010</b>	<b>\$ 69,105</b>	<b>\$ 9,158</b>	<b>\$ 4,280</b>	<b>\$ 13,438</b>

**E. Historical Summary of Budgets and Expenses:**

	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
<b>Caribbean</b>	\$ 77,400	\$ 60,000	\$ 92,500	\$ 77,254	\$ 60,000	\$ 91,958
<b>AR Totals</b>	<b>\$ 77,400</b>	<b>\$ 60,000</b>	<b>\$ 92,500</b>	<b>\$ 77,254</b>	<b>\$ 60,000</b>	<b>\$ 91,958</b>

