

Tactic Quick Guide
Preliminary FY22 Tactics



International Marketing
Committee

INTERNATIONAL MARKETING COMMITTEE TACTIC OVERVIEW

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Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-A: Africa

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

Emerging markets demonstrating traits of rapid development, such as Sub-Saharan Africa, provide potential growth opportunities for the U.S. beef industry. According to the U.N., the African continent has the highest rate of population growth of any continent in the world, with more than half of global population growth between now and 2050 occurring in Africa. The region has seen sustained economic growth as well as a trend towards urbanization which lends favorably to increases in consumption of higher value proteins. However, political instability and high levels of corruption continue to hinder economic investment. Other challenges include underdeveloped energy and transportation infrastructure directly affecting cold chain management and transport times, tariffs and non-tariff trade barriers, and generally price-sensitive consumers. Some of the major economies in Sub-Saharan Africa are dependent on oil exports, leaving the markets vulnerable to price fluctuations and foreign exchange challenges which reduces reliability, while others such as Ghana are not oil dependent and thus exhibit more stability.

The Republic of South Africa is the primary destination for U.S. beef variety meats in the Sub-Saharan region of Africa. Despite the COVID-19 pandemic, exports of beef variety meats, mainly livers, increased by 43% year over year. Growth was spurred on by an increase in the availability of supply from slowdowns earlier in the year in other top liver markets, as well as favorable pricing conditions compared to competing protein sources, and the increased demand for low-cost protein alternatives. With a strong tradition of meat consumption and grilling, South Africa also has significant long-term potential for middle meats and secondary cuts. Due to the vast differences between domestic beef and U.S. beef, in terms of age of slaughter, feeding, and genetics, education is paramount for capitalizing on this long-term potential. The South African economy is expected to struggle with very high levels of unemployment, exacerbated due to the pandemic. This however has placed greater demand on inexpensive protein sources, resulting in the market being significantly short of beef liver, and creating continued opportunity for U.S. product in this market.

Though hindered throughout 2020 by proper implementation of access, U.S. beef also gained entry to Morocco in 2018, with opportunities for Prime and Choice beef and variety meats. Other markets such as Ghana, Gabon and Nigeria present long-term potential, assuming favorable access is granted for U.S. meat products. Current and pending trade agreements such as African Continental Free Trade Agreement (AfCFTA) as well as the U.S. - Kenya Free Trade Agreement present opportunities not only for increased trade between the U.S. and African nations, but also for increased trade between African nations. Beef is the second-most consumed protein, excluding fish, after poultry in sub-Saharan Africa. For 2020, U.S. beef exports to the region grew by 33 percent over 2019 levels to 26,799 mt. Value of U.S. beef exports to Africa grew by 18%, to over \$23 million.

	South Africa	Angola
Per Capita Beef Consumption	15.5 kg	3.4 kg
Total Beef Imports (not including variety meat) – all sources	2,891 mt	11,217 mt
Total Beef Variety Meat (BVM Imports – all sources)	50,646 mt	16,470 mt
U.S. Share of Total Beef/BVM Import Market	38%	12.7%
Other Beef/BVM Suppliers & Market Shares	Australia 21%	EU-27 29%
	UK 9%	Brazil 23%
	Argentina 7%	India 21%
Domestic Self Sufficiency	103%	85%
U.S. Beef Exports (not including variety meat)	3 mt	78 mt
U.S. Beef Variety Meat (BVM) Exports	20,231 mt	3,429 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	1.6%	<1%
Customers for U.S. Beef Imports	Processing	9%
	HRI	1%
	Retail	90%
Top imported U.S. Beef Cuts: middle meats, rib and chuck items, some thin meats, in house graded steak programs (no roll)		
Top Imported U.S. BVM Items: livers (cut and sliced for retail), kidneys, hearts, tongue, tongue roots, tripe, fat		

2020 import and market share data is based on import data of South Africa, and reported export data to Angola, (from TDM) and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

Focus on introducing U.S. beef to key market players and elevate the image and reputation of U.S. beef by: a) Building relationships with key representatives of the trade; b) Educate buyers from all sectors and increase exposure to high-quality product while demonstrating the consistency and reliability in U.S. suppliers; c) Identify and respond to challenges in the market, while positioning U.S. beef as a stable protein source able to meet the dynamic needs of the market.

Population Growth and Urbanization	<ul style="list-style-type: none"> • According to Euromonitor, Africa is home to the world’s second largest population, after Asia Pacific, and will add an additional 450 million people to the global total by 2030. Currently, Africa is home to 19 percent of the global population. • Africa’s population is the fastest growing globally, posting expected annual growth of 3 percent until 2030, well above the world average. • Africa’s population is young, and the median age rose from 21 in 2017 to only 23 in 2020. Sub-Saharan African countries are the main drivers for this growing young population as North African countries age more rapidly. • 39.5 percent of the Sub-Saharan African population lives in urban areas, growing near 4 percent annually. Urbanization growth will continue to improve cold chain infrastructure and increase demand for animal proteins.
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	<ul style="list-style-type: none"> • Africa is expected to lead in disposable income, with the strongest growth globally by 2030, according to a Euromonitor report.
<i>Strategic Objective</i>	Prioritize Africa as an emerging export market, monitoring economies and animal protein demand across countries. Facilitate communication between potential buyers and suppliers, offering trade servicing support to capitalize on growth.
<i>Tactical Response</i>	Foster connections between importers and U.S. suppliers to help build a higher degree of trust and confidence within the supply chain. As allowed, organize trade teams to bring potential buyers to the U.S. and facilitate discussion with suppliers, while focusing on trade servicing to address market challenges, and develop new business by involving target accounts in educational in-market seminars. Create a library of video content aimed at educating U.S. suppliers about African importers and the opportunities that currently exist.
Modernizing Retail	<ul style="list-style-type: none"> • Retail is still dominated by traditional markets with little to no cold chain infrastructure; although South Africa, Namibia, Botswana, Lesotho, Eswathini, Zimbabwe, Zambia and Angola are the outliers with a steady modern retail sector. • Cultural traditions encourage consumers to continue shopping at wet markets. • Variety meats are popular in wet markets. • Major international retailers, such as Walmart and Carrefour, have already entered the market in South Africa. • The Shoprite retail network is the largest chain of supermarkets that reach a wide range of consumers and is the largest employer in the region. • Most consumers are still price-sensitive, despite growth in the middle class.
<i>Strategic Objective</i>	Identify new market segments appropriate for U.S. beef meats and expand awareness among buyers with direct communication and technical support.
<i>Tactical Response</i>	Focus on trade servicing, meeting the needs and demands of buyers while connecting buyers and suppliers via seminars, meet and greets, trade teams, etc. Develop downstream markets such as retail channels by familiarizing buyers with appropriate cuts, providing training and support and demonstrating proper cold chain management to various retail buyers. Increase the visibility of U.S. beef.
Meat Culture	<ul style="list-style-type: none"> • South Africans have a strong tradition of grilling meats that is part of their social fabric. • Though the majority of the population is price-sensitive, consumers span a diverse range of economic classes. • Variety meats are highly sought-after sources of protein with strong connections to local cuisines. • Domestic beef is generally very lean and characterized by very low marbling. • Many meat importers and distributors in South Africa in particular, are well-established, technologically advanced operations, representing a low credit risk for U.S. suppliers.

<i>Strategic Objective</i>	Educate both importers as well as end-users on the unique attributes of U.S. beef, and the variety of product available that meets the requirements of both discerning and price-sensitive consumers.
<i>Tactical Response</i>	Focus on sampling programs and educational seminars that promote highly marbled, ungraded middle meats for reaching higher-end segments of consumers, while focusing on developing both retail and foodservice channels for U.S. beef variety meats for larger segments of consumers.
Processor Opportunities	<ul style="list-style-type: none"> • Demand for shelf-stable and canned products is growing with increasing retail due to lack of cold chain infrastructure. • Sausages and minced meats are increasingly popular in Ghana. • Competition for processing raw material is high, as cheaper, lower quality suppliers, like India, are already in the markets.
<i>Strategic Objective</i>	Support processors with technical workshops, seminars, and downstream promotions to build demand for products made with U.S. red meat raw materials.
<i>Tactical Response</i>	Meet with processors to identify opportunities to build demand via technical and product development workshops and trainings to further demonstrate the quality and affordability of utilizing U.S. red meat raw materials.

Other Key Initiatives

- Establish U.S. red meats presence in the market with consistent and customized trainings for importers interested in U.S. red meats.
- Increase the visibility of U.S. beef within the region by partnering with importers to wrap tractor trailers and delivery vehicles.
- As COVID-19 risks continue, support retailers with PPE to help ensure a safe shopping experience while building strong relationships between U.S. beef and retailers and consumers.
- Identify opportunities with processors for U.S. red meats to fulfill volume and value requirements and displace competition. Demonstrate to these processors the quality and reliability of U.S. beef.
- Create a library of videos that highlight meat importers within the region to highlight available opportunities and help shed light on the viable opportunities to foster business relationships.
- Develop the USMEF Africa online presence and social media community to engage trade partners and importers as well as provide a platform for increasing engagement with African consumers.
- Identify U.S. beef suppliers interested in growing exports to these markets and facilitate supplier and buyer communication to help establish strong relationships. Offer technical services support to U.S. suppliers to assist in navigating country-by-country regulations.
- Monitor and target the growing hotel HRI sector, focusing on five-star hotels in markets with increasing tourism.
- Increase awareness of U.S. beef to meat enthusiasts by positioning U.S. beef on popular grilling programming that airs to wide audiences through cable TV and streaming services.
- Develop a U.S. Meat Truck that can be used as a mobile platform to conduct both consumer and trade facing tasting events and seminars.
- Utilize advertising opportunities through sporting publications, in particular rugby, to reach large numbers of consumers interested in grilling while associating U.S. beef with active lifestyles.

Market Access / Noteworthy Issues include a) pending changes to South Africa's microbiological standards for imported meat and the current state of inconsistent testing occurring at South African ports; d) no heat treated product access for South Africa; e) no access for red meat to Nigeria or Namibia; and f) limited information on import requirements for African countries not listed in the FSIS Export Library.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 54% of targeted importers/distributors that understand the supply/quality/value relationships of U.S. beef based on information provided by USMEF.
- 73% of targeted HRI distributors promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.
- 50% of targeted retailers that understand proper cold chain management, handling, and merchandising of U.S. beef.

CBB/BPOC Funding Request: \$189,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-B: ASEAN

LRP Initiatives Addressed by this Tactic

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<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

In 2020, exports of U.S. beef plus variety meat to the ASEAN region were down 21 percent in volume to 48,200 mt, with value also down 20 percent to \$235.7 million. Exports to Indonesia, the Philippines, and Vietnam, the three leading export markets for U.S. beef plus variety meats in the region, were all lower in 2020, coming down from growth seen in 2019. Exports of muscle cuts to Indonesia increased modestly, suggesting some shift to retail and indicating limited supplies out of Australia. However, total exports to Indonesia were offset by large drops in exports of variety meats which compete directly with Indian buffalo meat and were limited due to labor issues in the U.S. Indonesia continued as the leading export destination in the region for U.S. beef plus variety meat, reaching 18,996 mt in 2020, while exports to the Philippines totaled 12,680 mt, and exports to Vietnam were 11,096 mt. U.S. beef is also exported to Singapore, Myanmar, and Cambodia, although in very small volumes.

Australia continues to dominate imported beef to the region, although cheaper beef supplies from markets like India and Brazil are also showing a growing presence thanks to a number of trade agreements. Local processors creating beef items like bakso balls, the main item consumed in traditional markets in Indonesia, rely on Indian buffalo meat and Brazilian beef as low-cost raw material. Although impacted by COVID-19, this region has strong potential for U.S. beef, especially in heavy tourist destinations where competition drives demand for quality raw material. However, halal requirements and import restrictions have made this region a challenging target for export growth. USMEF hopes to see additional U.S. plants approved for export to the ASEAN, particularly for Indonesia and Malaysia.

COVID-19 continues to be an issue in the region, even into 2021. Shutdown restrictions have changed frequently over the last year, creating sporadic rebounds and setbacks. Countries in the ASEAN implemented travel restrictions due to COVID-19, and discussions of a travel-bubble between certain markets have been halted due to re-emerging cases. Economies were heavy hit by the drop in tourism. Foodservice operators continue to struggle with the lack of foot traffic. Many businesses have turned to virtual communications and delivery platforms to continue operators, reaching consumers through more social media networks than ever before.

	Indonesia	Philippines
Per Capita Beef Consumption	2.7 kg	3.3 kg
Total Beef Imports (not including variety meat) – all sources	170,305 mt	112,287 mt
Total Beef Variety Meat (BVM) Imports – all sources	56,295 mt	8,526 mt
U.S. Share of Total Beef/BVM Import Market	8.5%	7.5%
Other Beef/BVM Suppliers & Market Shares	Australia 48%	Brazil 29.5%

		India 34%	India 23.5%
		New Zealand 6.5%	Australia 16.5%
Domestic Self Sufficiency		50%	49%
U.S. Beef Exports (not including variety meat)		11,004 mt	10,410 mt
U.S. Beef Variety Meat (BVM) Exports		7,992 mt	2,270 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		1.5%	1%
Customers for U.S. Beef Imports	Processing	10%	25%
	HRI	70%	60%
	Retail	20%	15%
Top Imported U.S. Beef Cuts: middle meats, rib and chuck items, some thin meats			
Top Imported U.S. BVM Items: livers, kidneys, hearts, tongue, tripe, tendon			

2020 import and market share data is based on import data of Indonesia and the Philippines (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

Educate key accounts about the quality and value of a wide range of U.S. beef products to a) Displace the competition by mitigating the perception that U.S. beef is not competitive; b) Defend relationships with existing buyers and support loyal U.S. product users as they adapt to the impacts of COVID-19; c) Develop the market through expanded and more diverse purchases among trade, HRI and retail accounts.

COVID-19 Retail Surge and Sector Modernization	<ul style="list-style-type: none"> • The shift from dining out to eating at home driven by COVID-19 has created a surge in both in-store and online retail performance including live commerce options. • MetroMart, a leading online grocery retailer in the Philippines, saw a 300-400% increase in demand from consumers during lockdowns throughout 2020. • Dark grocery concepts created solely for online order fulfillment are becoming more popular, especially in the Philippines. MerryMart and FoodPanda will team up in 2021 to offer 15-minute grocery delivery in select cities. • In the Philippines, warehouse and member club retail formats are performing exceptionally well, taking after trends seen in other markets in Asia. S&R is the leading membership retailer in the Philippines with 19 branches nationwide. • Thin-sliced product is popular among consumers. Frozen beef is easier to slice, making it a preferred option over chilled for importers and retailers. • Australian and U.S. beef are found at modern grocery outlets. However, traditional markets are still very prevalent throughout the region, selling low quality beef options such as Indian Buffalo meat and domestic beef. However, due to COVID-19, a push for more hygienic, and upgraded wet markets is driving advancements and interest in modern retail. Upgraded wet markets in Malaysia for
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	<p>example now use e-payments, queuing, and social distancing measures.</p> <ul style="list-style-type: none"> • Traditional grocery channels may account for as much as 78% of retail in the Philippines, 91.5% of grocery retail in Vietnam, 85.5% in Indonesia, and 65% in Thailand. • Consumers prefer to purchase “warm” or very freshly slaughtered meat products from wet markets daily. Consumers remain generally unaware of the attributes of chilled meat products; however, purchasing patterns are showing signs of modernization. In Vietnam, the Ministry of Science and Technology recently issued national standards on chilled meat. However, many consumers in the region do not have refrigerators or freezers. • Expansion of foreign retailers familiar with U.S. beef such as Aeon (Japan), Don Don Donki (Japan), Lottemart (Korea), and GS25 (Korea) present opportunities to further penetrate the retail sector. Some importers previously servicing the foodservice sector have shifted to direct-to-consumer retail utilizing social media to reach consumers.
<i>Strategic Objective</i>	Expand U.S. beef’s presence at modern retail and increase consumer exposure to U.S. product. Increase availability of U.S. beef with in-store retail shops and online channels including new channels like livestream options and grocery delivery.
<i>Tactical Response</i>	Provide merchandising assistance to retailers, promote best meat handling practices, and provide promotional support to new and existing retail partners. Support U.S. beef importers to reach consumers on new retail channels using free delivery promotions, banner ads, website development, and other tools to support U.S. beef buyers.
Evolving Consumer Preferences & Convenience Products	<ul style="list-style-type: none"> • Consumers pre-COVID-19 demonstrated a willingness to pay more for imported beef products, especially the growing middle class as food safety becomes a top priority. As economies rebound from COVID-19, consumers are likely to return to this shopping pattern as premiumization continues to trend for the middle class. • Food safety scandals and rampant corruption are fueling consumer distrust in government agencies and domestic product throughout the region, while consumers become increasingly interested in personal health and nutrition. In general, imported meat from the U.S. has a good reputation among consumers. • Consumers are seeking convenience not just in shopping venues, but also in product selection. Drivers include aging populations, economic growth and longer working hours, and reduced willingness to spend time cooking. Frozen ready meals in Malaysia and Singapore, for example, have seen tremendous growth especially for Asian-inspired options. • Similar to other Asian markets, convenience stores continue to establish a presence in the region, creating opportunities for ready-made fresh products. In Vietnam, the number of convenience stores

	<p>has quadrupled since 2012 with additional growth on the horizon as young consumers seek ready to eat options.</p> <ul style="list-style-type: none"> • Innovative packaging of meat-based ready meals or even frozen meat products could make distribution via kiosks and vending machines a reality for SE Asia. In Singapore, Australian Wagyu and U.S. beef are newly available in vending machines located in high-traffic public buildings. • According to the Indonesian Cold Chain Association, consumption of frozen food in Indonesia was up 17% year over year in 2020. In 2021, consumption is expected to grow 25-30%. • Some importers are adding cutting/processing facilities to their operations to produce retail tray-pack items for easy inventory replenishment.
<p><i>Strategic Objective</i></p>	<p>Identify opportunities for U.S. beef to meet growing demand for processed convenience products, such as ready meals, or improved packaging to meet consumer demand for efficient storage and cooking.</p>
<p><i>Tactical Response</i></p>	<p>Team up with the trade and processors to enhance U.S. beef's retail presence in convenience products such as frozen ready meals, hot meals served at convenience stores, etc. and offer training and promotional support to enhance sales of these items.</p>
<p>COVID-Driven Changes in Foodservice</p>	<ul style="list-style-type: none"> • COVID-19 travel restrictions have halted international tourism. Prior to COVID-19, strong tourism growth was a main driver fueling demand for quality. A resurgence in tourism will continue to push demand for U.S. beef among foodservice operators. Some markets, like Singapore, launched temporary “staycation” campaigns to drive domestic travel and consumption in hotels and restaurants. • Most foodservice operators in the region have adopted delivery-friendly and takeout menus during COVID-19 lockdowns. Many utilize delivery platforms like GrabFood or FoodPanda to reach consumers, although these services are subject to commissions and fees. Grab Philippines reported a 400% increase in demand at its peak throughout COVID-19 quarantine. • FoodPanda Philippines saw user growth rates increase 8x during the pandemic, while restaurant partners increased 5x and order count went up 12x. FoodPanda will expand its grocery delivery service, doubling the number of small warehouses throughout metro Manila in 2021. • Ethnic flavors remain popular throughout the region. Hotpot, tonkatsu, Korean BBQ, beef bowl and other Asian cuisines continue to perform well in this region. • Some large quick-serve chains, like Yoshinoya, are developing retail-level products to maintain sales during COVID-19 shutdowns and appeal to consumers’ needs for convenience. Yoshinoya has launched pre-cooked beef packs, using their in-house recipe to appeal to consumers wanting to cook at home as well as canned beef bowl products to be stockpiled for emergencies. Local

	<p>restaurants in Vietnam are preparing tray-pack meals to be sold in local supermarkets.</p> <ul style="list-style-type: none"> • Prior to COVID-19, street food options, especially in Vietnam, were popular among busy consumers despite lack of safety monitoring. • International restaurant brands are popular with consumers who look to these brands for quality and status. • Labor shortages, especially in Singapore, are forcing foodservice operators to utilize more value-added products and alternative cuts to reduce in-house costs. • Lack of infrastructure and education continues to limit beef growth in this region; however, as consumers become more health conscious, local foodservice operators will adhere to more modern health standards.
<i>Strategic Objective</i>	<p>Keep foodservice operators engaged with U.S. beef, presenting options such as alternative cuts to help reduce raw material costs and adapt menus. Continue to demonstrate support and flexibility to U.S. beef partners within each market as lockdown restrictions are eased. Target student chefs to introduce the attributes of U.S. beef.</p>
<i>Tactical Response</i>	<p>Utilize social media, delivery platform applications, and banner ads to introduce menu promotions to consumers. Support foodservice operators with promotional material to drive consumer traffic and maintain demand for U.S. beef. Conduct seminars and other activities like chef competitions to teach foodservice end-users about the profitability of underutilized U.S. beef cuts and demonstrate innovative cooking options for items such as hanging tender, short plate, heel muscle, and rib fingers. Target key food distributors, chefs, purchasing managers and restaurant owners to address company-specific opportunities and challenges.</p>

Other Key Initiatives

- Engage with consumers directly via social media campaigns, livestreamed recipe videos, consumer events, educational booths, etc. to drive awareness of U.S. beef and position the U.S. as a safe and trustworthy protein supplier.
- Explore the untapped market opportunities in Laos, Cambodia, Brunei, and Myanmar with initial trade servicing to gather information on current market needs.
- Emphasize the benefits of grain-fed U.S. alternative cuts (vs. grass-fed traditional cuts from other sources) in this developing region.
- Educate processors on using U.S. beef variety meat such as hearts and livers as standard input material. Seek out opportunities to promote other variety meats, such as tripe, in traditional or local recipes.
- Explore expanded use of sirloin and round cuts and increase the market for >30-month and no-roll items.
- Further develop HRI opportunities for U.S. bone-in beef in Thailand, where market access was granted in late 2017 and buyers are still unfamiliar with U.S. bone-in cuts.
- Monitor the presence of plant-based alternative meats debuting in markets such as Singapore and Malaysia where these products are growing in popularity in both retail and foodservice.

Market Access / Noteworthy Issues: a) Vietnam’s non-transparent import requirements for “white offal,” and onerous plant registration process; b) Indonesia’s plant-by-plant application and requirement for on-site audits for plant approval; c) Thailand’s zero tolerance on residues of ractopamine and heat-treatment requirements; and d) other non-science-based barriers throughout the region.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 100% of targeted trade accounts will report that they understand the profit potential of and have a favorable attitude towards U.S. beef based on information provided by USMEF.
- 88% of targeted HRI accounts will understand the unique quality and profit potential of U.S. beef compared to competing products based on information provided by USMEF.
- 94% of targeted HRI accounts will regularly feature/promote U.S. beef on their menus.
- 94% of targeted retail accounts will report that they understand the quality attributes of U.S. beef based on information provided by USMEF.
- 100% of targeted retail accounts will regularly stock U.S. beef.

CBB/BPOC Funding Request: \$263,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-C: Caribbean

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

Traditionally, U.S. beef exports to the Caribbean region have been driven, to a large extent, by tourism and the food service sector. However, as a result of sharp COVID-19 related decreases in tourism and popular hotels and resorts on the Islands either temporarily shuttered or at reduced capacities, 2020 provided an opportunity to further engage the retail sector and market U.S. beef to locals rather than tourists. The Caribbean region is extremely diverse in culture as well as consumer and culinary tradition. While, the HRI sector within the Caribbean region is highly dependent on tourism and is the primary volume driver for U.S. high quality beef within the region. More affordable, alternative U.S. beef cuts are sold at both local foodservice establishments as well as through the retail channel, with U.S. frozen beef mainly sold through the retail channel as portion-controlled steaks and burgers or variety meats like oxtail, feet, livers and kidneys. High vaccination rates within the US, nearing one-third of the total population as of May 1st, 2021, as well as a general eagerness to travel and spend are all positive indicators that a strong rebound for Caribbean tourism is anticipated. For 2020, beef and beef variety meat exports fell by 24% against 2019 volumes at 14,879 mt, and value decreased by 32 percent to nearly \$80 million.

	Bahamas	Jamaica
Per Capita Beef Consumption	n/a	n/a
Total Beef Imports (not including variety meat) – all sources	3,711 mt	4,831 mt
Total Beef Variety Meat (BVM) Imports – all sources	252 mt	5,688 mt
U.S. Share of Total Beef/BVM Import Market	62%	38%
Other Beef/BVM Suppliers & Market Shares	Brazil 34%	Brazil 22%
	EU-27 2%	Australia 12%
	UK 1%	Panama 11%
Domestic Self Sufficiency	n/a	n/a
U.S. Beef Exports (not including variety meat)	2,409 mt	612mt
U.S. Beef Variety Meat (BVM) Exports	34 mt	3,353 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	<1%	<1%
Customers for U.S. Beef Imports	Processing	<1%
	HRI	69%
	Retail	30%
Top Imported U.S. Beef Cuts: top sirloin, inside round, strip loin, rib eye, ground beef, tenderloin		
Top Imported U.S. BVM Items: liver, kidney, heart, feet, oxtail		

2020 import and market share data is based on reported exports to the Bahamas and Jamaica (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

Keep U.S. beef top-of-mind among buyers in the Caribbean by distinguishing its quality, consistency and eating experience. Reinforce U.S. beef as the best source of dietary protein while educating consumers and easing concerns surrounding sustainability, food safety, and health in order to a) Defend market share against the competition and other alternative protein sources, b) Further develop demand for a wide range of items, especially those targeted for high-end food service and BBQ concepts, and continue to displace competitor product, and c) Offer support and high-quality and affordable meat options to islands recovering from the economic devastation caused by the coronavirus pandemic.

<p>Reaching Buyers Online</p>	<ul style="list-style-type: none"> • A wide range of social media influencers reach significant numbers of consumers in the region. • The region has a large number of highly trained and influential chefs that have a strong following both online and offline. • The key role that tourism plays in the Caribbean foodservice sector places a greater importance on capitalizing on Social Media opportunities and trends, as guests enjoy sharing their experience with friends and family at home. This contributes to the creativity of menus and presentation. • Consumers still need training on U.S. beef attributes and proper cooking techniques required to maximize the eating experience of high-quality beef. • BBQ and grilling techniques remain extremely popular and creates a natural opportunity to promote the regional variations of U.S. barbeque to consumers.
<p><i>Strategic Objective</i></p>	<p>Position U.S. Beef to consumers as a tool to achieve a healthy lifestyle while providing content to ensure that its quality is maximized on the plate. Demonstrate a variety of barbeque techniques to chefs, retailers, and their customers to increase sales of appropriate mainstream and lesser-known U.S. beef cuts.</p>
<p><i>Tactical Response</i></p>	<p>Leverage social media influencers as ambassadors for U.S. beef while providing consumers with a wide variety of resources to draw upon in creating high-quality meals. Integrate offline retail promotions with online content. Create a community of chefs and retail operators who are eager to both learn and share the knowledge they have gained about how to properly utilize U.S. beef to maximize profitability in their businesses.</p>
<p>Foodservice Sector</p>	<ul style="list-style-type: none"> • Throughout the entire region, the foodservice sector essentially shut down throughout 2020 as a result of measures put in place to halt the spread of coronavirus. • A slow, but gradual recovery in tourism is expected to provide a boost to foodservice in the region for 2021, however with many restaurants forced out of business over the past year, the market will be substantially different post-recovery. • Price Volatility and variable supply present problems for promotional planning. • Restaurateurs are seeking affordable cuts while retaining well-marbled characteristics.

	<ul style="list-style-type: none"> • There is growing interest in portion-controlled cuts (i.e. pre-cut steak-ready) that reduce labor and excess trim costs. • Foodservice operators express a need to differentiate, presenting potential for U.S. beef alternative cuts. • The BBQ trend continues to thrive, with brisket and short ribs appearing on more menus, and chef willingness to use different BBQ techniques driving menu and cut diversification to include cuts such as top sirloin, coulotte, tri-tip, flap, and teres major. • Alternative cuts also present an opportunity for resorts to add an affordable protein to menus developed for staff. • Restaurants need training on how to properly adapt to a to-go environment to ensure that the integrity and quality of U.S. beef is preserved from the kitchen to the consumer’s home. • HRI buyers have inquired about ways to use high quality beef to improve local burgers. • Chefs from the Caribbean region often work in other regions of the world and contribute to general a broadening of the culinary influence.
<i>Strategic Objective</i>	Maintain a presence for U.S. beef on restaurant menus by illustrating the cost benefits of purchasing underutilized U.S. beef cuts at the highest possible/affordable quality grade.
<i>Tactical Response</i>	Work closely with the foodservice sector to re-open as restrictions ease and position U.S. beef in menus for returning tourists. Proactively partner with foodservice operators as a source of product and service ideation. Train chefs on value cuts such as bottom sirloin flap/tri-tip, brisket, chuck eye roll, shoulder clod and top sirloin, reiterating the impact of quality and consistency on profitability while offering support with menu development and methods to differentiate between food service outlets. Demonstrate the value equation on portion control and “new looks for old cuts”.
Transitioning Retail	<ul style="list-style-type: none"> • Reduced tourism created opportunities for targeting local consumers at retail with promotions for affordable secondary cuts. • Consumers are increasingly focused on healthy and active lifestyles, presenting opportunities to reinforce the benefits of U.S. beef as a primary source of protein. • Retail outlets continue to transition from frozen to chilled beef products but are challenged with a “frozen” mindset often thinking slacking product is a solution. • Retailers face issues such as shrink, inconsistent cold chain infrastructure, price volatility and high employee turnover or lack of skillset. • There is new demand for smaller case-ready cuts with >21 days shelf life - both fresh and frozen. • As tourism recovers, demand for high-quality value-added products such as dry-aged beef, all-natural, or organic beef will continue to rise in the retail marketplace. • Anti-U.S. sentiments and a popular focus on ‘buy-local’ linger with local populations presenting a challenge for country of origin labelling at the retail level.

	<ul style="list-style-type: none"> • Consumers want to see brands on products for the story and transparency.
<i>Strategic Objective</i>	Build retailer confidence by educating employees on the value/quality benefits of U.S. beef, train staff on proper handling and marketing of products, and support the launch and merchandising of value-added or niche high-quality chilled items.
<i>Tactical Response</i>	Continue to train retailers and their employees on proper merchandising techniques by incorporating store walk-throughs and audits into tailored seminars and workshops. Work with retailers to embrace brands as part of their marketing strategies and demonstrate proper cold storage and handling techniques to maintain product quality. Communicate quality issues hindering trade to U.S. exporters. Expand U.S. beef from the meat aisle to tie in with other promotional offers and complimentary products. Enhance point of sale messaging to emphasize U.S. beef as a primary source of protein for an active and healthy lifestyle.
New Cooking Styles	<ul style="list-style-type: none"> • Locals predominantly use slow cooking methods and stew recipes for beef due to the traditional availability of low-quality beef and price point of stew meat. • Increased availability of high-quality beef has spurred interest in other cooking techniques like grilling and barbecuing, although BBQ is still excluded from many culinary training programs and BBQ training in HRI is inconsistent. • Retailers are seeking to introduce new items suitable for the grill, Instant-Pot & air fryer. • Shareable dishes/small bites are becoming more prevalent due to factors related to convenience and flexibility for kitchen staffs.
<i>Strategic Objective</i>	Demonstrate a variety of grilling techniques to chefs, retailers, and their customers to increase sales of appropriate mainstream and lesser-known U.S. beef cuts suitable for grilling, Instant-Pot, and air-frying and move consumers away from just stewing meat.
<i>Tactical Response</i>	Develop educational materials for the meat case that include recipes promoting “Protein Power” concepts and provide training for meat department staff on promoting cuts for grilling. Encourage integration of formal barbecue courses into local culinary curriculums and partner with pit-master experts to improve the quality of BBQ training. Introduce the popular Instant-Pot or fast slow cooker method to replace the stewed meat concept and develop menus around “one meat, many applications” as well as healthy air-fryer concepts.

Other Key Initiatives

- Promote U.S. beef as a guilt-free premium source of protein and dietary tool for promoting good health via a “pack more protein on your plate” theme.
- Partner with well-known fitness and culinary influencers to amplify health related messaging of U.S. beef to consumers.

- Bring together influential chefs within the region to create curriculum used to educate and train new and up-and-coming chefs on creative applications of U.S. beef in contemporary Caribbean cuisine.
- Promote regional American barbeque techniques to chefs and consumers to capitalize on the popularity of barbeque and tie in U.S. beef as an essential component of an authentic experience.
- Elevate the image of U.S. beef, focusing on recapturing the memories of great steak eating moments to recreate positive consumer experiences.
- As tourism recovers, capitalize on the number of American tourists in the market, re-define how a great American burger should taste with juiciness and texture.
- Continue developing a USMEF Caribbean online presence and social media community to engage trade partners and importers as well as provide a platform for increasing engagement with Caribbean consumers.
- Facilitate communication between potential buyers and U.S. suppliers via participation in events such as USMEF's Latin American Product Showcase and Americas Food and Beverage Show.
- Focus on pairing and promoting U.S. beef with other complimentary products at both retail and through training foodservice establishments.
- Enhance buyer understanding of the U.S. beef grading system and highlight the value/price relationship between quality grades and affordable cuts.
- Present the maximum SKUs (individual items) from each cut and identify ways distributors can work with their customers to broaden menu and retail offerings.
- Demonstrate the profit potential of case-ready and portion control products (e.g. strip, ribeye, top sirloin, burgers and flat iron) to retail and HRI accounts, plus share new co-product ideas—beyond vein steaks.
- Introduce U.S. exporters to buyers looking for chilled and portion control beef cuts.
- Educate chefs and wait staff on the attributes of U.S. beef and new cooking methods (e.g. low & slow BBQ or sous vide) and support targeted restaurant promotional efforts.
- Work with retailers to review their fabrication and storage facilities, meat case setup, pricing, and product labeling and provide recommendations for improvement to maintain the integrity of U.S. beef products and increase sales.
- Support the development of a modern cold chain and educate buyers on proper handling techniques.
- Reinforce the U.S. beef story of farmers and ranchers, aligning with consumer interests in brand stories.
- Capitalize on cooking trends, such as Sous Vide, Instant-Pot, air-fryer and provide further training on how to cut and cook U.S. beef to provide maximum quality and flavor.
- Continue groundwork on getting USA beef product into the FWI directly instead of through the EU and support the introduction with seminars, receptions, and promotions.

Market Access / Noteworthy Issues include a) Jamaica's excessively high import duties on U.S. beef at 86 percent.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 98% of targeted importers/distributors that understand the supply/quality/value relationships of U.S. beef based on information provided by USMEF.
- 80% of targeted HRI distributors promote new ways to use popular cuts or an alternative cut of U.S. beef to their customers.
- 100% of targeted retailers that understand proper cold chain management, handling, and merchandising of U.S. beef.

CBB/BPOC Funding Request: \$148,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-D: Central America

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

After several years of consecutive sustained growth of U.S. beef exports to the Central American region and a record high in 2019, the COVID-19 restrictions of 2020 brought a decrease in demand that drove exports lower in the region. U.S. beef relies to a large extent on foodservice and tourism to underpin demand for imports of high-quality U.S. beef. These channels were affected disproportionately with prolonged restaurant closures and an effective halt to tourism. Furthermore, much of the region was subject to strict periodic curfews, which made retail shopping challenging for consumers as well. Importers of U.S. beef, that relied on a customer base of foodservice outlets, were challenged with adapting their operations to target retail as well as consumers directly. However, despite the overall decrease of beef exports from all suppliers throughout 2020, U.S. beef export market share remained strong, growing by 12 percent to top market, Guatemala. While regional tourism has shown some signs of a limited recovery underway, high vaccination rates and pent-up demand within the U.S. are good indicators that international tourism is primed for a recovery as well. Further signs of optimism lie in the fact that top U.S. beef markets like Guatemala, Dominican Republic and Honduras are expected to achieve an economic recovery relatively faster than other Central American countries due to a relatively lower level of public debt.

Although more expensive, U.S. beef maintained an advantage in its cut specifications and as a superior quality product in the region. Training and education continues to be a vital component to achieving growth, as both the trade and consumers alike are more accustomed to grass-fed beef and benefit greatly from understanding the quality attributes and product consistency of U.S. corn-fed beef. Favorable access afforded to U.S. beef through the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR) continues to provide regional importers with incentives to purchase U.S. beef. In 2020, U.S. beef exports to the region fell by 22 percent in volume to 18,057 metric tons, while value fell by 28% to approximately \$109 million.

	Dominican Republic	Guatemala
Per Capita Beef Consumption	6.6 kg	4.9 kg
Total Beef Imports (not including variety meat) – all sources	3,720 mt	15,110 mt
Total Beef Variety Meat (BVM) Imports – all sources *	766 mt	526 mt
U.S. Share of Total Beef/BVM Import Market	94%	46%
Other Beef/BVM Suppliers & Market Shares	EU-27 3%	Nicaragua 38%
		Honduras 7%
		Costa Rica 5%
Domestic Self Sufficiency	93%	86%
U.S. Beef Exports (not including variety meat)	3,468 mt	6,976 mt
U.S. Beef Variety Meat (BVM) Exports *	761 mt	175 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	<1%	<1%
Customers for U.S. Beef Imports	Processing	10%
	HRI	60%
	Retail	30%
Top Imported U.S. Beef Cuts: strip loin, outside skirt, coulotte, flatiron, round, clod, gooseneck, inside skirt, ribeye bone in, shortloin, Tri Tip, flap meat.		
Top Imported U.S. BVM Items: liver, heart, tongue, tripe, sweat breads		

2020 import and market share data is based on import data of Guatemala and reported exports to the Dominican Republic (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. * Historical discrepancy between import data and U.S. export data.

MARKET STRATEGY:

Defend U.S. market share from lesser-quality competitor product by educating the trade and end-users across sectors on the quality, consistency, and profit potential of U.S. beef. Introduce value cuts and the appropriate suppliers to buyers throughout the region to build demand and foster export growth. Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening.

Favorable Access	<ul style="list-style-type: none"> • The U.S.-Panama FTA presents increased export opportunities for both top-graded cuts and variety meats. • Access growth for a range of items continues in Guatemala, Dominican Republic and Costa Rica with the CAFTA-DR FTA. Tariffs on Choice and Prime product immediately eliminated in some countries within a TRQ limit. In general, annual duty reductions to zero by 2020/2023 depending on country. (All countries at 0% Tariff except Panama in 2026) • Decreased domestic supplies presents opportunities for U.S. beef; however, Nicaragua is a significant supplier to the region despite declining market share in 2019.
Strategic Objective	Leverage the benefits of the region's FTAs by identifying niche HRI and retail segments for high-grade U.S. beef, identify retailers willing to bring in Select grade beef to build consumer familiarity with the product, and increase demand in segments willing to utilize variety meats.

<i>Tactical Response</i>	Develop region-wide programs with large regional retailers such as Walmart and local retail chains and aggressively pursue new sectors to move a variety of products.
Opportunities in Diverse Retail Segments	<ul style="list-style-type: none"> • Retail sales were impacted by the COVID-19 pandemic as restrictive curfews and quarantine measures made it difficult for consumers to purchase items through retail. • Although retail in the region is still modernizing, major players, such as Walmart, are continuing to invest and expand in the region. • Trendy meat boutiques are beginning to offer high-end cuts, including: T-bone, porterhouse, tomahawk, cowboy, ribeye, striploin, flank steak, etc. • Traditional wet markets still present vast opportunities for variety meats in this region. • U.S. Select grade beef competes with the price of domestic Guatemalan beef products. • Training is key as most buyers are not well-versed in the unique attributes of U.S. beef, and inexperience in proper meat handling hinders perceived quality. • Consumers are generally accustomed to low quality, grass-fed domestic beef and need education on the culinary advantages of corn-fed beef and new ways to cook and utilize U.S. beef so as to not overcook and jeopardize the eating experience.
<i>Strategic Objective</i>	Support the ongoing recovery efforts of the retail sector. Educate buyers on the U.S. beef products available to expand their portfolios, and train them on proper meat merchandising techniques and cold chain practices for optimal yields and profits. Educate final consumers through cooking classes inside of meat boutiques, encouraging them to properly prepare high-end cuts to with a focus on differentiating U.S. beef based on corn-fed attributes versus lower quality grass-fed domestic product to eventually increase demand. Expand reach of retail-focused activities to second tier cities within the region. Leverage technology into education efforts to maximize reach and engagement.
<i>Tactical Response</i>	Conduct activities to develop new business by directly bringing local buyers together with U.S. suppliers, while also providing training on handling and merchandising of unfamiliar cuts, and further supporting downstream buyers with USMEF’s “continuous improvement program” to enhance presentation techniques and handling practices at the retail level. Conduct goodwill activities to support retail recovery.
Foodservice Growth	<ul style="list-style-type: none"> • The foodservice sector was significantly impacted by the COVID-19 pandemic, with restaurants largely shuttered by the second quarter of 2020, and take-out options limited due to strict curfew and quarantine requirements. • Home delivery capabilities and infrastructure are improving though training is necessary to ensure that quality is maintained through preparation and packaging in reaching the consumer. • Importers that primarily supplied the foodservice sector have needed to diversify their customers in order to stay in business, including direct-to-consumer home delivery.

	<ul style="list-style-type: none"> • Sunday Brunch is a popular dining trend for families in the Central America Region, with many high-end hotels competing with creative offerings. • A need for “price friendly” cuts is still prominent in this region, especially with rising beef costs. Restaurants could benefit from adding value cuts to menus such as clod, chuck tender, top sirloin butt, and brisket. • Traditionally, local beef is cooked “medium-well” and marinated, while U.S. beef cooked “medium” offers the same taste quality without requiring extra prep. • Costa Rica and Panama have highest per capita incomes, where consumers are more likely to break traditional eating habits and dine out more often. • While currently hindered by COVID-19 restrictions, growing tourism, especially to Dominican Republic, presents opportunities for U.S. beef in meals at resorts for guests and staff alike. • Foodservice importers are creating their own training kitchen centers to teach their customers about the characteristics that distinguish American beef and how to properly handle the product for the best yields.
<i>Strategic Objective</i>	Support the recovery efforts of the foodservice sector after the economic devastation of the coronavirus pandemic. Assist leading importers and distributors in sourcing additional U.S. beef cuts and introduce foodservice buyers to a diverse set of value cuts while emphasizing proper cooking techniques to maximize taste and tenderness.
<i>Tactical Response</i>	Demonstrate trade servicing advantages to directly support importers of U.S. beef. Provide cutting and cooking training on specific cuts to help foodservice operators improve their menu options and reach a wider range of consumers. Conduct goodwill activities to support the foodservice sector recovery.
Consumer Awareness	<ul style="list-style-type: none"> • Consumers are increasingly interested in trends such as grilling and barbecuing as both a social activity on the weekends as well as a method of preparation for meals during the week. • B2C ecommerce sales channels are growing, especially with traditional sales channels hampered by COVID-19 restrictions. • Consumers are using social media, mobile apps, and following popular online influencers more and more to learn about food trends, dining options, nutrition and various preparation methods. • Health and nutrition are important considerations for consumers as it relates to menu choices and presents U.S. beef with an opportunity to align consumer messaging with health-related branding.
<i>Strategic Objective</i>	Because U.S. beef is significantly different in various attributes to domestic grass-fed beef, educate consumers with easy to digest content on the quality attributes and proper ways to prepare U.S. beef to maximize its appeal. Foster customer loyalty to retain existing customers.
<i>Tactical Response</i>	Utilize digital marketing channels to segment consumers to create targeted marketing programs that reach new demographics with information and education that encourages consumption of U.S. beef. Carry out consumer-facing in-person activities that educate consumers on the unique attributes of U.S. beef.

Other Key Initiatives

- Proactively engage the foodservice and tourism sectors to re-introduce U.S. beef to consumers eager to spend after prolonged public-health related market and travel restrictions.
- Educate buyers and consumers in the region on optimal cooking styles to not overcook U.S. beef for a better eating experience.
- Utilize regional web presence as a virtual platform for educational programs focused on grilling and smoking.
- Focus on building relationships with integrated importers, processors, and distributors to maximize efficiency in training and create the most impact in downstream sectors.
- Engage key importers in the region with webinars and in-person seminars that inform them on marketing trends, industry updates and the economic outlook.
- Continue to facilitate strong partnerships with major retailers, such as Walmart and other local retail chains.
- Help importers, distributors and retailers take advantage of and maximize ecommerce purchasing trends, through paid social media campaigns, targeted promotions and technical assistance.
- Collaborate with regional distributors, retailers, and restaurateurs to promote USDA Choice beef to end consumers to build customer loyalty and differentiate quality U.S. corn-fed beef from the competition.
- Introduce the trade and their downstream customers to lower-cost alternative cuts (e.g., chuck tender, shoulder clod, top sirloin butt) to address relatively high beef prices.
- Further advance channel development in the region and build demand by broadening the reach of educational programs to more countries and into more locally owned supermarket and meat shop chains.
- Work with the Dominican Republic foodservice sector to increase use of value cuts, especially at resorts for both guest and staff meals, and target new retail chains to further expand the market. In addition, work with processors to target the local market with more affordable, processed products.
- Educate the trade as well as new segments of consumers on various cooking applications such as barbeque techniques to expand the range and volume of U.S. beef cuts through barbeque challenges and chef competitions.
- Target high-end consumers by developing a previously unexplored channel by expanding U.S. beef into popular hotel & restaurant brunch menus. Presenting profitable menu options that are unique and easy to prepare.
- Continue expanding social media engagement and reach with channels dedicated specifically to the Central American region, targeting local consumers.
- Develop and launch a consumer facing U.S. Meat mobile app that will serve as a platform for recipe content, U.S. beef promotions, customer loyalty initiatives and educational campaigns.
- Further develop initiatives that pair influential online celebrities to promote the positive nutritional aspects of U.S. beef along with content that encourages consumers to improve their skills and knowledge related to preparing meals with U.S. beef in a wide variety of ways.
- Connect and engage Central American buyers of U.S. beef with suppliers and exporters through relationship building opportunities at the Latin American Product Showcase.

Market Access / Noteworthy Issues include a) regulations in some countries that do not allow for frozen meat to be thawed for sale at retail; b) Decree 255 in Panama and its potential impact to place shelf-life restrictions on product entering the country.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 100% of targeted importers/distributors that consistently source and successfully promote U.S. beef to their downstream customers.
- 100% of targeted HRI accounts that understand the quality and profit potential of U.S. beef based on information provided by USMEF.
- 100% of targeted retailers that consistently incorporate suggested merchandising methods to promote the quality attributes of U.S. beef.

CBB/BPOC Funding Request: \$311,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-E: China & Hong Kong

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

U.S. exports to mainland China in 2020 were up 302 percent to 42,813 mt with value growing 260 percent to \$310 million. U.S. beef was granted access to mainland China in mid-2017; however, access was restrictive and short-lived as retaliatory tariffs were imposed on U.S. beef beginning in July 2018 with a 25 percent tariff that was increased to an additional 35 percent by September 2019. Despite these setbacks, access for U.S. beef was expanded with signing of the U.S.-China Phase One Economic and Trade Agreement implemented February 14, 2020. The Phase One Deal expanded access for all U.S. beef products to cattle of all ages, eliminated hormone restrictions, and included other provisions which made it much easier and more economical to produce and export beef to the China market. Although the deal did not address retaliatory tariffs directly, China temporarily implemented exclusions from Section 301 (intellectual property related) retaliatory duties to Chinese importers beginning in March 2020.

China holds significant growth potential as the U.S. is one of the few high-quality grain-fed suppliers to this market. Demand continues to grow as both retailers and foodservice operators recognize the value in grain-fed U.S. product and are eager for the opportunity to elevate their business over competitors with grain-fed beef. While eligible U.S. supplies remain limited due to China's import restrictions, a growing middle class recognizes the quality of grain-fed beef. China's global imports of all beef in 2020 increased nearly 27 percent to over 2 million mt with significant growth from the U.S., Brazil, Chile, and Argentina. Grain-fed beef accounted for about 5.5 percent of imports at 118,000 mt mainly supplied by Australia, the U.S., and Canada. While the majority of beef imported into China is grass-fed, demand for grain-fed beef is growing as consumers become more sophisticated.

China's imports of chilled beef from all suppliers have grown nearly 6.5x since 2017, with 2020 volumes reaching 48,737 mt. Australia is the dominant chilled supplier, but opportunities for U.S. product to gain a significant share of this market will continue to develop as demand grows. In 2020, China's imports of chilled U.S. beef grew 312 percent, growing from 856 mt in 2019 to 3,535 mt.

Exports to Hong Kong were down slightly in 2020, falling 7 percent to 85,990 mt with value decreasing 10 percent to \$665.7 million. This fall in exports was due to a decline in re-exported product, and the direct impact of COVID-19 as restaurants and hotels that utilize high-quality beef struggled throughout 2020 with reduced tourism. Hong Kong maintained a high level of COVID-19 security throughout 2020, shutting down public venues frequently, requiring stringent social distancing measures, and enforcing strict travel security protocols. Foodservice and catering operations were heavily impacted. Nearly 80 percent of U.S. beef going to Hong Kong is intended for HRI. Shutdowns in 2020 had a profound impact on U.S. beef usage.

As the center of COVID-19, China and Hong Kong underwent severe lockdowns as cities boarded up and transport was blocked in early 2020. Travel restrictions requiring a two-week quarantine

are still strictly enforced; however, social distancing measures have eased, and many businesses have returned to normal. Although shifted consumption patterns to retail have continued through 2021, foodservice is rebounding well and, in some cases, exceeding normal business as consumers demonstrate an eagerness to get out. Foodservice operators that could not survive during the most strict social distancing measures of COVID-19 have left the foodservice industry permanently, making room for new operators to emerge, especially in Hong Kong where commercial real estate prices are down for the first time in many years. New retail companies, including a number of new frozen meat shop concepts, are emerging as well, creating opportunity in Hong Kong. China continues to be cautious about the spread of COVID-19 on product packaging.

	China	Hong Kong
Per Capita Beef Consumption	6.2 kg	26.3 kg
Total Beef Imports (not including variety meat) – all sources	2,122,487 mt	383,959 mt
Total Beef Variety Meat (BVM) Imports – all sources	22,657 mt	328,862 mt
U.S. Share of Total Beef/BVM Import Market	1.5%	12%
Other Beef/BVM Suppliers & Market Shares	Brazil 39.5%	Brazil 52.5%
	Argentina 22.5%	EU-27 9%
	Australia 18.5%	India 6%
Domestic Self Sufficiency	59%	1%
U.S. Beef Exports (not including variety meat)	39,917 mt	74,883 mt
U.S. Beef Variety Meat (BVM) Exports	2,896 mt	11,107 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	3.5%	7%
Customers for U.S. Beef Imports	Processing	10%
	HRI	65%
	Retail	25%
Top Imported U.S. Beef Cuts: middle meats, boneless/bone-in short rib, chuck short rib, short plate, chuck roll		
Top Imported U.S. BVM Items: omassum, backstrap, pizzle, tripe, tendon, diaphragm, oxtail, tongue, inside skirt, outside skirt, feet		

2020 import and market share data is based on import data of China and Hong Kong, excluding reported imports from China (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

a) Build customer loyalty with increased support for importers and downstream buyers including trainings and promotions; b) Educate buyers about U.S. beef safety/inspection systems, unique production capabilities, grading and quality, and profitability; c) Create demand in untapped segments in the China/Hong Kong region and deepen distribution channels in China, focusing on a broad range of cuts and specifications to ensure that U.S. beef is affordable to a large segment of the population; d) Introduce chilled beef branded products to U.S. buyers and support communication between suppliers and importers to increase product availability and improve logistics; e) Maintain relationships with key networking contacts for future growth of U.S. beef amid improved access conditions; f) Where appropriate, counter negative perceptions of U.S. products, and design and implement positive image building campaigns utilizing various media platforms, especially digital ones.

Growing Demand for Beef – Chilled and Grain-fed

- China initiated a 25% tariff on U.S. beef in July 2018. An additional 10% duty was imposed September 1, 2019 effectively bringing the total retaliatory tariff rate to 35% for U.S. beef in addition to a 12% VAT. China temporarily implemented exclusions from retaliatory duties to Chinese importers beginning in March 2020. Duties in Hong Kong remain at 0% for all beef items.
- The U.S. is enjoying expanded access for beef due to commitments by China to loosen import conditions under the Phase One Trade Agreement. Although China is still testing product for ractopamine residues upon entry, there are no longer restrictions on synthetic hormone use and no additional traceability requirements.
- Domestic beef is largely of grass-fed quality. China continues to diversify beef supplies purchasing more from grass-fed suppliers like Brazil, Chile, Costa Rica, Bolivia, and South Africa. The U.S. remains one of the few high-quality suppliers to the region although competitors like Australia and Argentina are increasing their grain-fed production. Australia's strained relations with China may impact export growth to this market.
- Grain-fed beef accounted for 5.5% of imported beef into China at 118,000 mt. The U.S. officially surpassed Australia as the largest supplier of grain-fed beef to China in 2020.
- Imports of chilled beef from all suppliers to China increased nearly 29% in 2020. Although chilled product is a small percentage of total beef imports, growth is reflective of growing demand for quality and freshness from consumers and of increased penetration of the entire beef category into modern retail. Chilled beef from Australia continues to dominate imports with 72.5% market share in 2020.
- According to Euromonitor International, growth in consumer expenditure per capita 2013-2018 has been the largest globally in Chinese cities like Shenzhen, Guangzhou, Shanghai, and Beijing as premiumization trends fuel purchases among growing single-person households. Despite economic setbacks from COVID, premiumization continues to thrive among consumers and will continue to be a trend into 2022 and beyond.
- The growing middle class in both China and Hong Kong are showing a willingness to pay premiums for higher quality foods. Some consumers are willing to pay slightly more for reliable brands they perceive as safe

	<p>and high-quality. At the same time, online sales during the pandemic have increased consumer receptivity to frozen foods, including frozen beef items like steaks. Online sales are also paving the way for more imported beef penetration into lower tier urban and even rural areas.</p>
<p>Strategic Objective</p>	<p>Increase buyer interest in high-quality beef including chilled, wagyu, and dry-aged product with intensive trade servicing programs and hands-on, tailored education. Identify new and emerging opportunities for beef export growth. Promote the grain-fed quality attributes of chilled U.S. beef, linking U.S. suppliers with buyers. Facilitate long-term chilled beef purchasing from foodservice operators and retailers alike.</p>
<p>Tactical Response</p>	<p>Identify opportunities for U.S. beef and offer increased and intensified levels of support for loyal U.S. beef buyers with additional trainings, POS material, and promotions while remaining sensitive to growing anti-U.S. consumer attitudes.</p>
<p>Demand for High Quality Beef among Foodservice Operators is Rising</p>	<ul style="list-style-type: none"> • Nearly 80% of U.S. beef into Hong Kong is destined for foodservice, and nearly 65% of imported U.S. product into China is used in HRI. • Hong Kong’s foodservice sector is the main outlet for imported beef and restaurant chains are building centralized kitchens, improving food safety, and offering better value. HK operators have an interest to expand to mainland China. • Consumers are eager and willing to dine-out after months of quarantine and some restaurants are seeing business rebound beyond pre-COVID-19 levels. • Grain-fed beef demand is increasing steadily, led by the proliferation of hot-pot, Korean barbecue, steakhouses, and western and family-style restaurants. Demand is further driven by overall consumer interest in beef as a center-of-the-plate protein option. • Demand for wagyu is increasing among foodservice operators in China and Hong Kong as a means of differentiation. Even dry-aged product is becoming a popular menu item to capitalize on premiumization trends and improve menu perception among consumers. • Menus highlighting Prime grade are trending, using popular items like chuck short ribs, top blade, ribeye, and rib finger. • Japanese cuisines like hotpot and yakiniku are growing in popularity and menus even advertise “all you can eat” wagyu hotpot creating strong demand for cuts like short plate and chuck roll. • Hotpot and BBQ restaurants are advertising “fresh” ingredients to their customers, driving demand for chilled product and increasing consumer standards. • U.S. beef can satisfy the demands of even middle-tier buyers with alternative cuts or middle meats that are cost effective substitutes to more popular and more expensive cuts. • Consumers want customized experiences, even from restaurants offering exclusive menus or cross-branding experiences. Meat and spirit pairings are popular with consumers, especially for premium sake.

	<ul style="list-style-type: none"> • Increased domestic tourism to lower-tier cities may drive foodservice upgrades to these regions, although chefs outside of first-tier cities may be unfamiliar with U.S. beef. • Chain restaurants are launching new brands to reach a more diverse customer base. • Big-name restaurants are investing in ready-to-heat meals available at retail to reach consumers seeking easier meal prep and convenience to capture any shifted demand. • Ghost kitchens are growing in popularity throughout China and some restaurants only offer take-out menus to satisfy this niche of customers who prefer to limit interactions.
Strategic Objective	Build loyalty with key U.S. beef buyers and new customers in the HRI sector, while demonstrating the value in utilizing U.S. beef to differentiate among menus and improve perceived restaurant quality. Expand educational efforts to second and third-tier cities and include more alternative cut promotion to satisfy all levels of buyers.
Tactical Response	Position U.S. beef as ideal for menu differentiation in both mainland China and Hong Kong and offer increased levels of support to buyers interested in continuing long-term use of U.S. beef on menus. Utilize promotions, celebrity endorsements, KOL ads on social media, and other tactical means to target affluent consumers and drive the perception that U.S. beef is different and superior to other imported product. Highlight visible U.S. beef “success story” establishments, whose attributes are widely distributed on social media.
Diverse Retail Channels: Wet Markets, Supermarkets. Ecommerce, Meat Boutiques	<ul style="list-style-type: none"> • Retail in mainland China is still relatively fragmented, with mom-and-pop shops and wet markets dominating the retail sector. Wet markets are modernizing with improved hygiene, logistics, etc. Some wet markets are even incorporating online ordering and pick up stations into their services for added convenience. Sales of imported beef in traditional supermarkets are growing in the double digits annually. • Modern retail is still developing in this market; however, international players with the ability to move large volumes of product (i.e. Costco, Sam’s Club) via warehouse-style outlets are expanding with increased focus on second and third-tier cities. • In August 2019, Costco opened its first warehouse outlet in Shanghai, carrying U.S. boneless short rib, top blade, rib finger, and heel muscle. • Membership-style retail channels are growing in popularity. Costco and Sam’s Club have expansion plans in place while other retailers are tapping into this format. Alibaba opened its first Freshippo, a membership-only store in Shanghai that offers same-day delivery to customers within 20km of the store. The store will also feature its own private brand. • Fresh food online ordering and grocery delivery within two hours is becoming more standard among first-tier cities. Online ordering with pick-up in store is also becoming popular, especially for meat products. • Retailers who once allocated more space to portioned, case-ready frozen and marinated packaged beef products to meet demand for convenience

	<p>from consumers and value price points are expanding shelf space for more premium chilled and defrosted imported beef.</p> <ul style="list-style-type: none"> • Merchandising techniques for beef are still underdeveloped and unsophisticated but are improving quickly, especially for chilled. • Chain retail store growth slowed during the pandemic as e-commerce took sales away from brick-and-mortar operations. E-commerce companies are expanding into the traditional retail environment as the sector goes through a new phase of consolidation. • The ecommerce sector is expanding with double-digit growth in 2020. Prior to COVID-19, this industry was focusing on expansion into rural areas for sustained growth and improved access. JD.com, Alibaba.com, and Suning.co are among the largest commerce platforms in China. • The quality and diversity of products from ecommerce retailers continues to improve. Despite trade tensions, Chinese consumers have an appetite for imported products. • Ecommerce platforms like 7Fresh and others that stopped purchasing U.S. beef due to supply issues are re-introducing U.S. product. • Live streaming and group buying have become a popular tool among ecommerce platforms to reach consumers directly. In addition, TikTok videos and WeChat groups (for group buying) are popular methods of mobile e-commerce referred to as m-commerce. • Brands are inviting consumers to have customized experiences with exclusive pop-up stores and cross-branding initiatives. • In Hong Kong, gourmet independent meat shops are gaining market share from large retail chains by offering a wider range of items and expert service. • A drop in real estate prices in Hong Kong has created an opportunity for new brick and mortar stores to emerge in a market that has been dominated by a handful of operators for many years.
Strategic Objective	Further establish trust and loyalty among key retailers with potential to move large volumes of U.S. beef, including membership stores with aggressive expansion plans. Adopt a “flagship” store approach to perfect the meat case with high traffic outlets of targeted modern retailers. Develop U.S. beef’s image as a quality product with support to niche boutique meat shops and ecommerce platforms.
Tactical Response	Customize trainings for retailers, ecommerce platforms, and new U.S. beef buyers and in-store staff that are unfamiliar with U.S. beef. Offer customized support via tasting demonstrations, online and in-store promotions, and develop merchandising ideas for new cuts at retail including for value-added convenience products made with U.S. beef raw material.
China’s Digital Footprint	<ul style="list-style-type: none"> • China is home to 939.8 million internet users who spend an average of 5 hours and 22 minutes per day online. • Chinese consumers spent \$51.51 billion on online food delivery orders in 2020, an increase of over 48% from 2019. • TikTok is the number one non-messaging social media platform in China, with each user spending an average of 23.1 hours per month on the app.

	<ul style="list-style-type: none"> • Brands use short videos like TikTok and Kuaishou (200 million active users) as a marketing tool powered by influencers. Through the use of popular SNS WeChat, Weibo, TikTok, attributes of U.S. beef can easily be shared and effectively educate a large audience.
Strategic Objective	Maintain a presence on top social media sites, including WeChat, Weibo, YouTube (Hong Kong), TikTok, and others to reach a wide range of consumers and build a positive reputation for U.S. beef.
Tactical Response	Utilize social media tools to reach consumers and highlight various promotions or use digital tools to educate consumers on U.S. beef attributes, cooking techniques, availability, etc., and create a positive image for U.S. beef with the help of KOLs and relevant influencers.

Other Key Initiatives

- Help align U.S. beef exporters with Chinese importers and Chinese import regulations. Identify more China-eligible supply options from the U.S. and share these contacts with Chinese buyers, including packers with the ability to supply popular offal items like tripe and abomasum.
- Work with U.S. government officials and relevant Chinese organizations to resolve commercial and technical trade issues to make the import process more reliable and transparent.
- Monitor the presence and expansion of alternative meat options in mainland China and Hong Kong and remain prepared to respond to targeted questions about U.S. beef sustainability.
- In addition to working with well-known importers, drive further market penetration through the education and development of promising startup companies (e.g. online retailers, independent meat shops and new restaurant concepts) eager to expand their purchases and sales of imported U.S. beef.
- Educate Chinese chefs about the U.S. beef industry and U.S. beef culinary history and expand the presence of U.S. beef in high-end hotel and restaurant outlets, through chef and culinary events expanded to second and third-tier cities.
- Educate student chefs and other food industry students to cultivate future U.S. beef spokespersons.
- Build a following for U.S. beef culture (e.g., traditional BBQ) with restaurateurs and lifestyle media.
- Expand interaction with large HRI operators such as high-end and casual dining establishments in Hong Kong and Macau.
- Continue to build relationships with government officials and key influencers, including the domestic beef producing and processing industry to make them aware of U.S. quality and safety standards.

Market Access / Noteworthy Issues: a) China’s zero tolerance policy on the presence of beta-agonist residues and certain pathogens in beef imports; b) China’s non-transparent quarantine clearance procedures/regulations, including inspection for presence of COVID-19 on products and packaging; c) China’s punitive retaliatory duties (+35 percent) on U.S. beef effective September 1, 2019.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 85% of targeted importers and distributors in China and Hong Kong will report that they understand the supply capabilities and quality attributes of U.S. beef based on information provided by USMEF.
- 65% of targeted importers and distributors in China will report having a favorable attitude toward U.S. beef and will be knowledgeable about the range of U.S. beef products available based on information provided by USMEF.
- 66% of targeted HRI outlets and chains in Hong Kong will regularly feature 4 U.S. beef cuts including at least 1 underutilized cut.
- 57% of targeted HRI outlets and chains in Hong Kong will actively participate in and or contribute to USMEF beef promotions.
- 37% of targeted national or regional foodservice chains in China will actively participate in and or contribute to USMEF promotions.
- 87% of targeted retailers in Hong Kong will regularly feature 5 U.S. beef cuts.
- 60% of targeted retailers in China will feature or actively promote U.S. beef to end consumers.

CBB/BPOC Funding Request: \$759,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-F: Commonwealth of Independent States (CIS)

LRP Initiatives Addressed by this Tactic

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Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

Since 2013 Russia has banned U.S. beef imports due to a zero tolerance for beta-agonist residues. Further negotiations to resume U.S. beef imports became impossible due to political issues stemming from the Russian and Ukrainian conflict in Crimea that occurred in 2014. Prior to this, Russia was the U.S. beef industry's sixth largest export market. While it is unlikely that the import ban will be lifted in the near future, USMEF's representatives in Russia maintains regular contact with major market players through meetings and attendance at major events. However, neighboring countries within the nearby Commonwealth of Independent States continue to represent solid potential for U.S. beef for steak cuts, alternative cuts for foodservice, and livers. Within this region, USMEF targets the most promising markets, namely Ukraine, Kazakhstan, Azerbaijan, Moldova, Kyrgyzstan, Georgia and Uzbekistan. Exports of U.S. beef/bvm to the region in 2020 reached 240 mt, an increase of 11 percent over the previous year. U.S. beef's share of the import market was less than one percent, underpinning the untapped potential of the market. When looking at the surrounding region and excluding Russia, inter-regional trade accounts for the majority of exports with Belarus and Ukraine as the top suppliers, followed by the EU.

In addition to the current political ban on U.S. beef imports, Russia also remains closed to U.S. beef due to its zero tolerance for ractopamine residues. Further, Russia has been striving to harmonize its food safety standards with those of the EU and will not allow the use of hormones in beef production. Thus U.S. beef's return to Russia will face significant constraints. Sanitary and Phytosanitary (SPS) barriers for the Euro Asian Economic Union (EAEU – Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) are the same as for Russia. Other countries in the region allow for relatively easy access for U.S. beef, though this situation remains fluid as some countries seek closer integration with Russia (e.g., Tajikistan and Uzbekistan) or the EU (Georgia, Ukraine, Moldova).

Important considerations include the region's turbulent economic situation and the modest disposable incomes of the consumers, which are impacting demand from both processors and consumers. In addition, the ongoing COVID-19 crisis has heavily impacted the foodservice sector in the region, which is a major channel of distribution for U.S. beef, and has placed further downward pressure on consumer disposable income levels. Furthermore, increased production of local high-quality beef and concentrated Russian efforts targeted at larger exports to neighboring countries are changing the competitive environment. However, it remains to be seen whether Russian and other regional high-quality beef production will be sustainable, and if so, if it can compete with Australia and the U.S. in the region. This production could be seen as preferential to buyers in the EAEU.

	Russia	Kazakhstan	
Per Capita Beef Consumption	11.8 kg	28.9 kg	
Total Beef Imports (not including variety meat) – all sources	268,358 mt	24,417 mt	
Total Beef Variety Meat (BVM) Imports – all sources	71,940 mt	1,652 mt	
U.S. Share of Total Beef/BVM Import Market	0%	<1%	
Other Beef/BVM Suppliers & Market Shares	Belarus 32%	Belarus 65%	
	Paraguay 23%	Ukraine 14%	
	Brazil 17%	Russia 11%	
Domestic Self Sufficiency	81%	97%	
U.S. Beef Exports (not including variety meat)	0 mt	8 mt	
U.S. Beef Variety Meat (BVM) Exports	0 mt	133 mt*	
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	0%	<1%	
Customers for U.S. Beef Imports (open market)	Processing	60%	40%
	HRI	33%	40%
	Retail	4%	20%
Top Imported U.S. Beef Cuts: ribeye, striploin, tenderloin, short ribs, top blade, short plate, hanging tender, skirt, flanks, brisket			
Top Imported U.S. BVM Items: liver, trimming, beef fat			

2020 import and market share data is based on import data of Russia and Kazakhstan (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau

MARKET STRATEGY:

Increase availability of U.S. beef products and strengthen the image of U.S. beef and beef variety meat throughout the region by differentiating U.S. beef from the competition, educating buyers about the profitability and benefits of using U.S. beef products. Support the recovery efforts for foodservice operators within the region in the wake of the economic turmoil of the COVID-19 crisis. Furthermore, expand outreach into new markets in surrounding territories around Russia that present strong opportunities for importing U.S. beef, and remain prepared logistically for market reopening into Russia.

Regional Expansion	<ul style="list-style-type: none"> • As a result of reduced supply, Russia has been increasing investments in expanding domestic high-quality beef production to eliminate the need for foreign imports and increase export opportunities, but production is still low and prices are high for consumers. • The nascent regional markets outside of Russia represent solid untapped potential for U.S. beef and provide greater diversity for U.S. beef exports. • Ukraine, Kazakhstan, Uzbekistan, Georgia and some Caucasian and Central Asian countries, despite economic challenges, are showing growth in beef consumption, and several countries have strong traditions of using offal products.
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	<ul style="list-style-type: none"> • In general beef remains expensive for the average consumer; however, opportunities exist for alternative cuts that are still perceived as high-quality beef. • Some high-end retailers have picked up U.S. beef in regions such as Ukraine, Georgia and Kazakhstan, setting the stage for other retailers and increasing U.S. beef visibility. • While the number of U.S. beef users has grown, regional markets outside of Russia have struggled with yield and end-product results, and most only know about the higher priced loin cuts.
<i>Strategic Objective</i>	Focus on expanding promotional reach into emerging export markets of Azerbaijan, Belarus, Georgia, Moldova, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Ukraine.
<i>Tactical Response</i>	Create demand in the region with promotions, seminars, and workshops for appropriate usage of cost-friendly cuts for a greater variety of beef cuts and grades and increase consumer exposure to the attributes of high-quality product.
Foodservice Opportunities	<ul style="list-style-type: none"> • The HRI sector in Georgia, Kazakhstan, Uzbekistan, and Azerbaijan is rapidly developing, presenting viable opportunities for U.S. beef and veal. • Expatriate populations working for oil and gas companies throughout the region, as well as traders, businessmen and tourists, are willing to spend more on quality dining experiences and respond well to familiar cuisines. This creates demand for high-end foodservice outlets representing a number of cuisines, including Western influences well-suited for U.S. beef. • Domestic beef is generally lean, and not well-suited for Western-style cuisines like BBQ. • Tourist traffic to ski and seaside resorts in Ukraine and Georgia as well as holy destinations in places like Uzbekistan present opportunities for foodservice outlets catering to the demand for halal meats. • Foodservice outlets are demonstrating strong interest in U.S. beef alternative cuts (such as short plate, brisket, top blade, etc.) as a price conscious option for high-quality material. • Since September 1, 2017, chilled beef and BVM in Uzbekistan has had zero customs duties, presenting a key opportunity for export growth. • Russian marketing efforts for domestic, marbled beef have driven consumer awareness for high-quality beef and its attributes. This has encouraged higher consumption of high-quality beef both at foodservice and retail as it cultivates beef usage traditions and improves perception of the protein. Russia’s experience with its domestic marbled beef feeds into the regional markets as well. • Russian consumers have adjusted to the high price of domestic beef in the closed market, allowing for a new trend of high-end burger outlets. • The coronavirus pandemic has had a major impact on foodservice sales throughout 2020 with restaurants closed or at limited capacity for dine-in meals, increasing opportunities for take-out and home-delivery channels.
<i>Strategic Objective</i>	Engage more restaurants to try U.S. beef chilled product and alternative cuts by positioning alternative cuts as high-quality, low-cost options for high-end or

	family-style dining options and catering services, and train chefs and decision makers on the advantages of U.S. beef over domestic supplies, emphasizing quality and consistency as key traits of U.S. product.
<i>Tactical Response</i>	Train chefs on proper cooking techniques (e.g. not to overcook), and how to differentiate high quality, marbled U.S. beef from competing product. Explain the advantages of U.S. beef over product from Uruguay, Argentina, Australia, and in some cases, over domestic beef, and promote American BBQ as an ideal and trendy venue for high quality U.S. beef. Partner with key foodservice outlets to relaunch U.S. beef into high-end HRI as COVID-19 restrictions ease.

Other Key Initiatives

- Advise and support regional distributors on the best ways to market high quality U.S. beef.
- Maintain long-term relationships and regular contact in Russia to regain share when the market reopens by quickly restoring buyer knowledge and confidence.
- Increase visibility for U.S. beef by attending world renowned and popular trade shows and culinary expositions such as Bocuse d’Or.
- Conduct workshops in newer markets in the region on fabrication, cutting, portion control, and the best methods of cooking both popular and secondary U.S. beef cuts.
- Demonstrate to chefs and distributors that U.S. beef cuts like shoulder clod, chuck roll, and top sirloin butt can be effectively used in foodservice and in-home settings due to the high marbling and optimal quality-price ratio.
- Educate larger processors on how U.S. beef can meet their needs, gather market intelligence on what attributes are most important (such as leanness and better packaging), and continue to build a strong U.S. reputation with these processing companies.
- Educate consumers on the unique attributes of U.S. beef to assist in building demand at HRI and retail.
- Continue to focus on new opportunities, including increased alternative cut usage, growth in chilled beef at retail, and online meat shops.
- Monitor the development of domestic beef production specifically targeting higher-end segments in order to adjust U.S. beef strategies accordingly.
- Penetrate the e-commerce sector with high quality U.S. beef as consistency in the e-commerce market is highly valued.

Market Access / Noteworthy Issues include a) Russia’s political sanctions on U.S. red meat imports; b) The Russian and Eurasian Economic Union (EAEU) zero tolerance policy on the presence of beta-agonists in beef and pork and resulting ban on U.S. beef; c) The Russian and EAEU zero tolerance policy on the presence of synthetic hormones in beef; d) Russia’s longstanding TSE-related restrictions on imports of U.S. beef and ban on lamb; e) Russia’s zero tolerance policy on the presence of certain pathogens (e.g., Salmonella) and tetracycline; h) other regional countries’ attempts to harmonize standards in line with either the EU or EAEU, both of which include growth promotant bans and other increased veterinary restrictions (i.e. may threaten access in Kazakhstan, which currently maintains its own approved plant list); and i) lack of clarity regarding the Russia/EAEU establishment approval process, currently affecting countries that are not impacted by the sanctions, such as Belarus.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 79% of targeted trade accounts that understand U.S. beef's quality attributes based on information provided by USMEF.
- 79% of targeted trade accounts that understand how to properly handle U.S. beef.
- 80% of targeted HRI outlets/restaurant chains that regularly stock U.S. beef.
- 80% of targeted retail outlets that identify the origin of U.S. beef.
- 60% of targeted retail outlets that actively promote U.S. beef and its origin.

CBB/BPOC Funding Request: \$118,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-G: Europe

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

In August of 2019, the U.S. gained a significant win in the European market with the signing of the agreement reached between the EU and the U.S. which grants the United States a U.S.-only share of the European Union's 45,000 mt duty-free, high-quality beef quota (HQB). The agreement establishes a U.S. share of the quota starting at 18,500 mt in the first year, and expanding to 35,000 mt over 7 years, with projected value of EU imports of U.S. beef to increase from \$150 million to an estimated \$420 million when fully implemented. However, because U.S. beef is traditionally reliant on high-end foodservice and tourism-related sales, 2020's COVID-19 related impacts on demand significantly hampered U.S. suppliers from capitalizing on improved access granted in the previous year. With opportunities for U.S. beef promotions at foodservice limited, USMEF increased focus on supplementing demand through retail and ecommerce activities, which were increasingly relied upon by consumers in response to the lockdown of the HRI sector. In addition, retail outlets in 2nd and 3rd tier markets such as Bulgaria and Romania offered opportunities to market underutilized alternative cuts, which balances demand from high-end middle meat cuts from imports of full sets. With the U.K. officially no longer a member of the European Union as of the end of 2020, Uncertainty regarding the level of access that will be granted to U.S. beef in the event of an anticipated U.S. – U.K. FTA remain, and will be watched closely as negotiations potentially move forward. The trade conditions between the UK and the EU will significantly influence the market for red meat across Europe. Furthermore, misconceptions throughout Europe about American agricultural practices, driven in large part by European policy, represent barriers in the market that contribute to consumers not feeling confident about choosing U.S. red meat.

	EU-27	United Kingdom
Per Capita Beef Consumption	15.5 kg**	
Total Beef Imports (not including variety meat) – all sources	259,629 mt	291,382 mt
Total Beef Variety Meat (BVM) Imports – all sources	13,248 mt	16,913 mt
U.S. Share of Total Beef/BVM Import Market	5%	<1%
Other Beef/BVM Suppliers & Market Shares	UK 37%	Ireland 71%
	Brazil 24%	Poland 6%
	Argentina 16%	Brazil 6%
Domestic Self-Sufficiency	100%**	
U.S. Beef Exports (not including variety meat) *	12,877 mt	23 mt
U.S. Beef Variety Meat (BVM) Exports *	14 mt	0 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	1%	<1%
Customers for U.S. Beef Imports	Processing 0%	
	HRI 70%	

	Retail 30%	
Top Imported U.S. Beef Cuts: Full Sets		
Top Imported U.S. BVM Items:		

2020 import and market share data is based on import data of EU-27 and the United Kingdom (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. * Historical discrepancy between EU import data and U.S. export data. ** Consumption and domestic self-sufficiency data is combined for EU27 and UK. Currently, FAS is not yet breaking out consumption and self-sufficiency data for each category.

MARKET STRATEGY:

Build demand for U.S. beef in Europe by educating targeted buyers on the potential profitability and enhanced culinary experience available from both traditional and underutilized cuts of U.S. beef, and expand targeted reach to include lesser developed markets such as the Baltic States, Slovakia, Romania, Bulgaria, Hungary, Poland, and the Czech Republic. Defend key higher-volume and value markets such as the Netherlands, Italy, UK and Germany. Support growing distribution channels for U.S. beef such as ecommerce. Continue to educate consumers on the safety and sustainability of science-based U.S. agricultural practices to build consumer confidence. Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening.

Premium Products	<ul style="list-style-type: none"> • There is growing demand for high-quality (and high-priced) beef in niche segments, and while consumers may reduce the frequency of purchasing premium foods, they spend more as they seek the best quality in high-end restaurants and specialty shops. • Some wealthy populations, such as consumers in Sweden and Germany, choose imported product for quality and general “uniqueness” factor. • Among the trade and many top chefs, U.S. beef is considered superior, with quality standards above other beef; however, buyers lack knowledge about non-traditional alternative cuts that could help offset the high prices of U.S. beef. • As importers generally purchase full sets (16-22 cuts), they sometimes face difficulty in marketing some of the lesser-known cuts.
<i>Strategic Objective</i>	Build distribution links for U.S. beef and educate distributors/chefs on the availability of and culinary uses for quality alternative beef cuts that are more affordable and improve margins.
<i>Tactical Response</i>	Identify growth opportunities for specific cuts by responding to trader needs, provide specialized training on a wide range of U.S. beef items, conduct cost-effective joint activities with distributors, and work with the trade, press and social media influencers to raise awareness and provide options with various cuts and cooking styles. Continue engaging the retail sector while focusing on second and third tier countries to develop demand for alternative cuts.
High-end Restaurants	<ul style="list-style-type: none"> • While restaurants were heavily impacted by COVID-19 related restrictions, relatively high vaccination rates in many European countries provide optimism for a foodservice rebound. • U.S. beef is facing pressure from shipments of cheaper grain-fed beef from Australia, Uruguay and Argentina under the duty-free quota. • In certain countries, strong national/regional promotional campaigns marketing European beef are increasingly becoming a growing threat.

	<ul style="list-style-type: none"> • Despite intensified competition, higher-end restaurants represent a fantastic niche for quality U.S. beef as they tend to focus more on image, high margins and service, rather than on turning large volumes. • In some parts of the EU, there is a trend to eat less, but eat higher quality. Some restaurants are using techniques like dry-aging to add value and differentiate their menus; however European chefs, restaurant managers, and consumers often state a preference for local beef, although inconsistent quality in domestic production is a well-recognized issue. • Gourmet burger outlets are also growing in popularity, presenting a strong opportunity for the growth of chuck rolls and underutilized cuts, although cut education is key. • Developing EU markets, such as Poland, Bulgaria, Hungary, Czech Republic, Romania and the Baltic states, which have economies that are growing at a faster pace than many developed European markets, are discovering U.S. beef, presenting a further growth opportunity, especially for budget-friendly, alternative cuts.
<i>Strategic Objective</i>	Continue to engage top HRI buyers in various markets to U.S. beef, focusing on a range of cuts that offer value, versatility, and the characteristic marbling found in U.S. beef. With additional TRQ capacity, put focus on new markets where U.S. beef presence is still nominal. Support an HRI relaunch of U.S. beef as the foodservice sector reopens.
<i>Tactical Response</i>	Implement chef training to educate influencers that can impact consumer purchasing decisions and expand demand for not only traditional U.S. beef cuts, but also alternative cuts with joint educational initiatives for chefs and other HRI professionals with U.S. beef distributors.
Retail Differentiation	<ul style="list-style-type: none"> • U.S. beef has a presence in niche ecommerce in established markets such as Germany. • Although constrained by lower price points and margins, most retailers (including discounters) are nonetheless offering premium products to differentiate themselves and attract wealthier consumers. • Beyond specialty shops, more supermarkets are interested in having U.S. beef on their shelves, and cash & carry retailers are open to including alternative beef cuts to reach a wider range of customers. • Ecommerce is a growing distribution channel for premium food and meat items, especially while COVID-19 concerns and regulations remain.
<i>Strategic Objective</i>	Build awareness among retailers and their customers about the attributes of high-quality U.S. beef and how different cuts can be utilized.
<i>Tactical Response</i>	Conduct educational and promotional events in coordination with retailers to raise awareness of U.S. beef and the varied culinary uses. Support participation of U.S. beef importers in specialized retail shows across the region. Encourage further processing (portion control) as a way to get new retail customers. Provide consumers with comprehensive educational resources, both at the point of sale as well as through social media.

Other Key Initiatives

- Engage consumers directly through activities that leverage high-profile culinary influencers, digital marketing campaigns and point of sale activities to educate consumers on the high-quality attributes of U.S. beef as well as the safety and sustainability of U.S. agriculture.
- Focus on educating buyers in primary markets of Germany, Italy and the UK; secondary markets of France, Netherlands, Finland, Spain, Sweden and Poland; third-tier markets of Romania, Bulgaria, Latvia, Slovakia, Hungary, and Czech Republic; and continue to work in markets where importers are not very active as a means of opportunity for growth.
- Partner with importers to promote U.S. beef ecommerce offerings through the partner's own social media channels.
- Identify new markets, niches and trends to further build demand for high-quality U.S. beef.
- Conduct enhanced trade servicing and training and gather market intelligence to better understand the needs of local stakeholders, including segments that interact directly with end-consumers.
- Demonstrate to the EU market the United States' commitment to maintaining relationships.
- Increase the visibility of U.S. beef through placement on widely viewed grilling and cooking shows as well as customer facing U.S. beef branding on partners' delivery fleets and billboards.
- Raise the image of U.S. beef by showcasing quality cuts at high profile events in collaboration with FAS.
- Continue to maintain online social media activities on Facebook, YouTube and Twitter to educate traders, chefs, buyers, and consumers about U.S. beef.

Market Access / Noteworthy Issues include a) Restrictions on the use of most pathogen reduction treatments (PRTs) that are used in the U.S.; b) Ban on the use of beta-agonists and hormones in red meat production; c) pending legislation that may limit antimicrobial use practices as currently allowed under the U.S. system and require costly certification; d) High tariffs and relatively small tariff rate quotas and added uncertainty due to Brexit and proposed TRQ apportionment; e) Possible future extension of restrictive measures regarding antimicrobial use, animal welfare, sustainability, cloned animals, and other production practices to imports; and f) No access to Bosnia and Herzegovina, Turkey, Montenegro, Moldova, or Macedonia.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 100% of targeted distributors that are consistent year-round purchasers of U.S. beef.
- 55% of targeted distributors that are purchasing muscle cuts other than traditional loin steak cuts.
- 100% of newly targeted distributors that make trial purchases of U.S. beef.
- 73% of newly targeted retailers that make trial purchases of U.S. beef.
- 53% of targeted retailers that regularly offer U.S. beef to their customers.

CBB/BPOC Funding Request: \$398,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-H: Japan

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

2020 exports of U.S. beef plus variety meats to Japan declined 2 percent in volume to 306,140 mt valued at \$1.943 billion. U.S. beef continues to benefit from a level playing field and reduced tariffs through the U.S.-Japan Trade Agreement, which was implemented on January 1, 2020, along with the expanded access for over-thirty-month product, effective from late May 2019. The U.S. regained substantial market share in 2020, going from 40.5 percent share of total imported beef to 44 percent while imports of beef from Australia and Canada declined. The U.S. once again surpassed Australia as the top supplier of beef to Japan in 2020, even maintaining dominance in chilled beef supply. Although Japan's imports of chilled U.S. beef declined slightly in 2020, U.S. market share increased from 46 percent in 2019 to 48 percent in 2020.

Japan continues to see record levels of COVID-19 cases despite vaccination availability. Vaccine rates remain slow and consumers are unmotivated as government rollouts have been inefficient and confusing. Restaurants and the foodservice sector are still at risk with shortened operation times, and frequently changing regulations specific to each prefecture. Pubs and beer gardens continue to be hit the hardest although quick-serve locations have performed well as consumers seek convenience. Retail and supermarket sales, although down slightly from 2020 as consumers have largely stopped panic buying, are still performing well. Ecommerce for groceries has not been a popular option in Japan as most consumers prefer to purchase food items directly and supermarket outlets are often in close proximity. Consumers continue to turn towards social media to connect with peers during shutdown initiatives. The 2020 Tokyo Olympics were postponed to 2021, although international spectators will not be allowed at the event due to public concerns over coronavirus.

Per Capita Beef Consumption	10.3 kg
Total Beef Imports (not including variety meat) – all sources	609,292 mt
Total Beef Variety Meat (BVM) Imports – all sources	77,444 mt
U.S. Share of Total Beef/BVM Import Market	44%
Other Beef/BVM Suppliers & Market Shares	Australia 45%
	Canada 6.5%
	New Zealand 3.5%
Domestic Self Sufficiency	37%
U.S. Beef Exports (not including variety meat)	259,412 mt
U.S. Beef Variety Meat (BVM) Exports	46,728 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	24.5%
Customers for U.S. Beef Imports	Processing
	HRI
	5%
	45%

Retail	50%
Top Imported U.S. Beef Cuts: short plate, rib cap plate, upper plate, chuck eye roll, shoulder clod, chuck flap tail, rib finger, plate finger, middle meats, boneless short rib, chuck short rib	
Top Imported U.S. BVM Items: tongue, outside skirt, hanging tender, large and small intestine	

2020 import and market share data is based on import data of Japan (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

a) Highlight the quality and marbling attributes of U.S. beef to increase the volume of both popular and underutilized cuts; b) Displace the competition through expansion of U.S. beef as a substitute for Japanese and other imported beef; c) Identify new food and retail trends and target accounts to develop growing, untapped segments by conveying the safety, quality, and versatility of U.S. beef; d) Support new and existing U.S. beef buyers with promotional campaigns, product development, trainings, etc. to offset obstacles created by COVID-19.

<p>Supermarket Retail Trends & Buyer Preferences</p>	<ul style="list-style-type: none"> • Supermarkets remain the largest retail format in Japan in terms of value sales. Prior to COVID-19, pressure from convenience stores and ecommerce formats resulted in declining supermarket sales in 2018 and 2019. However, sales rebounded in 2020 as consumers began seeking bulk-buying options in response to COVID-19. • According to the 2021 Supermarket White Paper, supermarket sales in 2020 increased 6.3%, marking the largest increase since the survey started in 2012. Meat sales showed the largest increase among perishable food products, up 8.4% from 2019 levels. • Competition among diverse retail formats including supermarkets, mini-supermarkets, convenience stores, and ecommerce platforms is driving a need for retailers to differentiate. • Use of branding is becoming more important to differentiate product in retail outlets. U.S. “Black Angus” items are growing in popularity on retail store shelves as consumers start to recognize cattle breeds. U.S. “Angus” is a well-known symbol for quality in Japan. • Regional and local retail stores experienced increased foot traffic among consumers seeking less crowded shopping venues in close proximity amid COVID-19. • Regional retail chains tend to carry competitor product, while national retail chains are supplied by larger global beef producers such as the U.S. and Australia. • Regional retail chains are a key channel to expand U.S. beef sales while displacing competitor product. USMEF is now working with CGC, a retail cooperative with over 4,000 outlets, to bring U.S. beef to more retail shelves. • Beef consumption in Japan, both at home and in foodservice, is increasing rapidly as consumers find it tastier and more convenient to
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	<p>prepare than traditional proteins. However, per capita beef consumption remains below pre-BSE levels.</p> <ul style="list-style-type: none"> • Consumer interest in Prime grade product for at-home consumption is growing. Retail chains like Costco are requesting Prime-only promotions to capture consumer attention. • Japanese retail traditionally carries thin-sliced beef ideal for shabu shabu, yakiniku, hot pot, etc. Retailers benefit from thick-cut concepts and prepacked products to reduce in-house labor costs and move more volume. Consumer education is key. • Consumers are creating their own BBQ at public parks. U.S. beef thick-cut products available at supermarkets are ideal for grilling and are part of USMEF's "Urban BBQ" campaign. • Ground beef is not a typical shelf item in Japan's retail sector; however, consumers are showing increased interest in finding ways to make gourmet burgers at home using U.S. beef cuts. • Roast beef and beef-centric sandwich options are growing in popularity as an easy to assemble, quick-bite that still offers quality and variety. • An increasing number of women entering the workforce, rising number of single-person households, and the aging population are driving demand for convenience products with consumers. Supermarkets or hypermarkets looking to cater to the convenience-driven consumer are introducing premade meal kits to retail shelves. Kits featuring Japanese cuisines like yakiniku and hot pot are prime opportunities for U.S. beef variety meats, such as beef intestine, to gain traction in the retail sector. "Sugomori", or stay at home food demand, is driving purchases of frozen food, HRM, and pre-marinated products.
Strategic Objective	Expand U.S. beef's presence to more regional retail chains, targeting competitor-supplied outlets. Work with national and regional retailers to establish U.S. branded beef to differentiate from the competition and demonstrate culinary applications of thick cuts to consumers to move more product.
Tactical Response	Identify and target regional chains under-served by U.S. beef. Develop company-specific strategies for target accounts, align U.S. beef brand suppliers and interested retailers to enhance U.S. beef's image, and provide exceptional promotional support to develop demand and displace the competition. Push thick-cut concepts at the retail level with frequent retail staff trainings and consumer-oriented POS material, while also providing proper training and merchandising information for traditional thinly sliced items.
Convenience-Driven Retail: Convenience	<ul style="list-style-type: none"> • Pre-COVID, convenience stores were one of the fastest growing retail categories in Japan, with about 57,000 outlets serving 46 million customer visits per day. Many CVS outlets are concentrated around

<p>Stores (CVS) & Ecommerce</p>	<p>Tokyo, capitalizing on commuting workers stopping in for impulse buys and quick stops.</p> <ul style="list-style-type: none"> • Due to labor shortages, many CVS outlets are no longer open 24 hours. • 92% of CVS market share is covered by the top three market leaders: 7/11, FamilyMart, and Lawson. • Convenience stores did not perform well in 2020 as consumers shifted to bulk buying from supermarkets, and a government-declared state of emergency led to an increase in work-from-home arrangements that slowed foot traffic in Tokyo. CVS chain 7-Eleven fared better than many of its competitors due to its diverse locations in suburban and even rural areas. Expansion into more suburban areas will become a leading strategy for the CVS sector, as well as expanding shelf space to more fresh items to meet the needs of families. • Although the impacts of COVID-19 on the CVS sector reduced consumer foot traffic, purchase sizes increased as consumers stocked up on frozen and HMR products at CVS rather than at crowded supermarkets. Lunch box and bento takeout options also continued to do well. • Quality upgrades of bento boxes may open additional opportunities for U.S. beef as a raw material for those fresh-made products offered at CVS. However, CVS chains do not often identify country of origin on these products. • According to the Ministry of Economy, Trade and Industry of Japan, the ecommerce sector has been growing each year reaching nearly 190 billion USD in 2019. Currently, Amazon is the leading ecommerce brand. • Grocery saw rapid growth in online spending last year, with the annual value of category transactions increasing by more than 30 percent in 2020. However, the largest challenge to ecommerce food and drinks sales in Japan is lack of infrastructure for timely delivery and limited inventory abilities. • Many consumers remain reluctant to purchase fresh foods via ecommerce channels as the preference to grocery shop in person for the best quality remains strong. However, retailers are investing heavily in online platforms.
<p>Strategic Objective</p>	<p>Further penetrate the “convenience” sector by identifying areas for U.S. beef growth in processed or portion-controlled items including bento boxes and fresh takeout items. Align suppliers and ecommerce channels for further ecommerce grocery development, and work with current retail partners expanding in this sector to identify sector needs.</p>
<p>Tactical Response</p>	<p>Build new relationships with targeted ecommerce platforms and other convenience-driven retailers and establish a new set of targeted key accounts among these operators. Support new and existing users of U.S.</p>

	<p>beef with additional support for product development and promotion including free delivery promotions to keep U.S. product top of mind for consumers. Collaborate with CVS chains, HMR processors and their suppliers to develop new items using a variety of U.S. beef cuts.</p>
<p>Foodservice Recovery & Trends Favor Beef</p>	<ul style="list-style-type: none"> • COVID-19 increased demand for takeout menus, drive-thru business and delivery options. Fast food and quick-serve restaurants performed the best in 2020 and continue to demonstrate the strongest sales. • Beef bowl chains, a ubiquitous Japanese “fast food” concept, utilize substantial volumes of U.S. short plate. • Demand for convenience has altered foodservice menus. Yoshinoya, a major beef bowl chain in Japan, evolved their menu in early 2020 to incorporate take out in response to COVID-19. Competitors like Matsuya and Sukiya also followed suit. Some of these large beef bowl chains, which are heavy U.S. beef users, are experimenting with canned beef bowl or HMR options as well that consumers can keep on hand. • Izakaya outlets have been hit the hardest during COVID-19 shutdowns as early closures and even the potential for alcohol restrictions have limited foot traffic. • Yakiniku restaurants have become increasingly popular, as their image of a well-ventilated space appeals to consumers. Yakiniku uses a significant amount of U.S. beef tongue, outside skirt, hanging tender, short plate, abomasum, liver, trimmings, large intestine, and even some OTM product. • Restaurant chains are expanding into the yakiniku sector. For example, Watami converted 120 izakaya outlets to yakiniku restaurants to capitalize on growing demand for yakiniku. • Yakiniku chains are getting creative to differentiate. Single-person yakiniku is a new restaurant trend with potential to move large volumes as diners are limited to 25 minutes per table, while each table sees approximately 18-25 rotations per day. Yakiniku chains are even launching yakiniku breakfast menus. • Gourmet burgers are a growing trend in Japan as consumers seek takeout-friendly menus. Beef sandwiches, which preserve well in takeout boxes, are also becoming a popular menu item with fast-casual outlets. Consumers prefer bento-style takeout, and U.S. beef sandwiches can be added to these options. • Despite the ongoing recovery of the foodservice sector, high-end steakhouse chains like Peter Luger are still expanding in Japan. The “niku boom” or preference for red meat, continues in Japan and is driven by consumer demand for health and flavor. • The casual steakhouse concept in Japan has become so competitive in recent years that foodservice operators are differentiating with premium or branded product. Competition among steakhouses has forced some chains to close outlets, while other brands have diversified to specifically enter the steakhouse sector.

	<ul style="list-style-type: none"> • Increases in operational kitchen expenses are driving many foodservice managers to search for ways to minimize in-house cuts with more portion control, thick-cuts or further processed product. • Due to high demand for short plate, restaurant operators need training on other cost-effective options like top blade, chuck flap, teres major, brisket skirt. • The hotel and catering sector typically has shown high demand for OTM tenderloin and ribeye. Mountain chain tripe is also a popular OTM variety meat. Opportunities for these products are expected to increase as tourism rebounds.
Strategic Objective	Continue to present U.S. beef as a high-quality, consistent menu item to a full range of foodservice operators including fast-casual outlets and high-end steakhouses or yakiniku chains. Introduce U.S. beef alternative cuts and OTM products to foodservice operators seeking additional raw material options. Demonstrate strong U.S. beef support for the HRI industry as the foodservice sector continues to undergo rebound efforts.
Tactical Response	Offer hands-on culinary trainings and cutting demonstrations to a wide variety of foodservice operators interested in a range of U.S. beef cuts appropriate for fast-casual menus to even high-end steak items. Work with foodservice partners directly to develop new menu ideas, and offer tailored assistance implementing promotions including free delivery. Identify opportunities for a diversified and expanded purchasing portfolio from foodservice operators in need of raw material options.
Digital Marketing	<ul style="list-style-type: none"> • Roughly three-quarters of Japan’s total population uses social media, with user figures reaching almost 94 million by the start of 2021. In 2020, an additional 4 million consumers joined social media networks in Japan. • Social media trends are expanding beyond just millennials as consumers seek a sense of community, communication, and even resources from social media channels. Line is a very popular and user-friendly app. Consumers of all ages use this free messaging mobile app to talk with friends, play games, send money, shop, etc. • COVID-19 has pushed many consumers to engage in hobbies or skill-building exercises with online platforms, including online cooking classes. • Consumers are increasingly and constantly integrating blogs and social media into their personal lives. Bloggers and social media “leaders” present strong advertising opportunities as Japanese consumers are more likely to trust local, recognized “celebrities”. • Social media outlets such as Instagram and YouTube can be used to share real life stories from U.S. producers to dissolve the misperception that U.S. beef is “factory farmed”. • Consumers look for “Instagenic” food that is interesting and visually appealing, so they can post to popular social media sites. This presents an opportunity for consumer-generated marketing content which requires little to no investment and is well-trusted by followers.

	<ul style="list-style-type: none"> • COVID-19 has pushed the rapid growth of livestreaming as a way for consumers, bloggers, and retailers to interact, engage, shop, learn, etc. However, this is not yet a popular trend with food items.
Strategic Objective	Build U.S. beef's image on diverse social media platforms as a healthy, high-quality, and delicious center-of-the-plate option. Use social media to reach consumers to keep U.S. beef top of mind and build familiarity and trust.
Tactical Response	Develop U.S. beef's presence on diversified social media channels or online platforms to reach a wide variety of consumers. Leverage the expansion of social media in Japan by linking traditional promotions and activities to customized shopping sites and utilize recognizable social media leaders with a strong following to effectively expand the reach of the U.S. beef message. Create digital content for consumer education or to highlight U.S. beef partners, like key restaurants.

Other Key Initiatives

- Utilize cross-branding strategies to bring attention to U.S. beef and develop a trustworthy reputation.
- Continue to develop U.S. beef's image as a "family-farmed" product with producer videos and real-life interviews with actual U.S. producers to be used at tradeshow, retail events, and shared across social media.
- Partner with renowned magazines and newspapers targeting Japanese seniors to generate demand for U.S. beef and use these media sources to build confidence from certified nutritionists promoting U.S. beef.
- Position the U.S. beef industry as a community-oriented and supportive to the Japanese market during COVID-19 by identifying opportunities to work with food banks, children's centers, schools, etc. for charitable programming.
- Emphasize the health and nutritional benefits of U.S. beef in a balanced, high-protein diet, using the hype of the Olympics to reach health-conscious and fitness-focused consumers.
- Monitor the presence and evolution of plant-based meats that are appearing in more foodservice and retail outlets as consumer interest in environment and sustainability grows.
- Create a network of "Master Chefs" from hand-selected culinary school instructors to promote the quality and diversity of U.S. beef to consumers and other culinary professionals, sometimes bringing these events to virtual platforms as needed.
- Provide new cooking, merchandising, and menuing guidance to retailers and foodservice operators on new-to-market items.
- Through Instagram and Facebook, educate positive attributes of U.S. beef for men who are the primary cooks in the household.

Market Access / Noteworthy Issues include a) annual safeguard mechanism on beef imports that would increase the duty on U.S. beef products to 38.5%, if triggered; and b) still relatively isolated but growing concerns among the general public about U.S. production practices including use of growth hormones, sustainability, and environmental issues.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 88% of targeted importers and distributors in Japan will report that they are confident in the safety of U.S. beef.
- 88% of targeted importers and distributors in Japan will report that they are confident in the reliable supply of U.S. beef.
- 83% of targeted importers and distributors in Japan consistently purchase two or more U.S. beef alternative cuts.
- 83% of targeted HRI and retail accounts consistently feature two or more U.S. beef cuts.
- 66% of targeted HRI and retail accounts will add additional U.S. beef items on the menu or to the meat case.
- 50% of targeted bento and convenience stores will offer menu items featuring U.S. beef.
- 31% of targeted consumers will report that they are confident in the safety of U.S. beef.
- 34% of targeted consumers will report that they purchased U.S. beef within the last two weeks.

CBB/BPOC Funding Request: \$3,433,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-I: South Korea

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

Coming off a record large year in 2019, exports of U.S. beef and variety meat slowed in 2020 (-4 percent to 246,231 mt), with value also dropping to \$1.721 billion as supply chain issues challenged shipments in 2020. Despite the drop in exports, Korea remains the second largest export destination for U.S. product following Japan. Import data from South Korea shows an increase in imports of U.S. beef and variety meat in 2020, with U.S. product responsible for nearly 53 percent market share of Korea's total beef imports (up from 51.5% in 2019) while Australia's market share continued to decline from 41 percent in 2019 to 39.5 percent in 2020.

Korea's global imports of chilled beef in 2020 increased nearly 12 percent, growing from 88,100 mt in 2019 to 98,567 mt in 2020. The U.S. continued to dominate chilled beef market share as imports of U.S. product increased 14.5 percent to 62,826 mt, setting a new record in 2020. U.S. market share increased from 62 percent to 64 percent. While only 20.5 percent of Korea's beef imports were of chilled product, demand remained strong from the Korean retail sector, where consumer confidence in the quality and safety of U.S. beef continued to gain momentum amid a boom in red meat consumption. Korea has the highest per capita consumption of U.S. beef, reaching 4.7 kg in 2020 (in product weight).

Like the rest of the world, Korea has experienced sporadic recovery with Coronavirus in 2020 and into 2021 with social distancing measures implemented and removed regularly. During the height of social distancing, Koreans took advantage of well-established e-commerce and delivery services. Schools and other public venues closed at the peak of the pandemic. The foodservice sector was hard-hit by social distancing restrictions, impacting demand for U.S. beef short ribs that are often used in full-service sit-down galbi restaurants. "Revenge spending" and domestic tourism continue to trend when social distancing regulations are lifted as Korean consumers demonstrate an eagerness to dine out again. COVID-19 vaccinations have been available in Korea since Q1 2021, although vaccination efforts have remained slow.

Per Capita Beef Consumption	16.1 kg
Total Beef Imports (not including variety meat) – all sources	444,452 mt
Total Beef Variety Meat (BVM) Imports – all sources	37,326 mt
U.S. Share of Total Beef/BVM Import Market	53%
Other Beef/BVM Suppliers & Market Shares	Australia 39.5%
	New Zealand 4%
	Mexico 1.5%
Domestic Self Sufficiency	35%
U.S. Beef Exports (not including variety meat)	235,796 mt
U.S. Beef Variety Meat (BVM) Exports	10,435 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	19.5%

Customers for U.S. Beef Imports	Processing	10%
	HRI	55%
	Retail	35%
Top Imported U.S. Beef Cuts: chuck roll, chuck eye roll, top blade, chuck flap tail, outside skirt, hanging tender, short rib, chuck short rib, rib finger clod, brisket, short plate, clod, back rib		
Top Imported U.S. BVM: femur bone, large intestine, tendon, feet, abomasum		

2020 import and market share data is based on import data of Korea (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

a) Expand U.S. beef market share by educating buyers about the quality, profitability and versatility of high-quality U.S. beef, especially chilled beef, and focus on providing information across all sectors about U.S. industry safeguards to ensure a safe and consistent supply; b) Identify opportunities for U.S. beef in an evolving retail landscape, with a heavy focus on ecommerce channels; c) Focus growth on emerging foodservice trends, capitalizing on the superior quality and cost effectiveness of using U.S. beef to displace competitor product; d) Support U.S. beef buyers impacted by COVID-19 and help these partners adapt to the changed purchasing/business landscape.

<p>Growing Imported Beef Consumption & Changing Consumer Tastes</p>	<ul style="list-style-type: none"> • Korea’s beef imports have set a new record each year since 2016, reflective of growing demand and limited domestic production. The U.S. continues to grow market share of imported product while Australia’s supplies dwindle. • Decreasing tariffs on U.S. product due to KORUS-FTA is increasing U.S. imports and consumption by making imported U.S. beef more affordable. U.S. beef will remain at a duty advantage until 2028-2029 when main competitors such as Australia, Canada, and New Zealand also reach a 0% duty. U.S export growth through 2028 will be key to long-term success in Korea. • Chilled beef demand is growing among all sectors. In 2017, the U.S. surpassed Australia as the leading supplier of chilled beef to Korea with 55% market share and has shown continued growth to 64% in 2020. • Following trends in Japan, consumption of red meat is growing in Korea as there is a greater variety of culinary concepts and product availability to meet diverse market needs. • Consumers in Korea find small luxury when eating premium or high-quality foods as living/real estate costs skyrocket in Seoul. Consumers are also demanding more personalized, individualized goods and services as attitudes shift towards <ul style="list-style-type: none"> • “me-conomy”. Coronavirus has spurred a movement of “revenge spending”, where consumers treat themselves following months of social distancing and uncertainty. • Consumers are increasingly interested in personal health and nutrition, focusing more on fresh foods. COVID-19 pandemic reinforced the trend that high quality protein is essential for health
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	<p>and immunity. Retailers and ecommerce operators are responding by launching specific “fresh” product lines.</p> <ul style="list-style-type: none"> • Korean consumers are showing increased interest in topics of environmental sustainability and animal welfare, especially among millennials and generation Z. Temporary economic setbacks might shift consumer priorities away from purchasing for sustainability in the short-term as consumers focus on safety.
Strategic Objective	<p>Capitalize on growing consumer interest in beef and the benefits of the KORUS agreement to build stronger demand for high-quality grain-fed U.S. product. Gain maximum market share by developing new demand and displacing competitor product.</p>
Tactical Response	<p>Continue to connect a broad group of importers/distributors and end consumers to U.S. beef suppliers through various trade sector activities that highlight the safety, quality, and taste of U.S. beef. Demonstrate that U.S. beef is an ideal product to meet growing consumer demands for quality with chilled, frozen, and high-end or branded products. Strategically bring U.S. beef into the conversation about sustainability and animal welfare, using keynote speakers, influencers, and science to educate consumers.</p>
<p>Convenience-Driven Consumers & Processed Product</p>	<ul style="list-style-type: none"> • Single-member households accounted for 39.2% of all families in Korea in 2020, more than any other household type. These consumers typically seek small, packaged goods and convenient meal options. • Consumers tend to have limited storage space. Single package items are in high demand and some delivery platforms, like Baemin, offer low-volume single-service delivery for consumers who wish to order low quantities. • Convenience-driven consumers are appreciating the ease of chilled meat that does not need to be defrosted. Marinated meat is also trending. • Meal kit demand is increasing rapidly. The market size for meal kits is expected to grow to over \$600 million by 2024. • SSG.com, an online shopping venture between Shinsegae and Emart, is selling over 240 meal kit options on its site. Sales January-July 2020 were up 450% from 2019 levels. Frozen meal kits perform particularly well on ecommerce channels. • Home meal replacement products are popular with both single-person households and families for both chilled and frozen items. Consumers appreciate variety and diversity in HMR lines to suit differing tastes. • Opportunities exist to tap into the ever-growing senior sector as well. Consumers 60 & over account for 24% of the population. • Quality standards of HMR product have grown tremendously, creating opportunities for high-quality beef to be used as a raw material and for products to differentiate with “Prime”, “dry-aged”, and other keywords that consumers prefer. Steak HMR products

	<p>are particularly popular as consumers shift from dining out to dining at home.</p> <ul style="list-style-type: none"> • Catering companies traditionally had focused on large scale meal provisions are investing in the HMR and online shopping trend to capture growing demand. • Upgrading the HMR experience, restaurants are partnering with processors to create branded lines of restaurant-meal-replacement, or RMR, items that appeal to customers' familiarity with certain chains and brand names. These items can be found in-store and online. • A sharp increase in minimum wage requirements since 2017 has forced many businesses to reduce in-house labor costs via reductions in employee numbers or reduced working hours. In general, many business operators are seeking opportunities to reduce the workforce via further processed product. Retailers are seeking more case-ready product for labor savings.
<p><i>Strategic Objective</i></p>	<p>Identify opportunities with retailers, both on and offline, and foodservice operators to develop and introduce more processed beef products such as pre-marinated, pre-sliced, etc. to meet rapid growth in single-person households and satisfy demands from convenience-seeking families.</p>
<p><i>Tactical Response</i></p>	<p>Connect importers and processors to more U.S. beef suppliers and offer additional product development workshops, seminars, product showcases, etc. to drive the growth of U.S. beef as a raw material for further processing and its use in already processed products that will satisfy the convenience demands of Korean consumers, retailers, and even foodservice operators.</p>
<p>Reshaping Retail</p>	<ul style="list-style-type: none"> • COVID-19 created a surge in retail activity, mainly across already popular ecommerce platforms. • Club membership retail formats are becoming more popular as consumers seek value options. However, storage spaces are still small and consumers must visit these outlets frequently. • Retailers are closing stores that are low-performing but are expanding into online platforms. • Retailers are diversifying to meet the needs of convenience-driven consumers. High end department stores are now offering morning delivery through on-line platform and diligently developing processed items made in collaboration with their restaurant chains. • The high cost of labor has many retail outlets seeking ways to reduce costs. Mini-Stop, a CVS chain, is testing fresh meat vending machines in Seoul targeting consumers who want product outside of normal business hours. These vending machines are operated by MeatBox and carry both fresh and frozen products. • Large retailers are expanding into the ecommerce sector, offering their own platforms to suit busy consumers and running

live sales during interactive streaming sessions where consumers can buy U.S. beef directly. Costco launched an online platform in 2015 and started to feature fresh products including meat, in 2018.

- According to Statistics Korea, online sales of food were up 74.4% in 2020.
- Ecommerce companies are introducing “fresh food quality assurance programs” that guarantee a 100% refund to consumers if not satisfied with a fresh food purchase.
- Price-conscious consumers are increasingly interested in personal health and nutrition, seeking more fresh foods for a reasonable price and utilizing various retail platforms and venues to find quality at the best value. However, consumers demand immediate access, which is reshaping logistics platforms and retail strategies.
- For improved quality control, ecommerce platforms are launching their own private brands and are choosing more high-quality products to elevate their reputations among consumers. For example, Coupang is selling U.S. beef tomahawk and T-bone steak with prices competitive with what could be purchased at a steakhouse restaurant. Prime beef and branded products are often highlighted on ecommerce channels.
- Chuck eye roll, top blade, chuck flap tail, bone-in steak, and short ribs have all been popular sellers on ecommerce platforms. Loin items are newly emerging as another popular item at ecommerce. However, a disconnect with traditional wholesalers and distributors has restricted growth of chilled beef to the ecommerce sector.
- The largest hurdle facing ecommerce platforms has been the ability to maintain stock, especially for fresh products with short shelf lives and delivery capabilities.
- Business to business ecommerce platforms are expanding in Korea, allowing foodservice operators and small retailers the opportunity to purchase product box by box. Meatbox, a wholesale ecommerce platform, has expanded from boxed beef to fresh items.
- Experiential marketing is popular with consumers. The lines between ecommerce and m-commerce (mobile retailing) are further blurred by live-streamed shopping events becoming increasingly popular among consumers, especially while COVID-19 social distancing restrictions are keeping consumers at home. No platform reigns dominance for livestreaming events as the sector is still developing and gaining traction with consumers.
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Strategic Objective

Expand U.S. beef’s presence in a diverse set of retail channels and address their individual needs via trade servicing, merchandising, and promotional support.

<p><i>Tactical Response</i></p>	<p>Identify new and diverse ecommerce platforms capable of promoting U.S. beef and help launch new “ecommerce-friendly” products to increase available SKUs such as meal kits, vacuum skin packaged products, portion-controlled products, and private labeled products, etc. Use product development workshops and trade seminars to demonstrate the quality, consistency, and benefits of KORUS to push U.S. beef as a raw material for private label lines for ecommerce and in-store retail formats.</p>
<p>Foodservice Diversification & Distribution</p>	<ul style="list-style-type: none"> • Limited and quick-service restaurants such as burger joints, bakeries, and cafes have fared the best amid COVID-19 shutdowns. Korean BBQ and other full-service restaurants are rebounding. • Most restaurants have adapted to changes in consumer traffic by adding takeout menus and utilizing delivery services. These convenience-driven dining trends were developing prior to COVID-19 and are expected to have a long-term impact on the industry. Baemin & Yogiyo capture 90% of delivery service market share. • Many restaurants are turning to shared kitchens and some brands exist only for delivery services. • USDA Prime grade beef, branded beef, and wagyu brands are in high demand among foodservice outlets looking to differentiate. • The growing interest in American-style cuisine such as steaks, BBQ, bone-in beef, and gourmet burgers is penetrating both high-end and family-style restaurants, increasing the use of secondary beef cuts. • Steak is becoming an increasingly “hot” item in Korea, with consumers seeking steak options not only when dining out, but also at retail and among delivery menus. • Beef-centric authentic Vietnamese/Taiwanese/HK-style beef noodle and Chinese-style hot pot are rapidly developing, creating more market opportunity for alternative cuts. • Quality of convenience store meals is escalating, driving more consumers to purchase these quick, ready-to-eat meal options in place of formal dining out, and creating opportunities for high-quality U.S. beef. • Institutions are the least penetrated HRI sector but are a potential venue to move volumes of secondary beef cuts such as chuck roll, shoulder clod, short plate, and brisket. Temporary closures due to COVID-19 have delayed demand from the institution sector. • Cafes serving quick bites and grab-and-go meals are growing in popularity, offering consumers an intimate, cozy atmosphere with convenient options. • Korean galbi, or grilled marinated ribs, are an ideal venue for U.S. beef as high menu prices (due to heavy labor preparation) are driving high quality expectations from consumers.
<p><i>Strategic Objective</i></p>	<p>Target a variety of foodservice subsectors which demand high-quality, value-priced items, and promote alternative cuts that can be consistently supplied including chilled product.</p>

<i>Tactical Response</i>	Work with targeted HRI operators and suppliers on using higher grades of U.S. beef along with alternative cuts (e.g. hanging tender, chuck flap tail, chuck eye roll, brisket, shoulder clod) and new culinary styles to displace the competition and gain market share. Support U.S. beef users with promotions, advertisements, menuing ideas, etc. during the challenges of COVID-19 restrictions.
Social Media	<ul style="list-style-type: none"> • Korean consumers of all age groups are utilizing social media platforms. • Food-related blogs, forums and networks are heavily utilized by Korean consumers who follow and trust SNS “celebrities” more than traditional thought leaders. • YouTube’s influence among consumers of all generations is growing. Millennials and Gen Z preferentially search for information on YouTube. • Mukbang, a popular Korean-style eating show, hosts video content specifically attuned to Korean culture and is an important tool to reach consumers interested in culinary trends.
<i>Strategic Objective</i>	Use traditional and online media to educate buyers and consumers on the quality, safety and value of U.S. grain-fed beef, particularly U.S. chilled beef.
<i>Tactical Response</i>	Conduct consumer activities highlighting the overall eating enjoyment of U.S. beef, leveraging social media forums and e-tailing websites with traditional promotions and activities. Develop a positive image for U.S. beef with SNS celebrities or popular YouTubers to further gain consumer trust and loyalty.

Other Key Initiatives

- Position the U.S. beef industry as philanthropic by identifying opportunities to work with donation centers, hospitals, distribution centers, cold storage facilities, etc.
- Capitalize on opportunities for new usage of cuts that align well with rapidly increasing camping and outdoor trends.
- Utilize popular virtual cooking platforms to teach consumers via cooking classes, reaching consumers both in Seoul and outside of the city.
- Promote U.S. beef as a good source of nutrients to health-conscious consumers, active seniors, weight watchers, etc., calling upon nutritionists, opinion leaders, and gourmet chefs to convey the quality and health benefits of consuming U.S. red meat.
- Promote U.S. beef as a key component to trendy specialty health diets, like the ketogenic diet, to reach health-conscious consumers with increased protein consumption.
- Focus on the positive attributes of U.S. beef through aligned messaging while also highlighting the safety and quality of U.S. beef, especially to younger consumers/families.
- Promote the use of underutilized cuts that offer both quality and value, compared to domestic beef and other imported product.
- Develop and create additional video content to meet consumers’ increasing desire for media rich-text light information, for use in both SNS and traditional communications.
- Provide training to high-end restaurants and retailers on the handling, cooking and merchandising of specialty products such as dry-aged beef.
- Monitor the presence and messaging of alternative meat options.

Market Access / Noteworthy Issues a) Korea's ban on imports of U.S. beef from cattle over 30 months of age and selected products from cattle under 30 months of age (i.e. processed beef, small intestine, tongue, trimming, etc.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 83% of targeted trade accounts report that they are confident in the consistent supply of U.S. chilled beef.
- Targeted importers will report U.S. beef market share of at least 89% compared to other imported beef.
- 64% of targeted Korean BBQ, steak and grill, salad bar (buffet), and burger and BBQ accounts will feature a new U.S. beef item on the menu.
- 77% of targeted hotel and banquet accounts will feature U.S. beef on their menus.
- 60% of targeted institutions will express an interest in U.S. beef.
- 97% of targeted retailers and ecommerce buyers will merchandise a wide range of U.S. beef items.
- 90% of targeted media accounts will report favorably on U.S. beef and incorporate recommended key message points.
- 61% of consumers that express a willingness to purchase U.S. beef.
- Last year's AR had a Measurable Objective (MO) related to consumers' willingness to purchase U.S. beef. MOs do change from year to year, but just wanted to double check this one.

CBB/BPOC Funding Request: \$1,063,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-J: Mexico

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
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Tactic Description:

The first quarter of 2020 was strong for U.S. beef in Mexico, with solid gains being made in the wake of USMCA’s assurance of duty-free access. However, the second quarter of the year brought with it the COVID-19 pandemic that quickly began affecting demand due to strict public-health measures that resulted in stay-at-home orders, as well as foodservice closures that hindered demand for U.S. beef. Despite strong increases to finish the year, U.S. beef demand in Mexico was significantly lower than last year. For the year, U.S. exports to Mexico finished 18 percent below last year at 192,951 mt, valued at \$852.6 million (down 23 percent). However, beef muscle cut exports to Mexico in December of 2020 topped 16,647 mt, which was the largest volume since 2009. Increasing tourism to Mexico’s resort destinations as COVID-19 vaccination rates climb, particularly in the U.S., is a strong indicator for optimism in the rebound for U.S. beef demand, particularly in the foodservice sector. In addition, COVID-19 restrictions have been lifted to their lowest levels throughout half of the country, as of June of 2021. Another positive indicator that economic recovery is underway is the positive GDP growth logged at the end of the first quarter 2021, after a total decline of 8.2 percent in 2020.

Mexico is a significant market for U.S. beef chuck and round cuts, including shoulder clods and gooseneck rounds. Mexico is also the leading market for beef variety meats, taking 32 percent of U.S. variety meat exports in 2020, up 1 percent from 2019, with beef tripe being the top variety meat item. Mexico has been expanding its beef production capacity and market access and as a result has become a significant net exporter of beef.

Per Capita Beef Consumption	14.9 kg
Total Beef Imports (not including variety meat) – all sources	120,033 mt
Total Beef Variety Meat (BVM) Imports – all sources	47,610 mt
U.S. Share of Total Beef/BVM Import Market	79%
Other Beef/BVM Suppliers & Market Shares	Nicaragua 11%
	Canada 9%
	Australia <1 %
Domestic Self Sufficiency	110%
U.S. Beef Imports (not including variety meat) ¹	88,820 mt
U.S. Beef Variety Meat (BVM) Imports ¹	42,857 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	10.5%
Customers for U.S. Beef Imports	Processing 50%
	HRI 10%
	Retail 40%
Top Imported U.S. Beef Cuts: clod, goose neck, inside round, boneless chuck, outside round, inside skirt	
Top Imported U.S. BVM Items: tripe, outside skirt, liver, oxtail, tongue, lips, intestines	

2020 import and market share data is based on import data of Mexico (from TDM). ¹Due to data discrepancies, import data of Mexico is used rather than U.S. export data.

MARKET STRATEGY:

a) Partner with key importer, foodservice, and distribution buyers to position U.S. beef in restaurant and tourism reopening; b) Capitalize on USMEF’s established relationships with the trade to defend market share by demonstrating to HRI and retail decision makers and their customers the consistency and superior quality of U.S. beef; c) Support the shift towards digital channels of distribution, such as ecommerce and app-based delivery services, catalyzed by the changes to commerce brought on by the coronavirus pandemic. d) Build demand with a new set of buyers by demonstrating the unique attributes and profit potential of U.S. beef, and how to effectively handle and merchandise a wide range of products; e) Demonstrate the U.S. beef industry’s commitment to the Mexican market and consumers to offset any Anti-American sentiments stemming from recent political discord and trade relations.

<p>Market Diversification</p>	<ul style="list-style-type: none"> • Retail exists in many forms throughout Mexico, ranging from the traditional wet markets to modern supermarkets. As a result, a variety of cuts should be made available to meet Mexican retail demand according to consumer demographics. • Across sectors, U.S. beef is known mainly for high-end/high-cost cuts, which limits the perceived culinary applications. • Mexico does not require Country of Origin identification at retail. As a result, U.S. beef may be mingled with domestic or other imported product, confusing consumers as they do not get consistent quality. • Concerns about reliable supply have forced Mexico to diversify beef imports, leading to an import quota for countries that do not have an FTA as well as negotiation of trade agreements with U.S. competitors. • Nicaragua is a growing competitor in the region with the majority of volume processed and imported by Sukarne, Mexico’s imports of beef and beef variety meats from Nicaragua have tripled since 2015, overtaking Canada as the second largest beef importer in 2020. • Developing diverse market segments for U.S. beef for a broad range of products is important for increasing buyers, meeting consumer needs, and defending market share.
<p><i>Strategic Objective</i></p>	<p>Focus on developing new cuts, new uses and new clients, while implementing programs in an expanded range of market sectors to highlight new and more affordable items with superior quality, possibly including top sirloin, flank steak, chuck tender, knuckle, and variety meats and continue to demonstrate the profit potential, stability and safety of the U.S. beef supply.</p>
<p><i>Tactical Response</i></p>	<p>Train importers, HRI, and retail staff to ensure a wide selection of U.S. beef items appropriate for a price-conscious market are properly presented, promoted, merchandised and origin-identified to develop and cement loyalty among store customers. Leverage a growing online channel to increase engagement with a wider range of market segments and increase direct-to-consumer communication.</p>
<p>Medium-sized Importers & Processors</p>	<ul style="list-style-type: none"> • Beyond the large importers/processors in Mexico, there are hundreds of smaller firms that either do not source, or could source more, U.S. product.

	<ul style="list-style-type: none"> • Many newer players do not have experience with U.S. beef and lack knowledge about the unique product attributes and specs. • Presence of U.S. beef in metropolitan areas is significant, however in other regions of Mexico, which typically tend to have more price-conscious customers, awareness and presence is lower. • Processors are demonstrating strong interest in new processed product development.
<i>Strategic Objective</i>	Continue to broaden trade education programs in more regions to develop new segments, increase the number of committed U.S. beef buyers, facilitate purchasing efforts, and support the processing sector with seminars, workshops and other trainings for quality product development.
<i>Tactical Response</i>	Provide customized support such as training seminars, handling and merchandising assistance, product positioning advice, development workshops, and buyer-seller linkages, to a diverse set of U.S. beef buyers, and expand these activities into new regions where knowledge of U.S. beef is limited.
High-end & Specialty Retail	<ul style="list-style-type: none"> • Global demand and strength in US beef pricing have made US beef an unaffordable product for price-sensitive consumers. • While older and low-income households still purchase meat at wet markets, a considerable shift into shopping at supermarkets, meat boutiques and via online channels is occurring in urban areas. • Large retailers, such as Walmart and Costco are investing additional resources into Mexico, presenting an opportunity for growth of U.S. beef. • Meat boutiques are finding success selling high-quality U.S. beef on weekends, especially to men, and are looking to increase sales during the workweek with value added products such as marinated cuts for easily prepared meals. • Enhanced meats and water-added products are common at the retail level, keeping prices artificially low for consumers; however, labeling is not required in Mexico.
<i>Strategic Objective</i>	Differentiate U.S. beef based on quality grading and consistency of the product. Educate retailers on the profit potential of various grades of U.S. beef, and increase shelf space at selected retail outlets to displace domestic and other competing product.
<i>Tactical Response</i>	Intensify training and promotions with high-end retailers whose customers seek out quality products and are less price sensitive. Incentivize retailers to correctly identify US beef in the case
Evolving Foodservice Sector	<ul style="list-style-type: none"> • With beef prices high, restaurants are looking for ways to keep input costs, and thus meal prices, at a competitive level as middle-class consumers are eating out less often due to shrinking levels of disposable income. • Tourism is expected to rebound from significant COVID-19 related decreases, increasing the importance for expanding the opportunities for the HRI sector in Mexico's tourist hubs. • Ghost Kitchen concepts have become a major foodservice trend in Mexico, reaching across a wide variety of cuisine types and spurred on by the increased relevance of dine-at-home options.

	<ul style="list-style-type: none"> • The all-inclusive formats of an increasing number of resorts will continue to drive the push for affordability. • Chefs do not realize how alternative cuts compare on cost, flavor and cooking styles, while also providing a consistently enjoyable eating experience.
<i>Strategic Objective</i>	Increase engagement with restaurants to improve culinary applications to maximize profitability with the use of alternative cuts such as baseball cuts, Denver steaks, etc.; develop new users of alternative cuts in HRI segments that move large volumes of meat; and train foodservice operators on U.S. beef attributes, specifications, and promotional/merchandising techniques to draw in even the price sensitive customers.
<i>Tactical Response</i>	Demonstrate to chefs with seminars, hands-on workshops, and promotions, the use and cost benefit of value cuts such as those from bottom sirloin (tri-tip, flap, bottom butt), as well as top sirloin (coulotte), chuck tender, and the Vegas cut to keep costs low. Leverage technology such as virtual reality to more cost effectively reach a broader number of buyers with virtual cutting demonstrations.
Consumer Level	<ul style="list-style-type: none"> • Ecommerce is gaining steam in Mexico, spurred on by the COVID-19 concerns of 2020. Consumers are increasingly more educated with the average consumer consulting 5 resources before making a purchase decision. • The “Buy Local” trend is increasingly relevant to consumers looking to support local economies and increase the authenticity of their dining experience. • Noticeably more foodie bloggers gaining influence among consumers. Social Media is influencing creativity of menus and presentation (Instagramability). • Consumers still need training on quality grading and proper cooking techniques for high quality beef. • BBQ and grilling techniques becoming increasingly popular, presenting an ideal opportunity to push U.S. red meats for the “All-American” eating experience. • While convenience continues to be a driver in consumption, The Convenience Store Sector (CVS) largely lacks high-quality protein options for consumers.
<i>Strategic Objective</i>	Work with importers, distributors, and retailers to engage more consumers with U.S. beef, U.S. cooking styles, and demonstrate the U.S. beef industry’s commitment to serving the Mexican market and fulfill consumers preferences and trends.
<i>Tactical Response</i>	Expand the reach of USMEF’s grilling seminars to train both importers and expanding segments of consumers on a range of proper grilling techniques for high quality U.S. beef. Continue to develop network of social media influencers to amplify messaging of U.S. beef to Mexican consumers that are increasingly online. Leverage the “Buy Local” trend by creating alliances with producer groups of non-meat commodity items.

Other Key Initiatives

- Capitalize on convenience-driven trends contributing to increases in the at-home meal delivery sector by partnering with online-based meal delivery services, such as Cornershop.
- Support the post-COVID recovery efforts of the Mexican meat trade and in particular the HRI segment, through focused marketing initiatives to build demand and goodwill for U.S. Beef.
- Differentiate U.S. beef at the point of sale with the “America Pure Beef” branding campaign, leveraging the success of the “U.S. Pure Pork” branding at key retailers.
- Train importers, distributors and processors about the attributes, handling, versatility and profitability of U.S. beef for meeting a wide variety of downstream buyers’ needs. Expand customer understanding of the U.S. beef grading system and assist them in using grading as a marketing tool to increase profitability.
- Expand promotional activities into new regions of the country to reach new buyers and consumers and increase demand for high-quality U.S. product.
- Utilize technologies such as Augmented Reality to engage consumers and provide them with innovative and interactive ways to learn more about U.S. Beef.
- Develop and cultivate partnerships with influential culinary key opinion leaders through U.S. beef centered activities that are designed to build knowledge and awareness of the unique attributes of U.S. beef while reaching large numbers of consumers.
- Leverage brand associations with trending kitchen appliances such as Instant-Pots and Air Fryers to highlight both the convenience and health benefits of U.S. beef.
- Showcase U.S. beef variety meats in front of hundreds of buyers at Mexico City’s huge Central de Abasto market, and similar markets in Monterrey, Guadalajara and Aguascalientes.
- Implement web-based educational platform to train more customers along the supply chain about U.S. beef.
- Develop and implement an annual product showcase event for the region to bring buyers and suppliers together.
- Engage directly with consumers at the retail channel to provide them with both culinary information as well as nutritional information directly at the meat counter.
- Increase the quality of U.S. beef merchandising at the meat counter, through POS support and retailer incentives and competitions.
- Leverage the growing competition in the family-style restaurant segment by promoting U.S. beef as a major point of differentiation among the top chains.
- Maximize foodservice cut utilization and profits by showing the consistency of the product and the different items that can be obtained from primals, while providing menu innovations that fit various dishes and dining formats.
- Push for western-style cuisine such as BBQ and burgers via chef workshops and consumer activities to create the ideal culinary environment for U.S. beef.
- Further penetrate the regional supermarket and specialty store segment which has not consistently purchased U.S. beef.
- Integrate a cohesive and comprehensive digital marketing strategy. Continue to grow social media presence on Facebook, Instagram, etc. to engage and educate the chef community, trade as well as consumers by partnering with and educating social media influencers.

Market Access / Noteworthy Issues USMCA implementation.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 100% of targeted importers/distributors/processors that actively promote a range of U.S. beef cuts, including value cuts, highlighting the products' quality attributes.
- 50% of targeted restaurant chains that actively feature/promote U.S. beef, including value cuts, to their customers.
- 50% of targeted restaurant/hotel groups that increase sales of U.S. beef by at least 10%, compared to the previous year, during USMEF promotions.
- 100% of targeted retailers that consistently incorporate suggested merchandising methods to promote U.S. beef to their customers.
- 100% of targeted retailers that increase sales of U.S. beef by at least 10% (compared to the previous year) during USMEF promotions.

CBB/BPOC Funding Request: \$1,037,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-K: Middle East

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
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Tactic Description:

While Egypt has been a long-time mainstay market for U.S. beef liver exports, the market for U.S. beef liver has become less reliant on Egypt in recent years, with increased volumes going to Sub-Saharan Africa, Latin America and Asia. Informal foodservice has been one of the primary buyers of U.S. beef liver in Egypt and the effects of the COVID-19 pandemic and ensuing public-health measures, curtailed demand in this channel throughout much of 2020. For the year, U.S. exports of beef variety meats to Egypt were down by 22 percent compared to the previous year. However, despite the slowdown of exports to the region in 2020, the year did see a very important development in terms of market access with the adoption of long-overdue regulatory changes related to the lifting and revision of zero-tolerance ractopamine residue limits. These standards have long been an issue for U.S. exporters sending livers to the Egyptian market, often resulting in increased product rejection rates and costly re-testing fees in order for shipments to clear. While the newly revised standard for ractopamine residue (20 PPB) is still half of the internationally recognized limit, the revised limit should provide sufficient relief for U.S. exporters to continue business reliably in the region.

Saudi Arabia also saw improved access in 2020 for high-quality chilled U.S. beef with the approval to increase the shelf life for chilled beef from 70 days to 120 days. Prior to this much needed change, U.S. beef exported to Saudi Arabia was essentially prohibited from being sent by ocean freight and instead was flown via air freight in order to comply with the limited existing shelf-life requirements, thereby significantly increasing the cost of the product. This new agreement is an important development that will contribute to this market re-gaining the potential that was evident prior to the market closing in 2012 as a result of a single case of BSE.

U.S. beef muscle cut exports to the GCC region, Lebanon and Jordan were down by 24 percent in 2020 compared to the prior year due to a COVID-19 related slowdown in demand in the foodservice sector, decreased tourism and regional economic factors that moved demand towards less-expensive protein sources. Retail and home delivery sales channels saw increased focus from consumers which USMEF capitalized on with a greater emphasis on retail promotions and direct-to-consumer marketing that leverage digital marketing trends such as the use of well-known chefs and key opinion leaders. As COVID-19 restrictions begin to lift, USMEF will be partnering with key foodservice partners within the region to re-introduce U.S. beef to consumers.

	Egypt		United Arab Emirates (UAE)	
	Beef	BVM	Beef	BVM
Per Capita Beef Consumption	6.0 kg	N/A	14.5 kg	N/A
Total Beef & BVM Imports – all sources	240,888 mt	88,819 mt	101,370 mt	5,573 mt
U.S. Share of Total Beef & BVM Import Market	<1%	55%	4%	5%

Other Beef & BVM Suppliers & Market Shares	Brazil 50%	India 20%	Brazil 39%	Australia 37%	
	India 44%	Australia 10%	India 32%	EU-27 37%	
	Paraguay 3%	Brazil 6%	Australia 9%	Brazil 11%	
Domestic Self Sufficiency	61%	N/A	15%		
U.S. Beef & BVM Exports	156 mt	49,177 mt	3,930 mt	264 mt	
Exports as a % of Total U.S. Beef/ BVM Exports	<1% for beef, 18% for BVM		<1% for beef, <1% for BVM		
Customers for U.S. Beef Imports	Processing	10%	2%	3%	0%
	HRI	85%	28%	77%	10%
	Retail	5%	70%	20%	90%
Top Imported U.S. Beef Cuts: flat iron, tenderloin, rib-eye, striploin, T-bone, chuck cuts (both high-quality graded beef, and standard cuts derived from cattle 30 months of age or older), brisket, round cuts, tri-tip, outside skirt flank, short rib, bone-in ribs					
Top Imported U.S. BVM Items: liver, kidney, heart					

2020 import and market share data is based on reported exports to Egypt and the UAE (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

a) Continue to develop the market by demonstrating the range of U.S. beef and variety meat available, and build the image of U.S. product as the premier beef among new targeted buyers in all segments; b) Defend market share by reassuring buyers of the sustainability of the U.S. supply chain, U.S. safety inspection measures, halal certification credibility, and premium value of U.S. beef; and v) Displace competition by educating on the diversity and profitability of U.S. beef alternative cuts or value-added products, especially for high-end foodservice outlets that require cost efficiency without compromising quality; d) Continue to displace competitor product, especially for underutilized cuts, to generate profitability along the entire carcass.

Foodservice Expansion	<ul style="list-style-type: none"> • Rebounding tourism and high demand for new dining concepts is driving the fast-paced HRI sector. Increasing numbers of expatriates in the region are driving demand for international foods. • A growing market for Halal products and the importance of highlighting this attribute on the menu, ads and social media pages as it affects consumer purchases in this region. • In 2021 and into 2022, the UAE will host the World Expo, and will likely experience notable growth in its core economic sectors including tourism and hospitality, attracting substantial foreign investments to the country. The Expo was initially planned for 2020 but was postponed due to the coronavirus pandemic. • National and International tourism is driving a competitive foodservice sector and therefore, restaurants require unique and memorable menus. • High end restaurants require cost efficiency, but will not compromise on taste and quality, leading to increased interest in alternative cuts. • There is still a lack of understanding regarding proper usage of U.S. beef underutilized cuts and the internal marbling aspect of U.S. beef contributing to the U.S. beef grading system.
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	<ul style="list-style-type: none"> • Dark Kitchens or Cloud Kitchens are a growing trend in some Middle Eastern foodservice markets, catalyzed by an increased demand for dine-at-home options. • Growth of mobile food trucks present an opportunity for U.S. beef. • Casual dining, fast food chains, and classic burger joints, and steakhouses are booming in the region, especially with the growing youth population, and Western chains, such as Applebee’s and Chili’s, and American steakhouse and BBQ concepts such as Luca steakhouse, Ribs Yard, Rodeo Grill, Cattleman Joe’s, Black Rock, Skirt, and Grill Room have been establishing a presence in major metropolitan areas. • Lower-end, family-style restaurants are now the top destination for Select and Commercial grade beef middle meats. • Focus on sliders, handhelds, wraps, mini burgers, and grab-and-go sandwiches in Jordan and Lebanon is driving a dramatic shift towards alternative U.S. beef cuts of lower grades and prices. Takeaway and home delivery will largely depend on steak sandwiches and burgers post COVID19. • More international and local culinary schools, cooking academies, and chef associations are opening in Jordan and Lebanon, and are becoming highly active and influential. • Consumers are becoming more concerned with health, and are better informed thanks to communication from dietitians, food bloggers, sports trainers, chef students, etc.
<i>Strategic Objective</i>	Educate importers and distributors about available alternative cuts and appropriate culinary applications, U.S. beef production and internal marbling characteristics that differentiate U.S. product from competitor product, and U.S. beef halal certification requirements.
<i>Tactical Response</i>	Provide hands-on sales and culinary trainings on menu planning and preparation for various cuts, ranging from ribeye, striploin and tenderloin, to heel, shank, top round, brisket and chuck roll, etc. to meet all foodservice requisites, and aggressively pursue the growing HRI sector for new growth opportunities.
Retail Sector Growth	<ul style="list-style-type: none"> • The retail sector is poised to grow at a moderate, but steady pace, particularly with the expanding multi-ethnic consumer base, high income levels, an increasing number of tourists, and high numbers of expatriates. • Hypermarkets in large shopping centers, are still dominating the market as major retailers such as Carrefour, Lulu and Spinneys continue to expand in the region. Also, an increase in the number of convenience stores, community malls and smaller-store formats is also observed, thus enabling consumers to shop from stores located within their neighborhoods and allowing retailers to save cost and have a broader geographical presence. • The increased use of social media and internet usage has led to an adoption of digital channels by retailers, especially in the UAE and Saudi Arabia, and the online retail is expected to grow at a CAGR of 24 percent from 2016 to 2021.

	<ul style="list-style-type: none"> • Modern retail growth continues at a rapid pace, and consumers increasingly seek convenience, ambiance, and a wider variety of affordable products. • Gourmet meat boutiques are targeting a well-educated, affluent shoppers in Lebanon and Jordan. This boom in meat boutique stores is creating opportunities for U.S. chilled beef products. • Distributors are hesitant to promote new muscle cuts with retailers as they lack the marketing, butchering and merchandising knowledge to penetrate this sector. • Development and growth of convenience items, such as fresh pre-packaged, ready to eat, and portable items, in large format retails such as Spinneys Lebanon and Cozmo Jordan is increasing demand for chilled U.S. portion cuts. • Consumer willingness to order meat online is growing, reflecting demand for convenience, although online meat purchases still lags behind grocery ecommerce. Frozen meals are also growing in popularity as the need for convenience rises. • The rise of meal ingredient boxes, ready-to-eat and grab-and-go meals, are shaping the future of the region’s food and beverage packaging trends.
<i>Strategic Objective</i>	Educate retailers and their suppliers on proper handling, butchering and merchandising of U.S. beef, and support in-store promotions with a goal of consistent, year-round sales of chilled and value-added items.
<i>Tactical Response</i>	Provide retail staff training, and conduct demonstrations to showcase alternative cuts such as top sirloin butt, chuck roll, heel, shank and striploin to store customers while focusing on the premium quality, Halal certification, and versatility within a range of U.S. beef cuts.

Other Key Initiatives

- Position U.S. beef muscle cuts as the highest quality option throughout the region and educate consumers on the attributes of internal marbling found in U.S. beef as opposed to competitors marbling scores.
- Work with the trade, particularly importers and distributors, to improve awareness of U.S. beef in light of increased competition from lower price/quality product from Brazil and India, as well as Australia’s intensified brand imaging and promotional activity for chilled beef.
- Drive demand for U.S. beef alternative cuts and variety meats, particularly livers, in retail and foodservice via promotions and trade servicing activities to align buyers and suppliers.
- Educate and upgrade the know-how of sales force teams, butchers, meat counter staff of major retailers about U.S. beef attributes, its quality competency and keep them updated on production innovations related to alternative meat cuts as essential pillars for sales growth.
- Work closely with Saudi importers and retailers to encourage them to re-introduce U.S. beef as part of their regular purchases, reassuring them about the safety and quality of the product.
- Support new distribution channels selling beef, particularly shopping platforms recently developed by regular U.S, beef importers noting that these companies are now directly catering to consumers.

- Participation in numerous new events in Saudi Arabia that would help increase U.S. beef exports to the market. These will be focusing mainly on the foodservice sector where the demand for the product is the highest.
- Combine technical assistance with marketing support and involve targeted meat buyers from all sectors in the planning and implementation of promotion programs.
- Expand foodservice training to new accounts, such as catering and culinary schools as well as new restaurants and hotels in various areas, focusing on beef cutting techniques, cooking instruction and an analysis of the profitability margin possible when using different cuts of U.S. beef. Conduct U.S. beef educational workshops for chefs as well as one-on-one workshops with steakhouses and hotels that combine users and non-users of U.S. meat.
- Conduct Junior Chefs' Tutorials to provide youthful chef groups education and training skills on U.S. beef production practices, grain feeding, marbling, grading, safety standards, and product consistency.
- Implement Butchering Master Classes and Butcher Training Workshops. Classes are geared towards improving butchers' understanding of U.S. beef technical information, cutting techniques, and handling and storage techniques, making them better able to communicate with consumers, retailers and foodservice workers about U.S. beef.
- Host "American Beef Nights" in top steakhouses and restaurants to promote the unique and value-added characteristics of a range of cuts among chefs and consumers.
- Take part in international trade shows such as Gulfood and HORECA Lebanon and Jordan to help U.S. beef achieve greater exposure among a considerable audience of potential and existing buyers.
- Participation white chef jacket gatherings and in sponsoring culinary competitions involving chefs from different levels to increase awareness of U.S. beef and reinforce USMEF's credibility among an audience of high ranked chefs, junior chefs, importers and foodservice operators and decision makers.
- Organize live cooking sessions in key retail accounts, using a professional chef to explain to shoppers the different cooking applications and attributes of U.S. beef. Expand these activities to a larger scale with a U.S. beef retail show conducted in several busy malls, designed to gain maximum exposure and reach a diverse audience.
- Target housewives with Art of Cooking Classes that present alternative U.S. beef cuts and train homemakers how to cut, grill, braise, simmer, and sear the different cuts each according to its optimal cooking method.
- Optimize USMEF's Middle East Facebook page and Middle East Arabic/English Website by promoting U.S. beef products, information, and services, quickly and effectively and further engaging the audience by implementing several contests and competitions as SNS becomes increasingly important in GCC society and other Arab communities.
- Support U.S. beef suppliers, that are USMEF members, in their promotional activities in the region.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 70% of targeted importers/distributors that have a favorable attitude toward U.S. beef/bvm and are willing to purchase it based on information provided by USMEF.
- 60% of targeted importers/distributors that regularly purchase U.S. beef/bvm.
- 100% of targeted HRI buyers that regularly purchase U.S. beef/bvm.
- 89% of targeted fine dining and casual family-style restaurants/chains that hold a U.S. beef promotion or use menu promotional materials.
- 95% of targeted retail chains/outlets that have a favorable attitude toward U.S. beef/bvm and are knowledgeable of its quality based on information provided by USMEF.
- 90% of targeted retail chains/outlets that identify the origin of U.S. beef/bvm and actively participate in USMEF promotions.
- 83% of targeted media that report favorably on U.S. beef and incorporate recommended key message points.
- 90% of USMEF members who report they receive the information they need from USMEF related to market access issues.

CBB/BPOC Funding Request: \$512,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-L: South America

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

U.S. beef/bvm exports to South America got off to a strong start in 2020, but currency devaluation, COVID-19 restrictions and other economic headwinds contributed to slower demand throughout the remainder of the year. For the year, total U.S. beef and variety meat exports to the region fell by 12 percent to 24,014 mt and was valued at over \$95 million, a decrease of 22 percent compared to the prior year. While U.S. beef exports to Peru ended the year 20 percent higher than in 2019, with growth in variety meats even higher at a 34 percent year over year, the overall decrease of exports to the region was driven by primarily by Chile, the main market for U.S. beef in the region. Traditionally, Chile is a primary destination for U.S. beef chuck rolls. However, in 2020 increased demand from Asian markets, particularly China and Korea, created challenges for Chilean buyers bidding for U.S. chuck rolls. Retail demand also weakened as a result of social distancing guidelines that resulted in fewer consumers hosting gatherings and barbeques with families and friends, where chuck rolls would typically be on the menu. Decreased foodservice demand also played a role as well, though the majority of U.S. chilled beef is sold through the retail channel.

The region has also been experiencing a high degree of social and political instability, including labor strikes in Colombia and Chile as well as an ongoing political crisis within the Peruvian government. Compounded by the economic consequences of the COVID-19 pandemic, investment within the region became stagnant throughout much of 2020. However, while Peru and Colombia are still in early stages of public vaccination efforts, Chile has a vaccination rate that exceeds that of the United States and is near the top of all countries in terms of percent of the population fully vaccinated. As the top market for U.S. beef in South America, this is an optimistic indicator for a rebound of U.S. beef in the second half of 2021. Opportunities exist for exporters interested in the Brazil market, however onerous and unclear label registration procedures, as well as differing specs on popular cuts like the picanha, create difficulties to enter this market.

	Peru	Chile
Per Capita Beef Consumption	5.9 kg	26.6 kg
Total Beef Imports (not including variety meat) – all sources	7,908 mt	251,283 mt
Total Beef Variety Meat (BVM) Imports – all sources *	20,473 mt	2,065 mt
U.S. Share of Total Beef/BVM Import Market	30%	3%
Other Beef/BVM Suppliers & Market Shares	Brazil 25%	Paraguay 39%
	Argentina 23%	Brazil 36%
	Canada 7%	Argentina 22%
Domestic Self Sufficiency	94%	44%
U.S. Beef Exports (not including variety meat)	854 mt	5,032 mt
U.S. Beef Variety Meat (BVM) Exports *	7,706 mt	1,489 mt

U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports		<1%	<1%
Customers for U.S. Beef Imports	Processing	0%	0%
	HRI	25%	10%
	Retail	75%	90%
Top Imported U.S. Beef Cuts: Chuck roll, outside skirt, beef shank, picanha, short ribs, ribeye, striploin, tri-tip			
Top Imported U.S. BVM Items: tripe, liver			

*2020 import and market share data is based on import data of Peru and Chile (from TDM), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau. * Historical discrepancy between import data and U.S. export data.*

MARKET STRATEGY:

Continue to develop the market by communicating the quality, consistency and profit potential of U.S. beef across sectors, and by introducing U.S. beef value cuts and variety meats to buyers. Work with importers, distributors and retailers to educate them on how to properly merchandise and market U.S. beef to consumers with little knowledge of the unique attributes of U.S. beef.

Developing Markets	<ul style="list-style-type: none"> • Some consumers in Peru, Colombia and Chile are willing to pay higher prices for high-quality beef, and interest is growing in other markets. • There are opportunities for primal and subprimal cuts of beef and variety meat due to the variable demographics in this diverse market. • Many market segments are unfamiliar with U.S. beef, and inefficient handling, cold chain management and a lack of product knowledge can result in low yields and an unfavorable eating experience, which heightens safety concerns. • Growing interest in BVM, such as sweetbreads, in regions like Brazil, Uruguay and Argentina are presenting strong opportunities to move volumes of U.S. BVM products. However, due to labor issues on the U.S. supply side, a lack of supply for the South American market prohibits promotion of sweetbreads. • American Food service chains are focusing on this region, with Chili's, Hooters, Taco Bell, Hard Rock Cafe and Chuck-e Cheese expanding into some South America markets, presenting an established place to feature U.S. beef. • The HRI sector in the region is highly informal, with up to 98 percent of food establishments in Colombia not registered and only 2 percent complying with commercial food regulations. The market share of these informal establishments is 50 percent. • Despite relatively low adoption by consumers, E-commerce and home delivery channels, for both the retail and HRI sectors, have grown and become increasingly more popular choices for consumers during the COVID-19 restrictions. • Competition from Argentina and Uruguay is growing as the quality from these competitor beef suppliers is improving, both in terms of product quality and product presentation. • Improving, yet underdeveloped infrastructure in intermediate cities challenge the distribution channel.
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	<ul style="list-style-type: none"> • Many market segments are unfamiliar with U.S. beef, and inefficient handling and a lack of product knowledge can result in low yields and an unfavorable eating experience. • Despite recent high U.S. beef prices and unfavorable exchange rates the consumer preference of U.S. product has remained relatively strong.
<i>Strategic Objective</i>	Educate buyers on the quality and profit potential of U.S. beef, including value cuts and other more affordable products, and demonstrate effective merchandising of unfamiliar cuts and products.
<i>Tactical Response</i>	Provide training on proper handling and cold chain management for the HRI and retail sectors to ensure a positive eating experience with a range of U.S. beef cuts to suit any price point. Capitalize on opportunities for U.S. beef in Brazil by facilitating increased product registration by working with exporters and regulatory agencies.
Retail Development	<ul style="list-style-type: none"> • Retail ranges from wet markets, which are still prevalent throughout the region, to modern supermarkets and high-end meat boutiques. • While mainly sold in wet markets, beef variety meats can also be found in modern retail. • The growing middle class is spending more on premium food items, including imported beef. • Asado Americano, the localized term for U.S. chuck roll, is used by suppliers of beef from other countries to capitalize on the perception of quality and flavor that the term carries. • With high meat prices, some consumers are looking to purchase smaller quantities at more affordable prices; however, high-quality beef is still a luxury item for many consumers. • Retail giants are slowly integrating convenience-driven concepts into their retail models, such as ecommerce services and features as well as drive-through grocery departments for added convenience. The coronavirus pandemic has added additional momentum to the move to more convenience-driven retail concepts, such as ecommerce, which is likely to remain after recovery. • The CVS sector plays a predominant role in consumer shopping habits, with 80% of Colombian households regularly shopping at convenience or discounter shops. • Informal ecommerce channels based on social media platforms are increasingly popular.
<i>Strategic Objective</i>	Work with retailers to identify the U.S. origin and promote U.S. beef cuts by improving product labels and maintaining product rotation to increase consumer confidence. Work with importers and distributors and specifically butcher shops and small retail chains, to provide category management training, cold chain audits and marketing program planning.
<i>Tactical Response</i>	Educate retail buyers (supermarkets and wet markets) on the attributes of U.S. beef to increase the number of cuts offered, and promote alternative cuts for price-conscious consumers with recipe development, in-store tastings, etc. Ensure proper handling and highlight the profit potential of portion-control packaging.

Favorable Access	<ul style="list-style-type: none"> • Brazil reopened to U.S. beef in 2016 after a 13-year absence; However, challenges with complex registration regulations have delayed shipments. U.S. livers, picanha, and tri-tip are in high demand, but opportunities for more cuts may exist with meat boutiques. • U.S. beef now has expanded access to Ecuador, Argentina, Bolivia and Uruguay, though Ecuador remains non-transparent regarding their import licensing process and informal arbitrary import quotas. • The removal of the EV requirement for Colombia increases eligible U.S. exporter plants to over 500, while also increasing opportunities for value-added items. • Dietary and nutritional labeling regulations present additional barriers for exports of value-added product to the region.
<i>Strategic Objective</i>	Further build the image and visibility for U.S. beef among buyers who may be price-sensitive and need to be educated on the premium quality of U.S. beef.
<i>Tactical Response</i>	Provide training on U.S. production, safeguards, and quality and provide promotional support to help expand sales of new U.S. beef items entering these emerging markets.

Other Key Initiatives

- Create a branding campaign to reinforce the high quality and premium reputation that Asado Americano carries, and ensure consumers know that only U.S. beef chuck roll is Asado Americano.
- Position U.S. beef muscle cuts in settings that promote U.S. beef as a premium protein item associated with health and active lifestyles among segments of consumers that would be likely buyers.
- Facilitate sales by conducting activities that directly bring buyers together with U.S. suppliers, especially medium/small suppliers interested in growing exports to South America, such as the Latin American Product Showcase.
- Continue to identify U.S. suppliers willing to offer smaller packaging and partial loads to South America.
- Demonstrate to importers and purveyors how to use the latest available technologies, including procedures to freeze and thaw meats, to preserve quality and food safety.
- Present U.S. beef as a profitable item, educating buyers on affordable and available cuts that can replace local beef in traditional dishes, while enhancing flavor.
- Increase buyer awareness about U.S. beef variety meats and lower-cost alternative cuts and how to fabricate, package and promote them to increase sales.
- Strengthen the foodservice channel in Chile and other markets by working with newly identified trade partners (importers/distributors), including those outside of major metropolitan areas, to conduct joint educational and promotional activities.
- Use interactive merchandising and culinary education to drive sales in high-end foodservice, focusing on higher-graded and branded U.S. beef.
- Work with the HRI sector to promote U.S. burgers and smaller sized beef portions as a way to maintain volume sales and eating quality experience with affordable products.
- Coordinate promotions with HRI and retail partners to raise the visibility and image of U.S. beef. Introduce to foodservice novel cooking techniques, such as BBQ, to increase the ways of preparing U.S. beef and helping to promote U.S. beef's image.

- Expand activities into secondary cities, namely in Peru, with stable cold chain infrastructure in key markets throughout the region.
- Position U.S. beef liver through national promotions as a dietary solution to address nutritional challenges within the region, in particular widespread anemia.
- Introduce new marketing material in the Portuguese language targeted to consumers and the trade to educate on U.S. style cuts and cooking methods, while promoting the high-quality attributes of U.S. corn-fed beef.
- Conduct barbeque workshops targeting foodservice professionals as well as high-end consumers to promote high-quality U.S. beef and the versatility of available cuts.
- Create resources for exporters to help educate them on requirements for exporting to the Brazil market, while also creating resources to educate importers on the quality, safety and reliability of the U.S. beef industry.

Market Access / Noteworthy Issues include a) Chile's restrictive beef labeling requirements; b) Brazil's onerous label registration process for beef products; c) Colombian rules which prohibit frozen meat from being thawed for sale at retail; d) port issues related to dirty containers and boxes and documentation/labeling in Colombia; e) Ecuador's nontransparent import licensing process; and, f) onerous product and label registration requirements in Uruguay, Argentina, and Bolivia

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 100% of targeted importers/distributors that have a favorable attitude toward U.S. beef based on information provided by USMEF.
- 100% of targeted importers/distributors that consistently source U.S. beef.
- 93% of targeted HRI outlets/chains that regularly use U.S. beef.
- 100% of targeted retailers that identify the origin of U.S. beef.
- 89% of targeted retailers that actively promote the attributes of U.S. beef to their customers.

CBB/BPOC Funding Request: \$235,000

Contractor: U.S Meat Export Federation

Subcontractor:

Tactic#: 2240-M: Taiwan

LRP Initiatives Addressed by this Tactic

Drive Growth in Beef Exports	Grow Consumer Trust in Beef Production	Develop & Implement Better Business Models & Value Distribution Across All Segments	Promote & Capitalize on the Multiple Advantage of Beef	Improve the Business & Political Climate of Beef	Safeguard & Cultivate Investment in Beef, Industry Research, Marketing & Innovation
<ul style="list-style-type: none"> <input type="checkbox"/> Drive adoption of traceability ■ Identify & address export customer needs and values ■ Collaborate with targeted partners to promote U.S. beef in foreign markets ■ Invest in research, marketing & education programs 	<ul style="list-style-type: none"> <input type="checkbox"/> Measure, document, improve & communicate the net environment impact of beef production <input type="checkbox"/> Educate medical, diet & health professionals about beef & beef production <input type="checkbox"/> Align and collaborate with traditional & nontraditional partners to tell the positive story of beef production <input type="checkbox"/> Engage positively in the sustainable nutrition conversation <input type="checkbox"/> Expand efforts in education the general public about BQA program & it's impact on animal well-being <input type="checkbox"/> Expand BQA program to include verification <input type="checkbox"/> Develop a direct-to-consumer beef safety campaign 	<ul style="list-style-type: none"> <input type="checkbox"/> Use innovative methods & technologies to value carcasses based on eating satisfaction & red meat yield 	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the role of beef in a health & sustainable diet <input type="checkbox"/> Implement a marketing campaign that communicates beef's advantage compared to alternative proteins <input type="checkbox"/> Develop targeted marketing programs focused on the highest opportunity market segments <input type="checkbox"/> Cultivate collaborative promotion partnerships <input type="checkbox"/> Promote innovative online marketing, packaging & shipping solutions to enable the direct marketing of beef <input type="checkbox"/> Engage consumers in a memorable beef eating experience <input type="checkbox"/> Develop a more interactive & exciting beef purchasing experience <input type="checkbox"/> Promote underutilized beef cuts & new variety meat product 	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrate beef's positive sustainability message & key role in regenerative agriculture <input type="checkbox"/> Defend beef's product identity <input type="checkbox"/> Ensure beef's inclusion in dietary recommendations <input type="checkbox"/> Drive continuous improvement in food safety <input type="checkbox"/> Develop crisis management plans 	<ul style="list-style-type: none"> <input type="checkbox"/> Attract innovative & intellectual capital into the beef industry <input type="checkbox"/> Encourage the cooperation & collaboration of existing industry advisory committees to identify & prioritize research efforts

Committee(s) to Score this Tactic

Consumer Trust	Domestic Marketing	International Marketing	Nutrition & Health	Safety & Product Innovation	Stakeholder Engagement
<input type="checkbox"/>	<input type="checkbox"/>	n	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tactic Description:

Following a record year in 2019, U.S. beef and variety meat exports to Taiwan in 2020 were steady in volume at 63,752 mt with value down 3 percent \$551.6 million. Australia continues to be the largest competitor in the region, although Australia’s market share of imported beef dropped from 22.5 percent to 19 percent in 2020. The U.S. dominates the market at nearly 43.5 percent share. Imports of beef from Paraguay continue to climb, growing from 14,171 mt in 2019 to 24,248 mt in 2020. Paraguay’s market share of imported beef has grown from 5 percent in 2018 to 16.5 percent in 2020 and is mostly found in low-cost foodservice outlets.

Reflective of other leading Asian markets, namely Japan and Korea, Taiwan’s appetite for high-quality beef has been on the upward trajectory as consumers desire healthier and more “wholesome” choices. U.S. share of imported chilled beef in 2020 was 76 percent, setting a new record. Total imports of chilled beef were up 15.5 percent in 2020, with the U.S. leading that growth and capturing new demand for chilled product. The U.S. surpassed Australia as the leading supplier of chilled beef in 2013. U.S. beef alternative cuts thrive in this market, where price conscious buyers are willing to try new items while still enjoying the superior quality of U.S. beef.

Through 2020 Taiwan remained relatively unscathed from the Coronavirus pandemic with a limited number of confirmed cases. Consumer traffic to retail stores remained steady, although in-store tastings were banned as a precautionary measure. Foodservice traffic was impacted as tourist traffic dropped off, but many foodservice operators were able to maintain business with delivery and takeout menus. In 2021, Taiwan saw its largest spike in COVID-19 cases since the beginning of the pandemic, which is temporarily impacting foodservice and retail businesses nationwide as consumers are encouraged to stay home and social distance. USMEF will plan activities in 2022 with a high degree of flexibility as the market adjusts to COVID-19.

Announcements in August 2020 for improved access to Taiwan for over-thirty-month U.S. beef products and for U.S. pork via adoption of CODEX MRLs on ractopamine have spurred protests from concerned citizens. Although driven by political tensions between the KMT and DPP political parties, Taiwan is facing a referendum on allowing U.S. meat containing ractopamine into the market. Negative media coverage has increased the burden on U.S. beef buyers afraid of additional inspection, noncompliance, and consumer reactions. Independent testing of imported U.S. product for ractopamine residues has forced some retailers to pull U.S. product from their shelves. The referendum will take place in August 2021.

Per Capita Beef Consumption	8.4 kg
Total Beef Imports (not including variety meat) – all sources	140,806 mt
Total Beef Variety Meat (BVM) Imports – all sources	7,741 mt
U.S. Share of Total Beef/BVM Import Market	43.5%

Other Beef/BVM Suppliers & Market Shares	Australia 19%
	Paraguay 16.5%
	New Zealand 14.5%
Domestic Self Sufficiency	4%
U.S. Beef Exports (not including variety meat)	63,701 mt
U.S. Beef Variety Meat (BVM) Exports	51 mt
U.S. Beef/BVM Exports as a % of Total U.S. Beef/BVM Exports	5%
Customers for U.S. Beef Imports	Processing 1%
	HRI 70%
	Retail 29%
Top Imported U.S. Beef Cuts: rib fingers, short plate, chuck roll, shank, BL short ribs, top blade, chuck flap tail	
Top Imported U.S. BVM Items: tendon	

2020 import and market share data is based on import data of Taiwan (from Trade Data Monitor), and U.S. export data is from the U.S. Department of Commerce, Trade Census Bureau.

MARKET STRATEGY:

- a) Drive demand for high-valued U.S. chilled beef, capitalizing on the current trends of buyer demand for fresh and high-quality product; b) Displace competitor products by offering appropriate cut alternatives and preparation techniques suitable for a wide range of U.S. beef cuts; c) Maintain loyalty among key buyers to defend market share, and develop new customers by demonstrating the variety, profitability, and superior quality of U.S. beef, emphasizing first and foremost the safety in U.S. product; and d) Monitor consumer and buyer attitudes towards U.S. beef, paying close attention to media coverage of ractopamine issues, and dispel any myths that inaccurately describe U.S. production.

<p>Growing Beef Consumption & Demand for Chilled Beef Alternative Cuts</p>	<ul style="list-style-type: none"> • Food safety remains a priority concern among consumers, and as such high-end food products are growing in popularity, while cheap, low-quality foods continue to be phased out. • Consumers unable to travel due to COVID-19 restrictions are spending more on gourmet food and luxury experiences at home and when dining out. Premiumization trends are continuing to thrive, pushing demand for high-quality protein options. Taiwan is one of Japan’s largest export markets for Wagyu, demonstrating consumer interest in quality and their willingness to pay for premium product. U.S. beef is a reputable and price effective alternative for conscious buyers. • Despite a strong tradition of seafood consumption, consumers are choosing less seafood due to price and sustainability concerns. Instead, consumers are turning towards other protein options to diversify their palettes. • Competition among foodservice operators is driving demand for chilled beef as buyers seek out the best products to remain competitive. Utilization of U.S. beef alternative cuts, both chilled and frozen, is an effective strategy to reduce the risk of U.S. beef price increases on more popular items. Popular U.S. beef alternative cuts that have been successfully promoted by USMEF in Taiwan include petite tender, clod
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	<p>heart, plate finger, rib cap plate, top sirloin cap, brisket, tri-tip, and chuck ribeye. Potential exists for flank, chuck tender, and chuck short ribs.</p> <ul style="list-style-type: none"> • Supplies from Australia are dropping, creating opportunities for U.S. beef to further displace Australian product. USMEF will focus on the chuck tender to directly displace a popular Australian cut. This cut will be suitable for Asian-style foods. • Foodservice operators are facing additional costs associated with changing labor laws and the decrease in foot traffic following COVID-19. As a result, these buyers are eager to incorporate less expensive cuts that still reflect the quality consumers are demanding. • Over-thirty-month product has potential with lower-tier restaurants seeking cost effective raw material. Items like OTM ribeye, tenderloin, short ribs, chuck tender, knuckle, top blade muscle, rib fingers, and shank could easily be added to menus, although more education is needed among foodservice buyers and chefs.
<p><i>Strategic Objective</i></p>	<p>Capitalize on growing interest in beef as a protein option to all buyers and consumers, presenting U.S. beef chilled product where appropriate. Continue to link U.S. suppliers with new and existing buyers, showcasing a wide variety of U.S. beef options including muscle cuts, variety meats, OTM products, and even processed product.</p>
<p><i>Tactical Response</i></p>	<p>Identify opportunities for U.S. product to displace competitor cuts. Develop promotional programs, POS material, and social media content to increase buyer exposure to U.S. beef, pushing safety and quality messaging about U.S. product. Collaborate with U.S. packers to identify new alternative cuts appropriate for the market, introducing HRI and retail buyers to these options.</p>
<p>Diverse Dining Culture</p>	<ul style="list-style-type: none"> • Pre-COVID-19, Taiwan consumers dined out frequently, with 33% of consumers reporting that they regularly dined out at least 4x/week. Consumers today are turning more towards delivery services and takeout menus. Top delivery apps in Taiwan include FoodPanda, UberEats, Foodomo, and Restaurant Platforms. Consumers of all ages utilize delivery platforms, including seniors who find it difficult to leave their homes. • “Revenge spending” is pushing consumers to spend even more on dining out than ever before, especially at full-service restaurants. • With diverse options to choose from, consumers tend to lack loyalty to a single type of restaurant; thus, to thrive in the long-term operators must create menus that continually satisfy and intrigue consumers. • Ghost and cloud kitchens are an emerging trend with stable support as delivery becomes more pronounced and consumers remain willing to try new menus. Some restaurant operators are opening delivery-only brands to tap into this new segment. JustKitchen has been expanding rapidly in Taiwan since 2019, partnering with UberEats for delivery and managing a series of delivery-only food brands, and using larger hub kitchens to prep food before sending orders to smaller spoke kitchens for the last leg of preparation before delivery. JustKitchen plans to take their model to markets like Hong Kong, Singapore, the Philippines, and even the U.S.

	<ul style="list-style-type: none"> • Influences from Japan, Korea, and China are extremely prevalent in this market, where the geographic proximity to other Asian destinations make Taiwan a cultural melting pot. Culinary influences from these other markets are widespread throughout Taiwan, many of them favoring beef consumption. • Japanese and Korean restaurant chains, which use U.S. beef in their recipes, are expanding into Taiwan. For example, Matsuya, a popular Japanese beef bowl brand, is becoming very popular among Taiwan consumers. Successful USMEF promotions or marketing strategies from other export markets in Asia can typically be applied to Taiwan. • Experiential dining is popular in Taiwan, where dining out is considered a fun social event. Cross-branding and pop-up menus are becoming more popular among consumers seeking a “different” experience. • USMEF’s Diamond Plus Program is a well-regarded differentiator tool among foodservice operators seeking ways to acknowledge quality.
<p><i>Strategic Objective</i></p>	<p>Further integrate delivery and takeout menus including ghost/cloud kitchen set ups. Target the HRI sector to find and develop suitable outlets for a range of cuts that coincide with consumer eating trends that are ideal for a wide variety of cooking styles, including various types of cuisines like BBQ, yakiniku, steak, burgers, and beef bowl.</p>
<p><i>Tactical Response</i></p>	<p>Identify key market players to further penetrate the delivery sector, assist U.S. beef users new to the delivery sector, and support U.S. beef buyers with free delivery/online promotions. Introduce and educate importers and buyers to new cooking applications for alternative cuts to leverage the diverse dining culture in Taiwan, including OTM product. Identify emerging foodservice trends and support HRI operators with promotions and evolving consumer events or pop-up menus to further boost sales. Utilize gourmet identifiers, such as the Diamond Plus Program, to help foodservice operators differentiate from the competition.</p>
<p>Evolving Retail</p>	<ul style="list-style-type: none"> • COVID-19 was a driver behind a retail surge in 2020, pushing consumers to consider more options at home. • Consumers are shifting away from wet markets and are shopping more frequently at supermarkets where they can find conveniently packaged items and small portions. • Vacuum skin packaged items extend shelf life and allow retailers to add higher-priced items like tenderloin and ribeye to their shelves. Australian VSP products have been available in the market for years, but U.S. beef options are new. Importers are recognizing the potential in these products and are investing in the equipment to offer VSP raw material, cooked/marinated meat, etc. to retailers. • Consumers prefer VSP products for easy storage, improved shelf-life, better packaging, and perceived quality. However, due to the color difference between vacuum skin packaged items and tray packaged beef, consumers still need to be educated on quality characteristics. • Consumers not travelling due to Coronavirus are spending more on gourmet cuisine, even at retail.

	<ul style="list-style-type: none"> • FoodPanda, a top delivery platform in Taiwan, is expanding services to include 24-hour delivery for both takeout and groceries. FoodPanda is now partnering with over 3,000 supermarkets like Carrefour in Taiwan to provide fresh grocery delivery services. • Warehouse club retail formats like Costco performed well in 2020 as consumers turned to bulk buying. Strong consumer loyalty to Costco, which carries U.S. beef, is a major barrier to market rivals. According to Euromonitor, approximately 10% of Taiwan’s population are Costco members. • Convenience stores are offering their own private labels and are seeking ways to differentiate not only amongst themselves but also to compete with supermarkets. Leading CVS players in the market include Seven Eleven and FamilyMart. • Convenience store sales were boosted in 2020 due to closure of some foodservice outlets. Many CVS stores offer boxed meals/sandwiches and hot foods featuring items like BBQ or beef bowl. Many CVS chains now offer online shopping and home delivery on mobile apps. • In addition to alternative cuts being added to retail shelves, consumers can find these products in newly popular meat boutiques or through vendors advertising on Facebook. • Meat boutiques are a trendy retail venue for high-quality imported product and often feature imported beef from the U.S., Australia, and New Zealand. • The fusion between retail and HRI is producing supermarket-style hot pot restaurants, where consumers can shop for their individual ingredients and can cook the items in-store. This type of set up is expanding to include yakiniku and teppanyaki. • Cross-branding and collaborations between retailers and foodservice operators seeking to create “exclusive” or “pop-up” products and stores can capture demand from consumers wanting new experiences. Retailers are upgrading, incorporating premium experiences and even combining concepts for an original experience.
<p><i>Strategic Objective</i></p>	<p>Identify opportunities for U.S. beef to further integrate the retail sector in supermarkets, meat boutiques, online, etc. including displacing competitor product and capturing new demand with processed/convenience items. Build retailer confidence in U.S. beef for long-term use.</p>
<p><i>Tactical Response</i></p>	<p>Support traditional supermarkets, convenience stores, and meat boutiques with promotions, recipe education, tasting demonstrations and educational material to launch new alternative cuts and highlight U.S. origin where appropriate. Announce promotions through social media channels, allowing more consumers to follow U.S. beef promotions and focus on the availability of U.S. product.</p>
<p>Digital Marketing</p>	<ul style="list-style-type: none"> • Consumers in Taiwan are heavy users of social media sites, such as Facebook, YouTube, Instagram, or LINE and rely on these platforms to share information and keep up on current trends.

	<ul style="list-style-type: none"> • Local SNS “celebrities” and bloggers have a lot of influence over consumers’ purchasing patterns as reviews are perceived as honest and credible. • Cultural standards and religion have historically minimized beef consumption in this market. However, with evolving cultural norms and the sharing of information via social networks, lingering taboos about consuming beef are disappearing rapidly. • More consumers are seeking fresh/healthy convenience items, though food safety is a growing concern in general among consumers. Improving and maintaining consumer trust through public platforms is a priority. • Consumers are taking more notice of environmental sustainability. Social media platforms are an ideal venue to engage with consumers and highlight the sustainable production practices backing U.S. beef.
<i>Strategic Objective</i>	Use social media to educate importers, restaurateurs, retailers, and consumers on U.S. beef production safety, and use unified messages to create a favorable image among consumers. Teach U.S. beef buyers how to best utilize digital marketing tools to reach consumers and partner with KOLs to share key information about product quality, safety, and production.
<i>Tactical Response</i>	Create content to heighten visibility for U.S. beef and educate on U.S. beef safety and quality, including videos to be shared on social media platforms while collaborating with foodservice and retail partners to highlight specific promotions featuring specific cuts. Cooperate with restaurants using U.S. beef to develop video advertisements designed for Facebook and YouTube to increase consumer traffic and enhance restaurant loyalty to U.S. beef. Utilize other digital platforms to reach consumers, including online cooking class material targeting young consumers with growing purchasing potential.

Other Key Initiatives

- Continually analyze the market to identify gaps in supply within desired price ranges, and position specific cuts of U.S. beef, including chilled beef, to take advantage of these opportunities.
- Work with U.S. packers to address Taiwanese trends and capitalize on opportunities to quickly move certain cuts (e.g., currently boneless short ribs, bone-in short ribs, short plate, rib cap plate, plate finger, chuck roll, etc.) using specialized initiatives targeting importers, distributors, foodservice operators and retailers.
- Educate the foodservice sector on dry-aging for cuts beyond striploin and ribeye.
- Broaden awareness of U.S. niche beef items, including natural/organic, branded and breed-specific products.
- Target younger chefs and consumers through events and social media to promote venues/menus featuring U.S. beef, and use PR activities to highlight Taiwanese consumers accepting and enjoying U.S. beef.
- Rotate focus of building food trends with consumers to maintain buyers’ interest and benefit a variety of cuisines with consumer events.
- Target students and consumers with up and coming purchasing power by educating these buyers on U.S. beef attributes, recipes, brands, etc. via online cooking and beef handling classes, and live cooking shows that play into lifestyle trends like camping.
- Monitor the presence and growth of plant-based protein options in retail and foodservice.

Market Access/Noteworthy Issues include a) existing BSE-related restrictions requiring imported cattle be fed in the U.S. for at least 100 days, and bans on the importation of ground beef, trimming and certain offal; b) country of origin labeling on finished products produced in Taiwan with imported raw materials and bulk packaged foods which would potentially create a discriminatory market for imported U.S. red meat.

Measurable Objectives

(For tactics \$100,000 or less two measurable objectives are required, and for tactics over \$100,000 at least three to five measurable objectives are required by the Checkoff Evaluation Committee):

- 69% of targeted trade accounts will report having a favorable attitude toward U.S. beef based on information provided by USMEF.
- 61% of targeted trade accounts will demonstrate a willingness to purchase additional U.S. beef items.
- 61% of targeted trade accounts will collaborate with downstream customers to promote U.S. beef.
- 53% of targeted restaurants will actively participate in and contribute to USMEF beef promotions.
- 53% of targeted restaurants will use U.S. beef as a new menu item.
- 61% of targeted retailers will stock and promote an additional alternative U.S. beef cut.
- 84% of targeted retailers will actively promote the attributes of U.S. beef to their customers.

CBB/BPOC Funding Request: \$634,000