

AUTHORIZATION REQUEST FOR FY 2011

AR Title: DOMINICAN REPUBLIC 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 Dominican Republic, with a focus on creating awareness of the profitability and key attributes of U.S. beef products among the leading importers, distributors, retailers, restaurateurs and processors and helping them improve their handling and merchandising practices.

In 2009, exports of U.S. beef/beef variety meat (bvm) to the Dominican Republic (DR) were up 11 percent to 3,474 mt and represented approximately 99 percent of the imported beef market. In an emerging market for U.S. beef such as the Dominican Republic, processing, distributor and retail purchasing agents require knowledge about product availability, quality and profitability. Additionally, there is a critical need for education on handling practices and meat case merchandising in retail outlets in the DR. The vast majority of beef is sold through traditional markets in the DR, but there is a growing supermarket sector with strong interest among the leading chains to purchase and merchandise U.S. beef. The tourism sector, which is where 60 percent of all U.S. beef imports are consumed, continues to represent future growth opportunities. USMEF's focus is on helping leading distributors, retailers and restaurateurs improve handling and merchandising practices, as well as communications to consumers about the attributes of U.S. beef. There are favorable access conditions as U.S. beef has a zero import duty up to 1,300 mt for prime and choice cuts.

Export forecasts for 2010 and 2011 are 4,400 mt valued at \$25,498,000, and 4,500 mt valued at \$25,650,000, respectively.

B. Costs Requested from this AR:

| Source of Funding | Total | Direct Costs | Implementation |
|-----------------------------------|------------------|------------------|----------------|
| Beef Board/BPOC | \$ 14,036 | \$ 14,036 | \$ |
| Federation of SBCs (FSBCs) | \$ 7,282 | \$ 7,282 | \$ |
| Other Sources (<i>describe</i>) | \$ | \$ | \$ |
| Total Funds Requested | \$ 21,318 | \$ 21,318 | \$ |

C. Disclosure of Implementation Costs Requested in Separate AR:

| Source of Implementation Funding | Implementation |
|---|-----------------|
| Beef Board/BPOC | \$ 4,550 |
| Federation of SBCs (FSBCs) | \$ 450 |
| Other Sources <i>(describe)</i> | |
| Funds Requested in AR FM-13-2011 | \$ 5,000 |

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

C. 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 – Dominican Republic

Strategy 1 Proposed Cost: \$21,318

Specific Tactic Information:

Tactic 1A: Market Development –

Educate the most influential and progressive companies that buy, sell and use red meat about the quality, proper handling, profitability and proper merchandising of U.S. beef, and contribute to and support U.S. government initiatives to eliminate trade-restrictive policies and requirements in the Dominican Republic.

Trade Servicing: USMEF will meet with in-country partners and U.S. suppliers interested in selling U.S. beef products in the market and will provide industry and product information to the trade and other buyers. USMEF will also gather market information from the in-country buyers and U.S. packers.

Trade Shows: USMEF will attend the Asonahores trade show which caters to the growing foodservice sector in the Dominican Republic, attracting potential key customers of U.S. beef such as restaurant owners, food &

beverage managers, chefs, kitchen staff and other hotel and restaurant personnel. USMEF may participate in other smaller shows as appropriate.

Trade Teams: USMEF will bring potential buyers (retailers, importers, distributors, foodservice operators, processors) to the U.S. to introduce them to suppliers and to better inform them about the U.S. beef industry. One trade team will be conducted.

Seminars: USMEF will provide information and training to personnel from targeted accounts on the quality and range of U.S. beef products and how to properly use and profitably merchandise them to customers. Two seminars are planned.

Educational Materials: USMEF will produce educational materials such as brochures, pamphlets, posters and banners to communicate the key attributes of and support marketing activities for U.S. beef.

Promotions: USMEF will carry out promotional activities with targeted customers to create demand for and to expand the knowledge of the versatility, use, profitability and proper handling of U.S. beef. Two promotional activities are planned at 14 to 20 outlets.

Issue Monitoring, Analysis, Reporting: USMEF will update U.S. exporters, U.S. industry trade associations, and U.S. government agencies with information on import policies and requirements that could restrict U.S. exports.

- **Measurable objectives:**
 - 30% of targeted processors and suppliers to the HRI sector will consistently source and successfully promote U.S. beef to their downstream customers (up from 20% in 2010).
- **Proposed cost:** \$20,318

Tactic 1B: Market Access –

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.
 - 80% of USMEF members will report that they receive the information they need from USMEF related to market access.
- **Proposed cost:** \$1,000

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 | \$ 20,318 | \$ 13,378 | \$ 6,940 | |
| Market Access | USMEF | 9/30/11 | \$ 1,000 | \$ 658 | \$ 342 | |
| Dominican Republic Totals | | | \$ 21,318 | \$ 14,036 | \$ 7,282 | |
| AR Totals | | | \$ 21,318 | \$ 14,036 | \$ 7,282 | |

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:**

| | |
|------------------------------|--|
| Gomez Lee Promotional Agency | Design, Advertising & Promotional Services |
|------------------------------|--|

- 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 (NBCA Books as of 5/31/10) | | |
|------------------|--------------------------|-----------------|------------------|--|-----------------|------------------|
| | CBB/BPOC | FSBCs | Total | CBB/BPOC | FSBCs | Total |
| Market Expansion | \$ 13,829 | \$ 6,463 | \$ 20,292 | \$ 8,486 | \$ 3,966 | \$ 12,452 |
| Issue Management | \$ 1,363 | \$ 637 | \$ 2,000 | \$ - | \$ - | \$ - |
| AR Totals | \$ 15,192 | \$ 7,100 | \$ 22,292 | \$ 8,486 | \$ 3,966 | \$ 12,452 |

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 |
| Dominican Republic | \$ 26,800 | \$ 25,000 | \$ 25,000 | \$ 26,691 | \$ 24,589 | \$ 14,390 |
| AR Totals | \$ 26,800 | \$ 25,000 | \$ 25,000 | \$ 26,691 | \$ 24,589 | \$ 14,390 |