

AUTHORIZATION REQUEST FOR FY 2011

AR Title: TAIWAN 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 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.

In 2009, U.S. beef/beef variety meat (bvm) export value to Taiwan increased 11 percent to \$141.2 million – the fourth year in a row of record-setting export value – with volume steady at 27,256 mt. U.S. beef represented 29 percent of Taiwan's total imported beef market, while U.S. chilled beef held 72 percent market share of chilled beef imports. In the first half of 2009, beef import volumes from competing suppliers increased over the previous year, but despite the increasing volumes, import value from these exporters declined. U.S. beef maintained its good brand identity and buyers considered it superior. By late October, however, U.S. beef faced a tough business climate in Taiwan due to negative media coverage surrounding expanded market access for U.S. beef imports. Despite these challenges, demand in 2010 appears to be holding up well, and USMEF is implementing an integrated communications campaign under the theme "We Love U.S. Beef" to improve the overall image of U.S. beef, and address consumer concerns about the safety of the product while still maintaining a focus on the positive product attributes such as taste, quality and value.

About two-thirds of all U.S. beef exported to Taiwan is consumed in the HRI sector, primarily in the form of high-quality steaks. The promotion of U.S. chilled beef in the foodservice sector has shown excellent results and has laid the groundwork to capitalize on the growing long-term potential for dry-aged beef in Taiwan. USMEF's partnerships with high-end hotels and dining establishments has elevated the status of U.S. beef, and an endorsement by a five-star hotel makes an enormously powerful statement about the quality and safety of U.S. beef and is the kind of positive message needed to reinforce these themes in the minds of Taiwan consumers. To increase the versatility of U.S. beef, USMEF plans to develop shredded and sliced beef products for retail outlets in cooperation with target importers to match local cooking methods used in most Taiwan households. The U.S. is now the clear leader in the retail chilled beef market, and hypermarkets are the fastest growing segment of the retail sector. USMEF will continue promoting U.S. beef through these outlets.

Export forecasts for 2010 and 2011 are 31,500 mt valued at \$155,791,661, and 32,700 mt valued at \$162,065,000, respectively.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 200,509	\$ 200,509	\$
Federation of SBCs (FSBCs)	\$ 104,029	\$ 104,029	\$
Other Sources (<i>describe</i>)	\$	\$ -	\$
Total Funds Requested	\$ 304,538	\$ 304,538	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 418,210
Federation of SBCs (FSBCs)	\$ 41,790
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR FM-13-2011	\$ 460,000

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 – Taiwan

Strategy 1 Proposed Cost: \$304,538

Specific Tactic Information:

Tactic 1A: Market Development –

Regain loyalty among key targets and identify new market players in all sectors and demonstrate 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.

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. One seminar 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 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. Three events are planned, and truck ads will run on approximately 10 trucks for 365 promotional days.

Public Relations: USMEF will contract with public relations agencies to launch aggressive campaigns with the food service media. Those campaigns will support USMEF's total marketing program in Taiwan and allow USMEF to reach a broader audience. Journalists from industry and food related publications who report on activities and food trends related to consumers will be the target of this activity. 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. Thirteen promotions are planned at 500 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 (up from 66% in 2010).
- 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 (up from 50% in 2010).
- 60% of targeted retailers will actively promote the attributes of U.S. beef to their customers (up from 40% in 2010).

▪ **Proposed cost:** \$288,000

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.

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 cost:** \$16,538

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	\$ 288,000	\$ 189,621	\$ 98,379	
Market Access	USMEF	9/30/11	\$ 16,538	\$ 10,888	\$ 5,650	
Taiwan Totals			\$ 304,538	\$ 200,509	\$ 104,029	
AR Totals			\$ 304,538	\$ 200,509	\$ 104,029	

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:**

Jingshi Enterprises	Promotion Management
Target Taiwan	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.

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	\$ 112,500	\$ 52,500	\$ 165,000	\$ 43,427	\$ 20,267	\$ 63,694
Market Expansion	\$ 64,700	\$ 30,300	\$ 95,000	\$ -	\$ -	\$ -
Issue Management	\$ 11,180	\$ 5,240	\$ 16,420	\$ 7,488	\$ 3,509	\$ 10,997
AR Totals	\$ 188,380	\$ 88,040	\$ 276,420	\$ 50,915	\$ 23,776	\$ 74,691

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
Taiwan	\$ 290,000	\$ 232,500	\$ 200,000	\$ 289,999	\$ 230,898	\$ 199,764
AR Totals	\$ 290,000	\$ 232,500	\$ 200,000	\$ 289,999	\$ 230,898	\$ 199,764