

Canadian Cattlemen Market Development Council

2006/07 Marketing Implementation Plan



Executive Summary of the 2006/07 Plan

Consistent with the requirements of the Canadian Cattlemen Market Development Council (CCMDC) business plan, we are pleased to submit the marketing implementation plan for 2006-07. These documents and plans have been developed in consultation with the Global Market Advisory Committee of the Canadian Cattlemen's Association, the Minister's Beef Value Chain Round Table and constituents of the respective recipient marketing groups. Further, the plan has been accepted by the Board of Directors of the Canadian Cattlemen's Association.

This plan outlines the objectives and activities for market development for commercial beef, U.S., Mexico, Asia, and the rest of world, and for beef cattle genetics.

2006/07 Marketing Implementation Plan

The budgeted 2006/07 global marketing plan expenditures are \$20,388,154. Expected contributions from industry (check-off, membership fees, and other member contributions) are \$8,673,951.

In order to successfully implement the marketing plan for 2006/07 (July 1 – June 30), it is expected that the global marketing strategy will require \$8,610,549 from the Canadian Beef and Cattle Market Development Fund (CBCMDF). The breakdown of funding requirements and marketing strategies are summarized below.

U.S. Market Development - \$1,525,384

The Beef Information Centre (BIC) is a national organization formed in 1973 by Canadian beef producers to promote beef as its original mandate. BIC is the market development division of the Canadian Cattlemen's Association (CCA) and currently provides market development programs for Canadian beef in Canada and the United States, for both fed and non-fed beef. The United States is the largest market for quality grain-fed beef in the world. It represents over 25 percent of the world's consumption, compared to Canada at just over two percent.

Objectives:

- 1) Increase export volumes to the United States for all eligible beef products at as high of value as possible relative to USDA Choice and Select grades.
- 2) Reduce vulnerability to potential trade impairment.
- 3) Further establish the *Canadian Beef Advantage* with suppliers of Canadian beef.

To create greater customer loyalty, BIC is managing the identity of Canadian beef like a branded consumer product with identifiable attributes. For Canada, with very high priced products compared to other imports, it is critical that buyers understand why Canadian beef is a premium product and priced accordingly. In establishing the Canadian Beef Advantage, the equivalency to U.S. beef needs to be reinforced and the unique

advantages leveraged. These include: genetics, animal management, individual animal identification, vitamin E, federal inspection, grading yield, and supply capability.

The Canadian Beef Advantage is being established by BIC in consultation with industry and government partners. This product knowledge, combined with the customer's relationships of the suppliers of Canadian beef, will continue to be an effective platform from which value can be created and sustainable sales opportunities realized.

Commercial Beef - \$2,320,882

The Canadian beef industry continues to face the challenge of ensuring market for products from cull cows and bulls. Products from these animals are used to supply the commercial beef market - a segment of the domestic market that utilizes non-fed beef primarily for further processing applications. This market is segmented by manufacturers, foodservice and retail distributors - who market products such as precooked deli meats, heat and serve entrees, hamburger patties, and ground beef.

Objectives:

- 1) To increase the size of the domestic commercial beef market.
- 2) To increase market share versus non-NAFTA imports by addressing barriers to increased use of Canadian beef products in the domestic market.
- 3) To add value to commercial beef products through new product innovation.

In order to reach the objectives stated, BIC has designed a strategy that focuses on managing consumer and customer perception issues for over thirty month (OTM) beef products; building on the loyalty and relationships built through the BSE crisis to expand the customer base and increase domestic market share; and monitoring and proactively addressing food safety issues associated with commercial beef. This includes efforts to improve consumer perception of the healthfulness of products like ground beef – as a safe, nutritious, and convenient choice that fits well within a healthy eating plan.

There is definite potential to expand the size of the domestic market for commercial beef. By working with supply chain partners we can further increase sales of products like hamburgers versus chicken sandwiches and salads at fast food restaurants - and sales of roast beef and pastrami versus ham and turkey at the deli counter. Effective sales promotion efforts with companies like McDonalds, Harvey's, and Burger King have clearly demonstrated this over the last couple of years. Longer term, the introduction of quick, convenient entrees can further expand market size.

Mexico, Asia, and Rest of World - \$4,068,092

The Canada Beef Export Federation was established in 1989. CBEF is an independent non-profit industry association committed to improving export results for the Canadian beef industry. The Federation's mandate is to identify and develop markets to increase the sale of Canadian beef and veal products with the cooperation of all companies, organizations, and institutions which will benefit from this success.

Objectives:

- 1) To secure and increase markets outside of the U.S. for Canadian beef products in order to decrease export dependence on the U.S.

- 2) To prevent international price erosion with a mid term goal of achieving and sustaining U.S. price equivalence
- 3) To secure and develop improved access to international markets
- 4) To create strategic partnerships and alliances in order to improve cooperation, coordination, and information sharing

CBEF has designed their market development strategy to create export success by pursuing five primary tactics. CBEF continues to conduct their *market research* program in order to identify markets or sectors that may present opportunities for the Canadian industry. Addressing *market access* issues continues to be a focus for CBEF. Initial access to South Korea, Taiwan, Mainland China, Taiwan, Indonesia, Russia and other key international markets, and expanded access to markets such Japan, Mexico, Hong Kong, and the European Union will be pursued. In addition, substantial progress in the current round of World Trade Organization (WTO) will improve overall market access conditions.

In order to raise the image of Canadian beef to the “highest quality internationally traded grain-fed beef”, CBEF has designed programs to increase the awareness, improve the image and increase the demand for Canadian beef demand in target markets. To complement this *generic promotion* of Canadian beef, CBEF also works with individual export members with *brand development*, building their corporate and co-brands within a *Canada Beef* brand environment.

Beef Cattle Genetics - \$696,191

The Canadian Beef Breeds Council (CBBC) is a non-profit association that represents the Canadian purebred cattle industry. Its members include national breed associations that in turn represent more than 10,000 producers of breeding stock, as well as exporters/service providers. The services provided by breed associations include pedigree registry, genetic improvement, research, extension and promotion. The core products produced by producers include breeding stock, and other forms of germplasm, specifically semen and embryos. There is added value in registered purebred cattle because of individual animal performance testing, progeny testing, and other measurements and processes that are utilized by the purebred industry to advance genetic improvement. Genetic improvement calls upon the input from many professionals including geneticists, veterinarians, nutritionists, and many others that also add value to the industry and the products that it produces.

Objectives:

- 1) Reopen and re-access markets within a diversified global market portfolio outside of the US, thereby distributing potential for managing both opportunity and risk for exports and reinvestment in this sector
- 2) Establish niche markets as determined by breed strengths and characteristics
- 3) Achieve the long term goal of 5% of international agricultural market share by 2010 as defined by Canadian Agri-Food Marketing Council

The beef cattle genetics sector's market development strategy involves a large number of stakeholders. CBBC's role is to facilitate the generic components of the purebred genetics sector's strategy and involves providing direction and focus in achieving both short term and long term results. CBBC is focused on sustainably increasing the amount and value of exported Canadian genetics products. This will be accomplished through *market development* and improvements in *market access*. CBBC's role includes ensuring that Canadian genetics products and their attributes meet the needs of target customers through awareness by advertising and supporting inbound and outbound missions.

The basis of the CBBC's international market development strategy is a value proposition: that Canada has a competitive and comparative international advantage in the production of beef cattle genetics. This is based on a number of measurable factors that include a systems approach to genetic improvement, climate, regulatory systems, and the skill of producers. It is fostered by the view held by the international community and supported by research, that Canadians are trusted and have a high degree of integrity.

A key element of the 2006/07 marketing strategy continues to focus on resuming access for breeding cattle to all markets. It is expected that access for breeding cattle to the U.S. will be achieved, and this will require focused resources to resume the pre-BSE levels of trade. In addition, trade irritants such as zootechnical impediments must be reduced. While harmonization in areas is desirable, points of differentiation will be probed, identified, and addressed.

Appendix A: Global Marketing Advisory Committee Financial Overview

Appendix B: Beef Information Centre 2006/07 Business Plan

Appendix C: Canada Beef Export Federation 2006/07 Business Plan

Appendix D: Canadian Beef Breeds Council 2006/07 Long Term International Strategies