

AUTHORIZATION REQUEST FOR FY 2011

AR Title: MIDDLE EAST 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 Middle East, with a focus on increasing demand for U.S. beef in the HRI, retail and processing sectors and improving consumer perceptions primarily in Saudi Arabia, the UAE, Egypt, Bahrain, Jordan, Kuwait and Lebanon.

U.S. beef/beef variety meat (bvm) exports to the Middle East region in 2009 increased seven percent to 98,965 mt valued at \$147.8 million. The Middle East was the third largest export destination for U.S. beef products in 2009, with U.S. beef representing an estimated 18 percent of the imported beef market. The top markets were Egypt, Saudi Arabia and the UAE, with exports to Egypt up seven percent to 85,445 mt, which included an unprecedented volume of muscle cuts totaling 14,276 mt. The volume of U.S. beef muscle cuts shipped to the region was more than double that of the previous year, and while exports of variety meats were down, Egypt remained the second largest market in the world for U.S. variety meats.

The general economic recovery region-wide is encouraging importers to resume normal trading activities. The presence of U.S. beef in retail is now well-established in the UAE and Lebanon, and steady progress is being made in Saudi Arabia, Kuwait and Egypt. With the ongoing change in consumer attitudes towards food consumption and healthy lifestyles, and the ever increasing price consciousness and competitor's aggressiveness, a more consumer-oriented focus will be needed to help maintain U.S. beef's presence and to make it the top choice at retail stores. New steakhouses and international food franchises are popping up in the region, offering growing opportunities to increase the number of HRI outlets that incorporate U.S. beef onto their menus. Chefs in the region are hungry for knowledge, and their techniques and execution now rival some of the best in the world. USMEF has started working with young chefs in particular to cultivate this group of future decision makers.

Export forecasts for 2010 and 2011 are 110,000 mt valued at \$214,621,599, and 110,000 mt valued at \$219,450,000, respectively.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 83,547	\$ 83,547	\$
Federation of SBCs (FSBCs)	\$ 43,344	\$ 43,344	\$
Other Sources (<i>describe</i>)	\$ -	\$ -	\$
Total Funds Requested	\$ 126,891	\$ 126,891	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 23,760
Federation of SBCs (FSBCs)	\$ 2,370
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR FM-13-2011	\$ 26,130

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 – Middle East****Strategy 1 Proposed Cost:** \$126,891**Specific Tactic Information:****Tactic 1A: Market Development –**

- a) Reassure buyers of the safety inspection measures and safeguards applied in the U.S. and of the premium value of U.S. beef to retain current buyers and assist them to improve their activities with U.S. beef products;
- b) Expand the market by demonstrating the variety of U.S. beef and beef variety meat available and build the image of U.S. beef as the premier beef among new target buyers in all market segments.

Trade Servicing: USMEF will conduct regular meetings with buyers to retain their confidence and loyalty and to provide technical information and assistance on new U.S. beef products. USMEF will also identify potential importers and distributors, alleviate their safety and supply concerns and increase their knowledge of U.S. beef. This will be accomplished through one-on-one meetings, follow-up contacts and providing direct links with U.S. suppliers.

Technical Assistance & Support: The import trade, hotels, restaurants and retailers will be provided with POS materials to increase the activity impact for each market segment and to keep target accounts updated and fully equipped with product information and marketing tools. This activity is also directed to U.S. suppliers active in the Middle East region or interested in doing business with Middle Eastern buyers.

Trade Shows: USMEF will participate in regional food and trade exhibitions, such as Gulfood in the UAE, HORECA in Lebanon and other relevant shows, to give U.S. beef broader exposure, showcase the products to buyers from all over the region, generate trade leads, and create positive impressions about the safety, quality, versatility and premium value of U.S. beef.

Trade Education: USMEF will present and thoroughly explain U.S. beef's safety, diversity and profitability to decision makers through desk side seminars/workshops and discussions of future activities. Educational materials and merchandising/menuing techniques will be provided to target accounts. Ten seminars are planned.

Communications: HRI magazines and consumer publications will be used to facilitate direct communication with USMEF's target audience and will augment product exposure and visibility, increase confidence in U.S. beef safety, create an overall positive image and encourage diners to indulge in exquisite high quality beef from the U.S. Additionally, USMEF will publish innovative recipe ideas in the kitchen sections of popular monthlies to encourage housewives and career women to cook with U.S. beef. At least 15 recipe ideas will be published.

Promotions: USMEF will work with food service operators and retailers to reinforce the U.S. beef safety message, present the range of products available, demonstrate U.S. beef's premium value, and launch new product initiatives. USMEF will also continue its merchandising campaign by targeting the wholesale/wet market and traditional Egyptian restaurants. The activity will enhance the recognition and awareness of the safety and quality of U.S. beef livers' while also promoting other beef variety meats, namely kidneys and hearts. Promotions, tasting demonstrations and themed events will increase the visibility of U.S. beef, and USMEF will produce and distribute POS materials to enhance awareness, product knowledge and purchase intentions. USMEF will continue to involve ABC members in all HRI promotional activities and will highlight them as establishments serving U.S. beef. USMEF will maintain

and improve the culinary prestige of U.S. beef in the region through corporate membership in the Emirates Culinary Guild. U.S. beef will benefit from the promotional events organized by the Guild. Twenty-five HRI promotional activities at 5 outlets and 49 retail promotional activities at 15 outlets are planned.

- **Measurable objectives:**

- 34% of targeted importers/distributors will have a favorable attitude toward U.S. beef/bvm based on information provided by USMEF (up from 29% in 2010).
- 56% of targeted HRI buyers will regularly purchase U.S. beef/bvm (up from 50% in 2010).
- 12% of targeted fine dining and casual family-style restaurants/chains will have held a U.S. beef promotion or used menu promotional materials.
- 33% of targeted retail chains will identify the origin of U.S. beef/bvm and actively participate in USMEF promotions. (Up from 16% in 2010).
- Eight targeted media will report favorably on U.S. beef and incorporate recommended key message points (up from six in 2010).

- **Proposed cost:** \$125,391

Tactic 1B: Market Access –

Contribute to and support U.S. government initiatives to eliminate trade-restrictive policies and requirements in the Middle East, build and reinforce the region's confidence in the U.S. industry as a producer and exporter of beef, and keep the U.S. industry informed on critical changes in Middle East government requirements and emerging consumer issues.

Noteworthy Issues include Egypt's BSE-related restrictions on imports of U.S. 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 communications to provide factual and scientific information to key media to help pave the way for more positive media coverage and publicity for U.S. beef.

- **Measurable objectives:**

- USMEF will contribute to and support U.S. government initiatives to eliminate trade restrictive policies, particularly in Egypt.
- USMEF will provide factual information to help improve Middle Eastern 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 cost:** \$1,500

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	\$ 125,391	\$ 82,559	\$ 42,832	
Market Access	USMEF	9/30/11	\$ 1,500	\$ 988	\$ 512	
Middle East Totals			\$ 126,891	\$ 83,547	\$ 43,344	\$ -
AR Totals			\$ 126,891	\$ 83,547	\$ 43,344	\$ -

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:**

Arab Marketing & Finance, Inc.	Regional Consultant
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- 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	\$ 53,470	\$ 24,990	\$ 78,460	\$ -	\$ -	\$ -
Market Expansion	\$ 22,490	\$ 10,510	\$ 33,000	\$ 2,034	\$ 950	\$ 2,984
Issue Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AR Totals	\$ 75,960	\$ 35,500	\$ 111,460	\$ 2,034	\$ 950	\$ 2,984

E. Historical Summary of Budgets and Expenses:

Strategy & Tactic	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
Middle East	\$ 120,000	\$ 136,000	\$ 200,200	\$ 118,858	\$ 135,930	\$ 115,640
AR Totals	\$ 120,000	\$ 136,000	\$ 200,200	\$ 118,858	\$ 135,930	\$ 115,640