

Canadian Cattlemen Market Development Council

Strategic Marketing Plan Look-back Review

2015 July 10

Prepared by Framework Partners

Preface

In 2005, in the face of an industry in crisis after the discovery of bovine spongiform encephalopathy (BSE) in the Canadian beef cattle herd, the governments of Alberta and Canada stepped in to provide important and needed help. The Government of Alberta established a \$30 million fund, the Alberta International Beef Market Development Fund. Separately, the Government of Canada announced \$50 million in funds, referred to as the Legacy Fund. While there were some differences in the structure and eligible uses of these funds, their overall intent was to provide substantial material support to the recovery of the beef, beef cattle, and genetics industries. These two funds, supported by matching industry funds, were entrusted to the Canadian Cattlemen's Association (CCA) to administer in a strategic manner as the Canadian Beef and Cattle Market Development Fund.

The CCA established the Canadian Cattlemen Market Development Council (CCMDC), reporting to the CCA executive and board, to administer and allocate these funds. This Council comprises experienced producer representatives, supported by a small group of ex-officio non-voting members. The non-voting members include individuals with extensive experience in beef and beef cattle marketing, and representatives from the fund providers, including a representative from Agriculture and Agri-food Canada and, since 2009, the CEO and a board member of the Alberta Livestock and Meat Agency.

In early 2006, the CCMDC developed and published a Strategic Marketing Plan that defined the overall direction, goals, and priorities that would guide the allocation of the Canadian Beef and Cattle Market Development Fund over the 10-year life of these funds. Using this plan as a guide, the CCMDC has executed its mandate, distributing funds to eligible organizations in accordance with the Strategic Marketing Plan and with the funding agreements established with governments of Canada and Alberta.

With the life of these funds now reaching an end and the role of the CCMDC nearing completion, the Council wishes to review the progress of the past 10 years, and to identify lessons that may be of value for the industry in the future. To that end, the Council engaged Framework Partners to conduct a look-back review, informed by an understanding of the original strategy, data on the beef, beef cattle, and genetics markets, and input from a select number of relevant stakeholders. Framework conducted this review during May and June 2015, and this report is the summary of the findings.

Objectives of this Review

This review was intended to assess the overall accomplishments of the CCMDC and its Strategic Marketing Plan. More specifically, this review has attempted to answer the following guiding questions:

- How effective has the CCMDC been in the governance and allocation of the Canadian Beef and Cattle Market Development Fund?
- To what extent were the overall objectives of the CCMDC, as laid out in the Strategic Marketing Plan, achieved?
- Were the initiatives and activities funded by the CCMDC aligned with these objectives, and were these initiatives and activities effective in meeting these objectives?
- What other lessons can the industry draw from the CCMDC experience over the past 10 years?

The review did not attempt to evaluate the appropriateness or effectiveness of individual actions or tactics of the funded marketing organizations. The intent of this review was, instead, to provide an assessment of the overall portfolio of plans, actions, and outcomes.

The review also did not attempt to assess the efficiency of the Council. It was noted that administration costs represented approximately 5% of the total Canadian Beef and Cattle Market Development Fund (excluding industry matching funds) which, in our experience, was reasonable given the need for extensive stakeholder engagement throughout the life of the Funds.

Approach

Framework undertook the following activities to conduct this review:

1. Review of existing documentation, including the CCMDC's annual marketing implementation plans and results reports over the life of the CCMDC.
2. Analysis of relevant industry and market data, including domestic and export volumes and values for beef, beef cattle, and genetics products since CCMDC's inception.
3. Interviews with selected industry stakeholders, including representatives from producers, producer marketing organizations, industry partners, and government funding partners (a list of completed interviews is appended).
4. Development of an initial draft report and findings.
5. Validation through further engagement with stakeholders, including members of the CCMDC, CCA executive, and government funding partners.

This work was undertaken in May and June 2015.

Findings

The following is a summary of the major findings of the review in the areas of fund governance, achievements, long-term outcomes, and metrics. Each finding below is supported by market analysis or insights and direct quotes taken from interviews with industry participants.

Fund Governance

The fundamental role of the CCMDC was to oversee and administer the Canadian Beef and Cattle Market Development Fund, often referred to as the Legacy Funds, on behalf of the Canadian Cattlemen's Association, as laid out in the funding agreements with the governments of Canada and Alberta.

1. *The CCMDC has been effective in working with fund applicants to provide clear funding guidelines, review funding applications, and disperse awarded funds.*

Participants from all sides of the process agree that the process of applying for and distributing the funds was effective and efficient. The process was described as “well understood,” “thoughtful,” and “fiscally sound.” Overall, the CCMDC was seen as “easy to work with” by the funded agencies, and fund recipients noted that the process was “not bureaucratic,” that “reporting requirements weren't so onerous that they prevented you from doing the work,” and that funds were released in a timely manner.

Some concerns were raised about the fact that each organization submits its funding applications separately and that there was limited communication of the successful fund applications to other fund recipients. These two factors with the funding process were seen as reducing the opportunity for collaboration between fund recipients.

2. *The CCMDC provided a unified strategic view and a layer of challenge to the industry's marketing organizations, helping to improve their plans, encourage a longer-term focus and support increased coordination along the value chain.*

The CCMDC's Strategic Marketing Plan provided the beef cattle marketing agencies and other stakeholders with a single, unified long-term vision for marketing Canadian beef and beef cattle genetics. This was “the first time we had something like a single industry strategy,” and through this strategy, the CCMDC was able to encourage and support industry efforts towards a common goal.

In addition, through its application review process, the CCMDC was positioned to act as an independent form of challenge to the strategies, plans, and tactics of industry marketing organizations. At times, it was perceived as “struggling to be more than just a bank.” Some perceived that, particularly earlier in its mandate, the CCMDC was not fully effective in creating a shift in the strategies and tactics of the industry marketing organizations. Several stakeholders, however, noted that, particularly more recently, the CCMDC was able to

influence the marketing organizations to achieve “greater long-term focus” and improved “accountability for actions and results.”

3. *The composition of the CCMDC supported strong producer engagement and the participation of non-producer ex-officio members was important in providing additional marketing expertise, but some concerns regarding the CCMDC’s structure exist.*

The CCMDC comprises a chairman, seven additional producer representatives, and the CCA executive vice-president. In addition, there are currently four ex-officio, non-voting members including three government representatives and one international beef marketing expert. This structure is consistent with the funding agreements established between the CCA and the governments of Alberta and Canada.

Through this structure, the CCA and its member organizations were kept well engaged and informed of the CCMDC’s plans and activities and the implications for the industry marketing organizations. The CCMDC also communicated directly with producers through presentations at conferences and through articles in industry publications. The additional involvement of ex-officio members to provide additional perspectives and marketing knowledge was seen as critical to the success of the CCMDC.

Some industry participants expressed concerns regarding this structure, however. These concerns included:

- a. Potential for individual CCMDC members to be perceived to be making decisions based on vested interests.
- b. Insufficient involvement of industry partners, particularly processors, exporters, and end customers (i.e., retail and food service), who are actively selling beef or beef cattle.

These views were not universally held and many participants we interviewed were concerned that a different governance structure would have limited the overall approach and effectiveness of the CCMDC. For example, it was noted that “the two major U.S.-based packers have incentive not to differentiate Canadian beef from beef from the U.S. operations” and would not, therefore, have had as much of a focus on creating a distinct brand for Canadian beef that would support differentiation.

Priorities and Achievements

1. *The CCMDC was an important catalyst for the development of a distinct brand and brand promise for Canadian beef, which is seen by all stakeholders as an important and value-creating step in the evolution of the industry.*

The CCMDC's strategic plan included a focus on differentiating Canadian beef and beef cattle from international competitors as a means of improving customer understanding of and confidence in the quality of Canadian beef and, ultimately, contributing to higher product value. The CCMDC made significant funds available, particularly in the earlier part of its mandate, to develop the technical materials to develop a distinct Canada beef brand, supported by proven valued characteristics.

This focus on differentiation and these funds are seen by industry stakeholders as a necessary foundational element to the successful development of Canadian beef branding. "A focus on technical attributes of Canadian beef allowed for a shift in positioning from volume to quality." As was noted, "The CCMDC has taken us from commodity to a differentiated quality product. We've moved away from a commodity mindset." This shift is seen by stakeholders as a "tremendous stretch" that has truly strengthened the industry's ability to "articulate the promise of Canadian beef."

The industry has now developed a clearly defined brand with demonstrated technical, visual, and emotional attributes, and this brand has gained recognition throughout Canada (as evidenced by multiple brand licensing agreements with leading Canadian retailers and food service companies), with some select markets within the North American Free Trade Agreement (NAFTA) (e.g., the Hispanic market in the U.S.), and with targeted buyers in high-value Asian markets.

2. *Realizing the full value of the Canada beef brand was challenging and required collaboration with processors, exporters, and other value-chain partners. The CCMDC was important to strengthening this collaboration, but tight industry coordination remains a challenge.*

CCMDC directed funds primarily to industry organizations marketing beef and beef cattle genetics. These include Canadian Beef Breeds Council (CBBC) for genetics-related marketing and Canada Beef Inc., and its predecessors Beef Information Centre (BIC) and Canada Beef Export Federation (CBEF), for beef marketing. These organizations are highly active in the promotion of the Canadian beef and beef cattle industry but do not sell product directly. Rather, sales are conducted by value-chain partners, including packers, processors, export brokers, artificial insemination companies, and some individual producers. As a result, driving increased sales and value for the industry requires collaboration between the promotional organizations and the organizations with product to sell.

Over time, the CCMDC requested and required the funded marketing organizations to coordinate with exporters and beef customers (e.g., retailers, foodservice) regarding

promotional activities and product branding. As was noted during the interviews, “It was the intention that those selling the product would be very tight to the funds and plans of the CCMDC and the funded organizations.”

Through this focus, “the linkage between Canada Beef and the packers has strengthened, but there remains room for improvement.” The CCMDC was also seen as facilitating partnerships with retail and foodservice customers, and this has helped “create connections with buyers,” which provide a more “sustainable and long-term relationship for selling Canadian beef.” The integration of BIC and CBEF into Canada Beef Inc. – executed by these organizations and CCA, but supported in part by CCMDC funding – is also seen as an important step in improving this collaboration within the industry and “in driving consistency in marketing behind a single global strategy.”

3. *CCMDC provided predictable funding that enabled industry marketing organizations to take a longer-term view and support long-term activities.*

By providing a stable funding environment for an extended period of time, the CCMDC played an important role in supporting the industry marketing organizations as they undertook longer-term activities and to undertake activities that they would not otherwise be well-resourced to do. Examples include:

- a. “The Legacy Funds meant that the industry could be involved in the European trade deal – sitting with the prime minister and participating in decisions. Without the funds, we couldn’t have been there and we couldn’t have followed up to make sure we took advantage of the opportunities as they opened.”
- b. “We were able to host the 2009 World Angus Forum to showcase our Angus genetics... We wouldn’t have been able to do this as well without Legacy Funds. Every dollar received has been returned 400-plus per cent. Deals were made there and afterwards that had a profound effect on the genetics industry in Canada.”
- c. “The Funds allowed us to take on more risk. You don’t know what activities will work – we were able to do more and try more.”

This was particularly important for the genetics side of the industry, where the only other funding source is direct member contributions.

4. *The distribution of funds was, in overall terms, consistent with the Strategic Marketing Plan and priorities identified within it although, with the benefit of hindsight, optimizations may have been possible.*

Figures 1 and 2 (see attached appendix) show the year-by-year and total distribution of the Canadian Beef and Cattle Market Development Fund across different segments of the beef, beef cattle, and genetics markets. Most industry stakeholders interviewed for this review broadly supported the overall allocation of funds over the 10-year period of the funds.

As can be seen in Figure 1 and Figure 2, the majority of funds were directed towards international beef markets. These funds were important in establishing and sustaining Canada's presence in the beef markets before and after markets reopened. This is consistent with the overall intent of the Canadian Beef and Cattle Market Development Fund and the Strategic Marketing Plan, but some stakeholders saw an opportunity to improve the focus of these funds. For example, funds used to maintain a presence in closed markets, such as South Korea, might have potentially been put to better use in countries that had already reopened to Canadian beef.

It was also noted that from 2008 through 2010, the industry's matching funds from check-off increased significantly due to the ongoing liquidation of the beef cattle herd that occurred during this time. This may have led to higher levels of CCMDC spending given the availability of industry matching funds, and some felt that there may have been an opportunity to smooth out the allocation of funds over time to avoid over-investing during periods of check-off fund availability (and vice versa).

Some additional potential optimizations were noted:

- a.* Reducing spending on commercial beef more quickly after the American and Mexican markets gradually reopened to beef and live cattle more than 30 months old in 2007 and 2008. "We didn't need as many dollars going to commercial beef as we spent." Some noted, however, that investments to support commercial beef may have benefits in other markets that would have justified this investment.
 - b.* Increasing spending on Alberta initiatives with the Alberta portion of the funds. As noted during the interviews, limited awareness among industry participants may have reduced the number and quality of applications received by the CCMDC for Alberta-specific initiatives.
- 5. The original CCMDC Strategic Marketing Plan was valuable at the outset, but stakeholders recognize that the plan could have been reviewed and revisited through the life of the Canadian Beef and Cattle Market Development Fund to address changing industry circumstances.*

Since the development of the Strategic Marketing Plan in 2006, many changes occurred that had a substantial effect on the industry:

- a.* The commercial beef market stabilized.
- b.* Many international markets reopened to Canadian beef, beef cattle, and beef cattle genetics products.
- c.* New markets emerged as significant destinations for Canadian beef and beef cattle genetics. China became one of the largest non-NAFTA destinations for Canadian beef, for example, while Kazakhstan became one of the largest non-NAFTA destinations for beef cattle and beef cattle genetics.

- d. The Canadian dollar changed substantially in value, hovering at or above par with the U.S. dollar for some time before recently dropping closer to historical levels.
- e. Additional regulations affecting trade were introduced, such as country-of-origin labelling in the U.S.
- f. The size of the Canadian beef cattle herd declined substantially from its peak in the post-BSE era.
- g. The value of Canadian beef, beef cattle, and genetics products climbed to historic highs.

These changes have greatly affected the competitive environment for Canadian beef. Yet, as a number of interviewed stakeholders have noted, the CCMDC lacks an updated Strategic Marketing Plan. With the benefit of hindsight, multiple interviewees suggested that a mid-course review of the CCMDC's plan and priorities would have been valuable. This would have allowed the CCMDC to adapt to industry dynamics.

In particular, several interviewees suggested that – with the Canada beef brand well developed and with record-high beef prices – the industry and the CCMDC should shift some focus away from pure marketing towards research, particularly research into beef genetics and on-farm production practices. “Promotion and marketing doesn’t play as big a part for the industry now. Maybe it’s research instead, focused on helping our producers deliver growth. I would love to see more funds to focus on opportunities in production.”

It was noted, however, that this flexibility was partly constrained by the original funding agreements, which restricted how the funds could be spent. The funding agreements were not reviewed during the CCMDC's operating time. In any case, changes to these agreements may have been challenging to execute successfully given the differing perspectives within the industry on the most effective allocation of the funds and the eligibility differences between the Alberta and federal fund agreements.

6. *Marketing organizations are concerned about their ability to sustain activities in light of the end of the Canadian Beef and Cattle Market Development Fund.*

While the organizations funded by the CCMDC benefited significantly from the stable, long-term nature of those funds, they now face the challenge of operating in the absence of Canadian Beef and Cattle Market Development Fund. The reduction in funding is causing these organizations to review their resourcing and activities. Several stakeholders noted that “the marketing organizations are realizing that they don’t have the money to keep up the same level of activity.” For example, “Canada Beef Inc. needs to change its business model. [With less budget, it has had] to close several international offices.”

There is a view that the industry did not do enough “to plan for the future, post CCMDC. We didn’t plan for the next disaster.” It was suggested that there may have been an opportunity

to change how the funds were distributed over time to provide a more gradual ramping down of funding in the latter years of the CCMDC.

It was also noted that the availability of the funds administered by the CCMDC may have also delayed a needed increase in check-off. "The check-off is worth significantly less than it used to be with the time value of money."

Long-term Outcomes

As noted in the preface, the Canadian Beef and Cattle Market Development Fund and the CCMDC were established to help the beef cattle industry recover after the discovery of BSE within the Canadian beef cattle herd resulted in border closures and substantial loss of value to the industry. To achieve this, the CCMDC Strategic Marketing Plan and subsequent reports highlighted three main priorities for the Council and the Fund:

- Build awareness for a Canadian beef identity/brand built on benefits defined by a strong and clear value proposition.
- Achieve growth in traditional, existing, new, and emerging markets for Canadian beef or Canadian genetics products.
- Maximize the total value realized by the Canadian beef and cattle genetics industry through optimization of carcass values or genetics and live-cattle values.

Several findings, summarized below, have emerged through interviews and data analysis regarding the outcomes achieved for the industry. It is important to note that these outcomes were not solely reliant on the activities of the CCMDC. Many additional factors, including overall herd size, value of the Canadian dollar, and changing trade restrictions among others, affected the Canadian beef and beef cattle genetics industries.

1. *The CCMDC and the Canadian Beef and Cattle Market Development Fund enabled marketing organizations to prepare for the re-opening of markets to Canadian beef, beef cattle, and genetics.*

Almost all stakeholders interviewed highlighted the critical importance of the Canadian Beef and Cattle Market Development Fund and of the CCMDC in the years immediately following their creation. For example:

- “The Legacy Funds played a huge role in moving our industry forward. I don’t know how else we could have directed money to the right spot to help the industry survive.”
- “The CCMDC was fundamental to recapturing the market.”
- “The funds did the job they were intended to do. They allowed us to get back into markets and to offer customers the confidence that we were back to stay.”

As a result, Canada was able to increase exports as markets reopened, and to establish new markets, including China and Kazakhstan as important destinations for Canadian beef and beef cattle genetics, respectively.

2. *Beef and genetics product values recovered.*

In the period immediately after the discovery of BSE in Canada, the value of beef products

and beef cattle dropped to historic lows. Since 2009, as shown in Figure 3, the industry has seen steady gains in product value, and beef and genetics products are now trading at historic highs. This trend is seen in almost all major beef export markets, where current values exceed pre-BSE levels, as shown in Figure 4. Similarly, breeding cattle and embryos have also steadily gained value, as shown in Figure 5.

While it is impossible to identify a direct association between the activities funded by the CCMDC and the increased value of Canadian beef, beef cattle, and genetics products, industry stakeholders feel that the contribution was a positive and important one, particularly through the focus on differentiation.

3. Diversification of beef exports has increased, consistent with the CCMDC's objectives.

The CCMDC noted that a decreased reliance on individual markets has the potential to improve the resilience of the beef market and reduce the risk associated with border closures or other trade barriers.

The NAFTA markets were among the earliest to reopen to Canadian beef products and, as a result, the Canadian market was at that time highly dependent on exports to the U.S. in particular. As shown in Figure 6, however, with additional markets opening since then, export dependency on the U.S. has been reduced. As of 2014-15, the U.S. accounts for 70 per cent of Canada's beef exports, equal to the level that the U.S. represented prior to BSE.

Among non-U.S. exports, Canada has three main export markets, as shown in Figure 7. Mexico had previously represented the majority of non-U.S. exports, but over the past 10 years, China has emerged as a new and strong market for Canadian beef, replacing volume that used to be destined for Mexico. As a result, Canada's non-U.S. exports have become increasingly diversified, meeting the objective laid out by the CCMDC in the Strategic Marketing Plan.

4. Canadian beef and beef cattle genetics did not fully return to pre-BSE levels for export volumes, however.

Prior to the 2003 discovery of BSE within the Canadian cattle herd, exports from Canada were steadily growing in most major high-value beef markets. The discovery of BSE closed these markets to Canadian beef for a period of time. When these markets reopened, Canadian exports did experience growth in volume and value. In most markets, however, Canada has not yet re-established the pre-BSE export volumes, as illustrated in Figure 8 and Figure 9.

In addition, total beef exports (including exports of live slaughter cattle) have not returned to their pre-BSE levels. In 2000-2002, approximately 55% of total Canadian beef production was exported. This trade was stopped after the discovery of BSE in the Canadian beef cattle

herd. With the resumption of trade, exports eventually recovered reaching a high of 50% of total production in 2010 and have averaged 45% from 2010 through 2014.

The declining size of the beef cattle herd in Canada has been an important factor. With this decline in the herd, domestic consumption has accounted for a larger share of Canadian beef production, leaving less product available for export.

There are several other potential reasons for these lower export volumes:

- a. Other competing products, particularly from Australia, replaced Canadian beef in high-value Asian markets and have been able to maintain some of that share.
- b. External pressures on Canadian beef production, including labour constraints (particularly those in the packing and processing sectors), high feed-grain prices, and a challenging exchange rate for exports.

Given these pressures – and regardless of the reasons for them – the industry faces a challenge in achieving volume growth in the future. While the CCMDC activities may have helped to address the depressed values, it has not resulted in growth in volume and a new approach may be required to support growth in the herd size and growth in exports.

5. *Despite improved branding, Canadian beef faces challenging competition from other producing countries (e.g., Australia and U.S.) and has not achieved the same level of import share in selected high-value markets as these competitors.*

Figure 10 shows the import share for Canadian and U.S. beef for important international markets. As can be seen from these charts, other exporters (e.g., Australia) captured significant share when Canada and the U.S. were forced to withdraw from these markets. With its re-entry, Canada has grown its import share, but slower than the U.S. did. While the relative gap in import share between U.S. and Canada has slightly declined, Canada remains a small player in these large and important markets.

This is, in part, related to the limited overall product volumes noted above and because delivering “continuous year-round supply has been a challenge that makes becoming a core beef source difficult.” But it also suggests the U.S. and other competing beef exporters are also effectively marketing their product in a manner that creates an advantage for them relative to Canadian beef. This is also reflected in the slight value premium that U.S. beef has been able to capture and maintain over Canadian beef, as shown in Figure 11.

More effort may be required to ensure that the unique characteristics and branding of Canadian beef is sufficiently differentiated, understood, and valued by customers in high-value export markets.

Metrics

6. *Measurement of success through the use of specific outcome metrics was difficult and not fully implemented.*

The CCMDC's Strategic Marketing Plan defines an initial set of market indicators and CCMDC performance indicators. Through the efforts of Canfax¹, the industry has been able to successfully collect and report on most of the market indicators. Many of these have been referenced in the figures used to support earlier findings in this review. In addition, the longer-term perspective of the CCMDC and its plan have also led to a move within the industry towards longer-term metrics for measuring outcomes.

The CCMDC had less success, however, in collecting the CCMDC performance indicators. Initially, "most measures of success were activity focused – did the group do what they said they would do?" While efforts were made to use the CCMDC performance indicators from the Strategic Marketing Plan, these efforts were made difficult by:

- a. Inconsistent definitions for concepts such as funding leverage.
- b. Time delay and difficulty in determining causality between promotional activities and resulting sales of product.
- c. Lack of available data on concepts such as industry support for the Canadian beef value proposition.

As a result, these indicators were reported inconsistently and the CCMDC was unable to use them as effective measures of success.

¹ Canfax is a division of the Canadian Cattlemen's Association and provides analysis of markets and trends in the North American beef industry (<http://www.canfax.ca/AboutUs.aspx>).

Conclusion and Learnings for the Future

When evaluated against the objectives of this review, the CCMDC was successful in fulfilling its role to help restore the viability of the Canadian beef and beef cattle genetics industries following the BSE crisis of the early 2000s. The CCMDC provided effective governance of the Canadian Beef and Cattle Market Development Fund. It was an important catalyst for developing a distinct Canadian brand, differentiating Canadian beef and beef cattle from international competitors. Through the efforts of the Council, Canada was able to maintain relationships and brand presence in export markets that supported renewed exports as markets reopened, although Canadian beef and beef cattle genetics did not fully return to pre-BSE levels for export volumes. The Council improved, to an extent, collaboration within the industry, and encouraged connections with retail and food service buyers. Its funding model and its Strategic Management Plan were effective but, with the benefit of hindsight, could have been more flexible and responsive to changing industry dynamics. Finally, in terms of the overall objectives of the CCMDC, most market indicators identified in the Strategic Marketing Plan validate the CCMDC's effectiveness, but achievements based on the CCMDC's performance indicators are inconclusive.

Drawing on the findings noted above, Framework has identified several lessons for the industry as it looks forward to achieving sustained growth and profitability. These lessons are not intended to be comprehensive, but to specifically consider the CCMDC experience and its implications for the future. The following is a brief summary of these lessons, which are discussed in the same overall order as the findings of this report. (The order is not intended to suggest relative importance.)

- Availability of funds and resources, and the criteria for their use, needs to be communicated broadly to participants in all sectors of the industry to encourage greater participation and collaboration with recipient programs.
- An arm's-length but industry-based (versus public sector based) funding agency can be an effective mechanism for independently reviewing and challenging organization strategies, plans, and tactics, and driving a focus on outcomes.
- Engagement of a broad range of stakeholders is an important element of a successful long-range/directional decision-making process that considers multiple perspectives and fosters alignment among multiple industry participants.
- The funding agency must have access to the relevant (independent) expertise to support informed and effective decisions regarding funds allocation.
- Greater coordination and information exchange along the value chain is required to fully realize opportunities to grow market share and increase the market value of Canadian beef, beef cattle, and genetics.
- Multi-year funding commitments enable organizations to take a longer-term view to their activities, and support investment in multi-year initiatives. Funded organizations, however, must remain cognizant of, and plan for, any short-term funding.
- The design of any funding agreements should incorporate sufficient flexibility – and the mandates, plans, and priorities of the funding agency should be reviewed as the external

environment changes – to enable the organization, priorities, and funding to adapt to a dynamic market.

- Identification of appropriate outcome metrics is challenging and will require a mix of activity-based and results-based (both short-term and long-term) metrics. Use of an independent third-party agency to measure and report on these metrics is valuable in providing an independent perspective on the effectiveness of specific activities.

Appendices

Interviews Conducted

Representatives from the following organizations were interviewed during the preparation of this report:

- Alberta Livestock and Meat Agency Ltd.
- Agriculture and Agri-Food Canada
- Canada Beef Inc.
- Canadian Angus Association
- Canadian Beef Breeds Council
- Canadian Cattlemen Market Development Council
- Canadian Simmental Association
- Canadian Cattlemen's Association
- Provincial cattlemen's organizations
- A Canadian beef exporting agency

Figure 1: Allocation of Legacy Funds over time

Distribution of Legacy Funds by year, 2005-06 to 2014-15

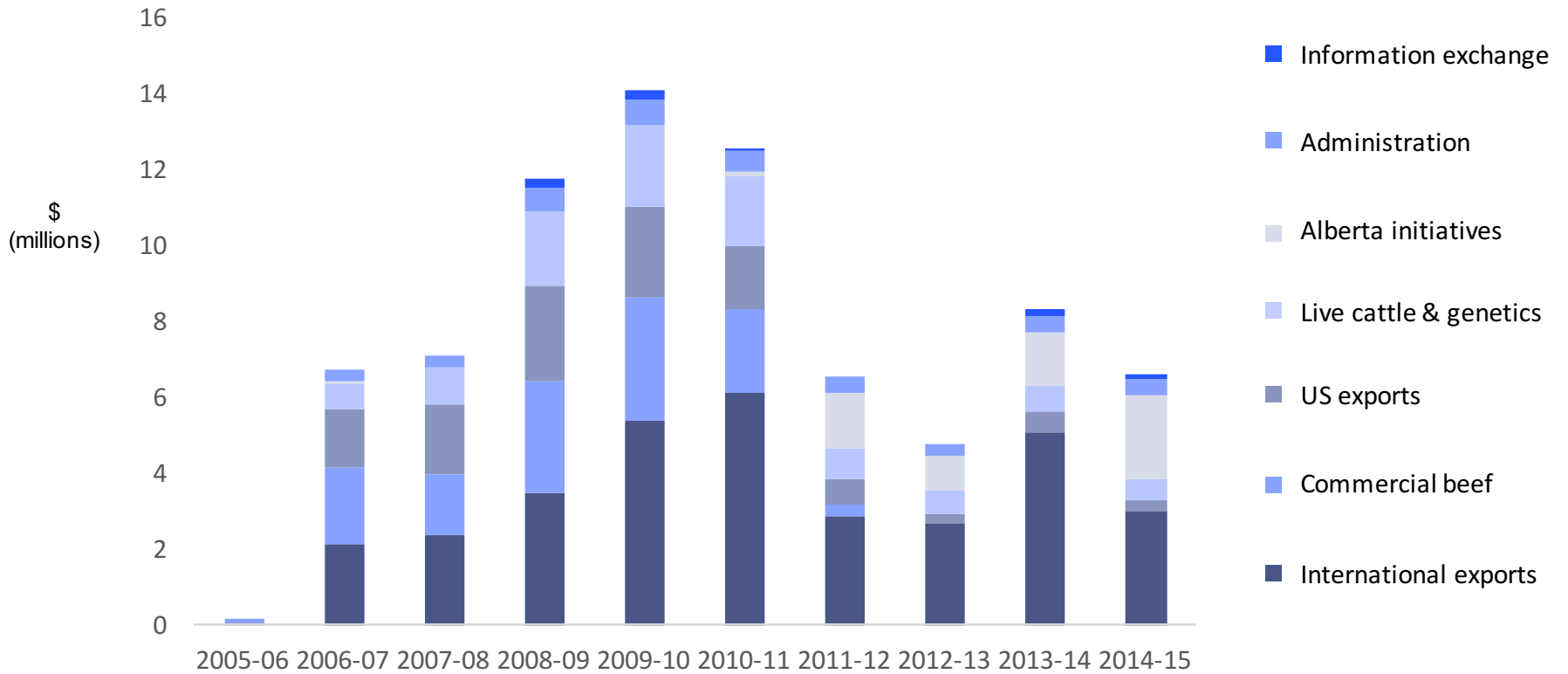


Figure 2: Overall allocation of Legacy Funds

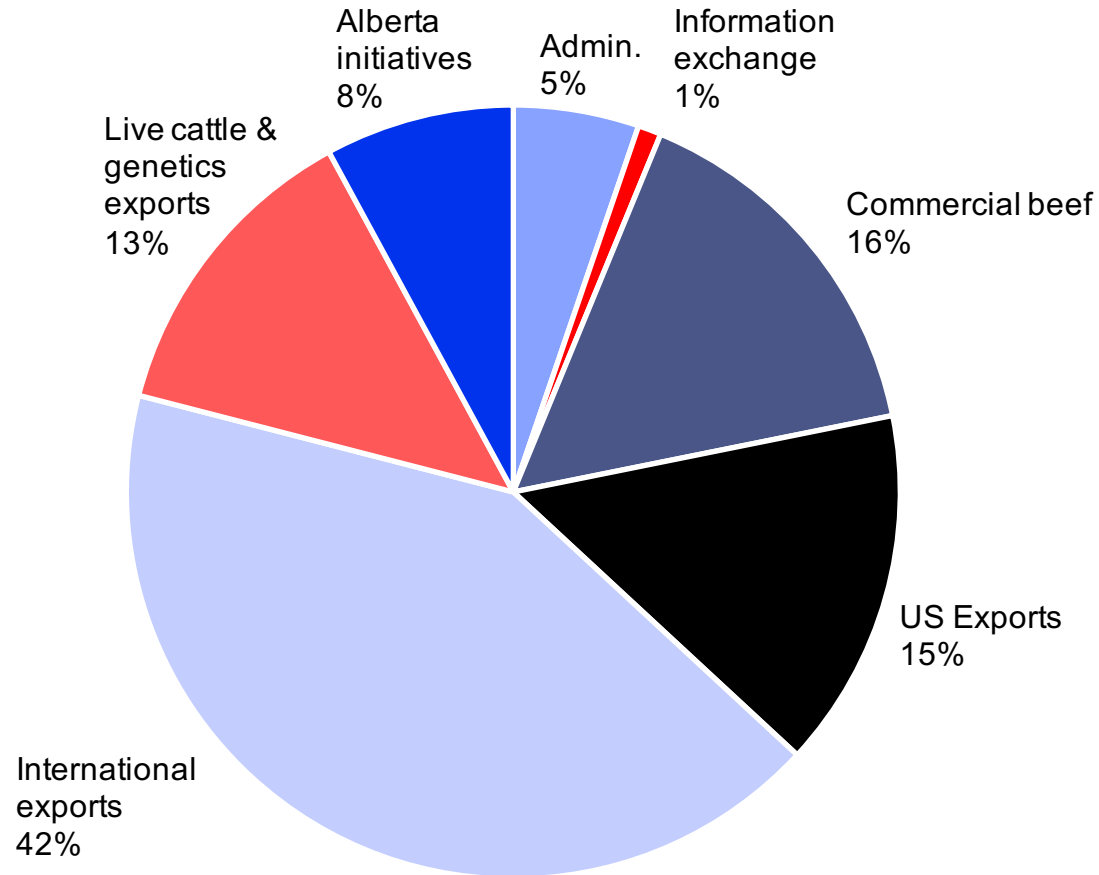


Figure 3: The average value of exported Canadian beef has grown since 2009

Value per kilogram of Canadian beef exports, overall average

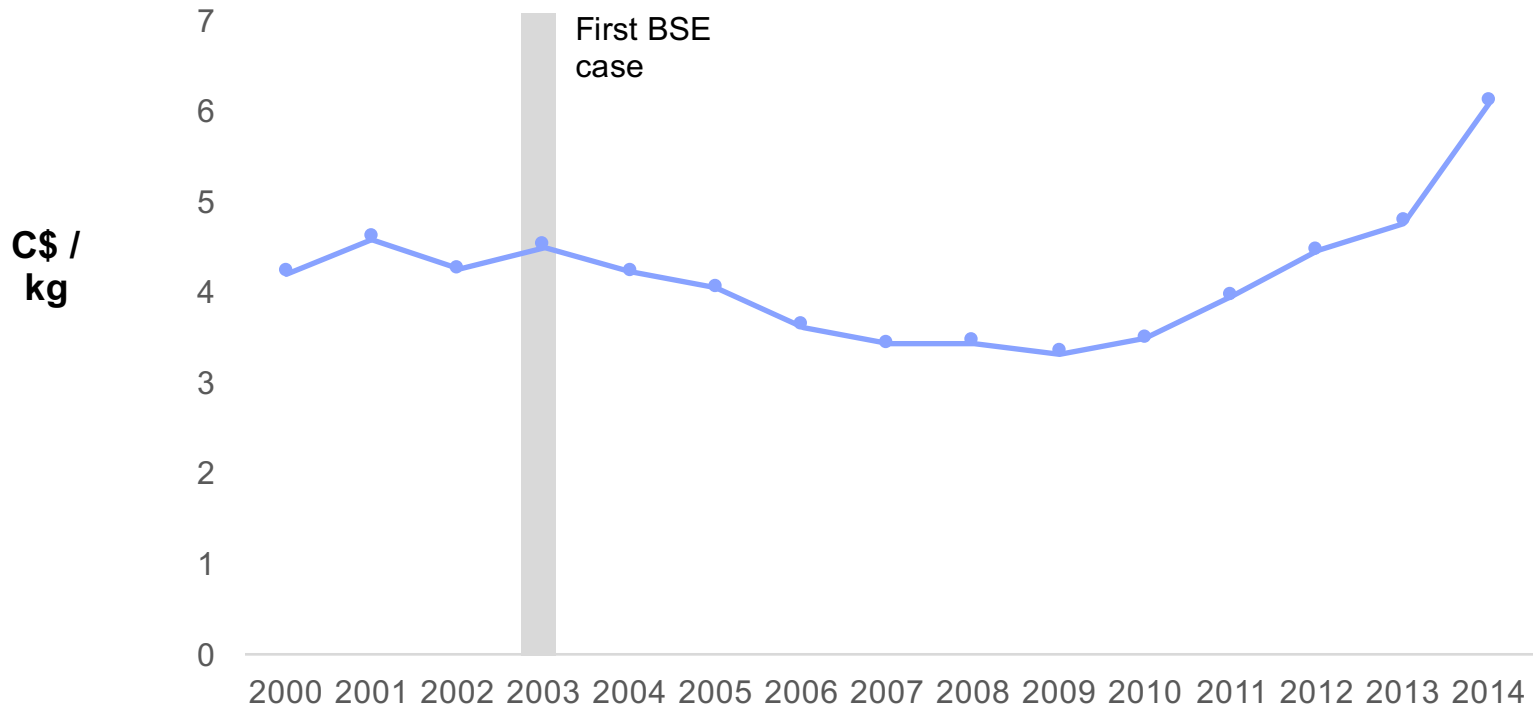


Figure 4: Per unit values have grown above pre-BSE levels in almost all major export markets

Value per kilogram of Canadian beef exports by market, pre-BSE and 2014

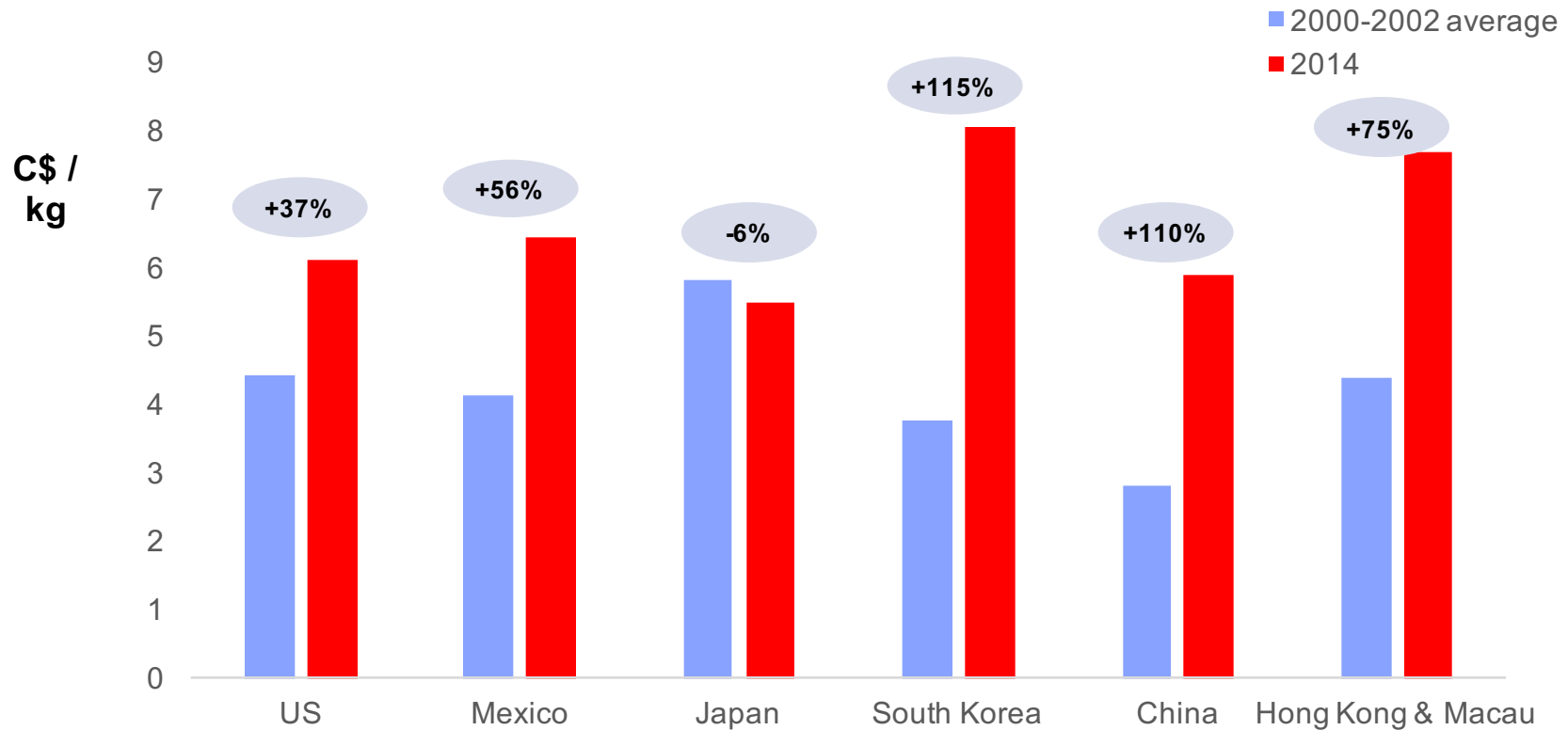


Figure 5: The value of breeding cattle and embryos has continued to grow above pre-BSE levels

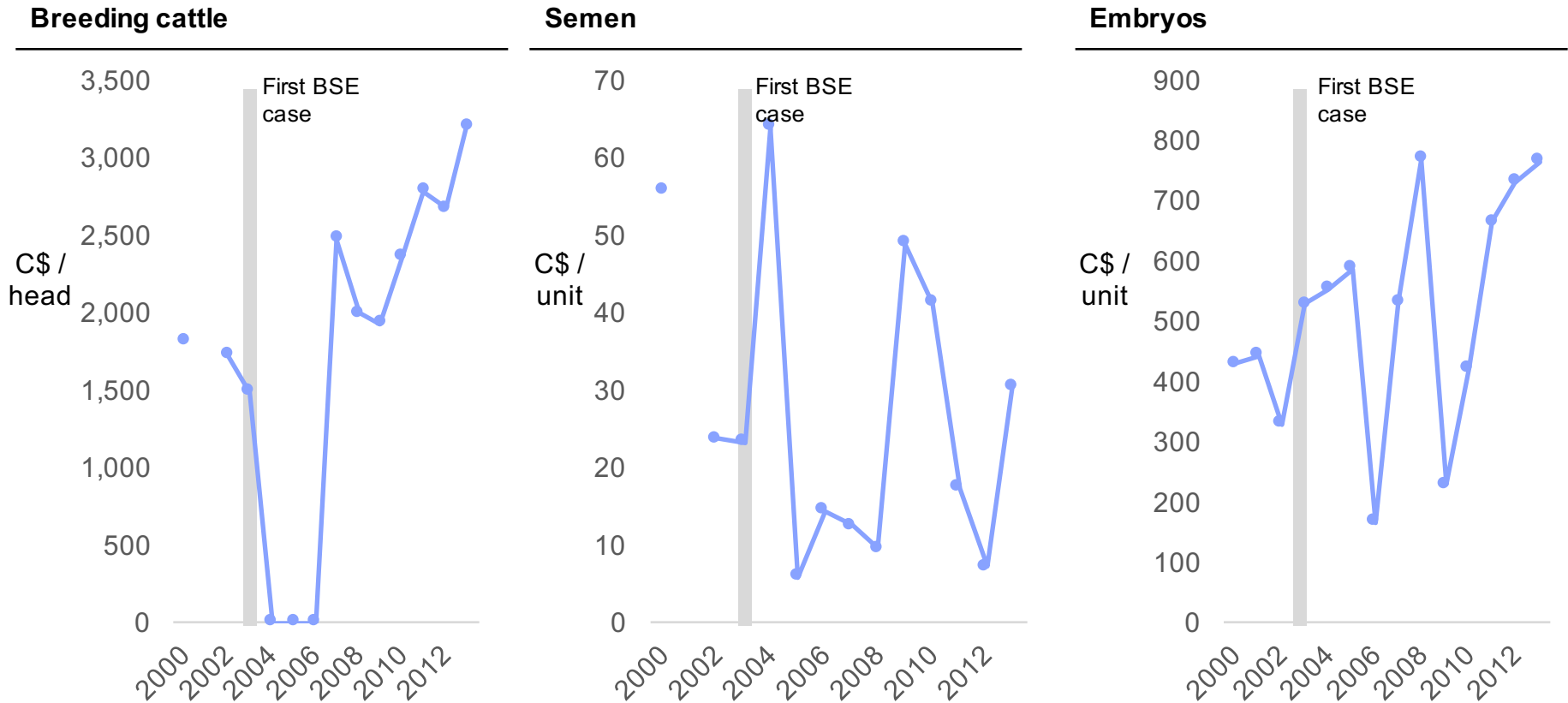
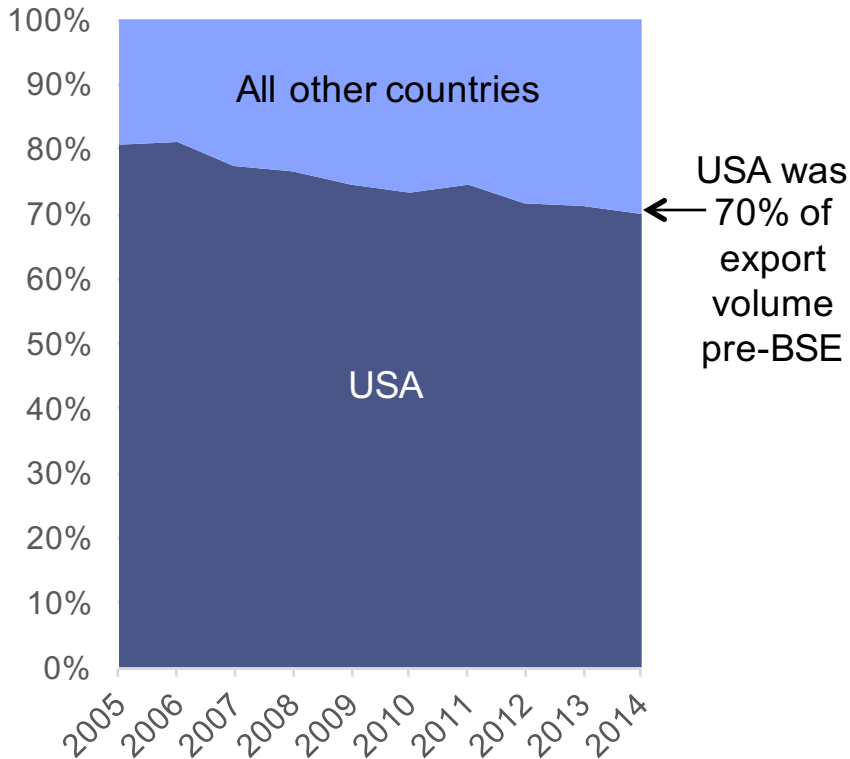


Figure 6: Canada has steadily reduced its reliance on exports to the US over the last ten years

US exports as a percent of total Canadian beef and beef product exports, 2005-14E

Volume basis



Value basis

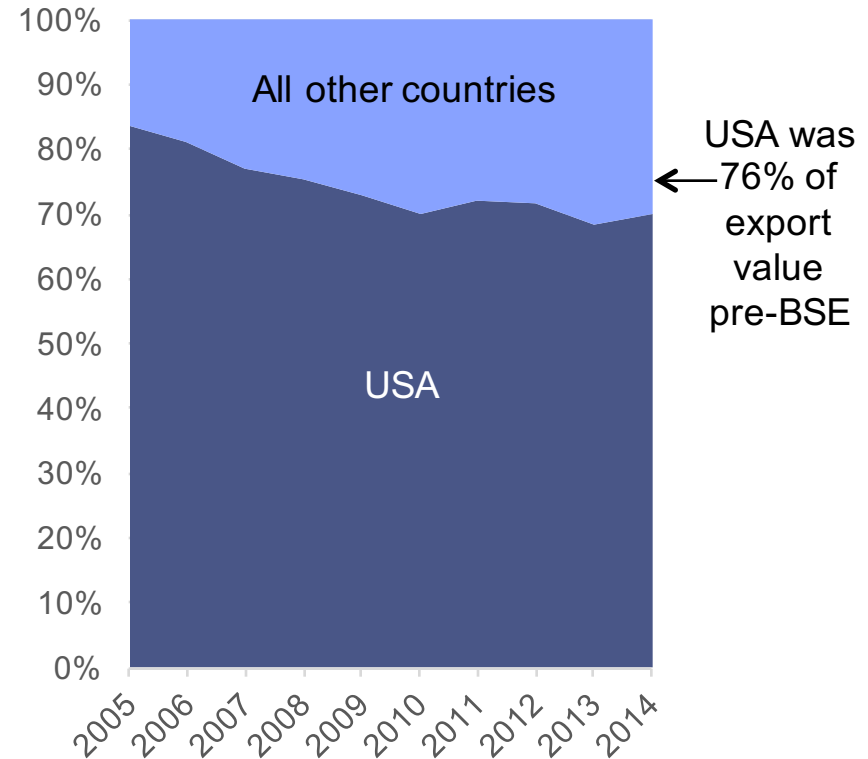


Figure 7: Non-US beef exports are more diversified, with China emerging as a new large export market

Distribution of Canadian beef export volume (excluding US-bound exports)

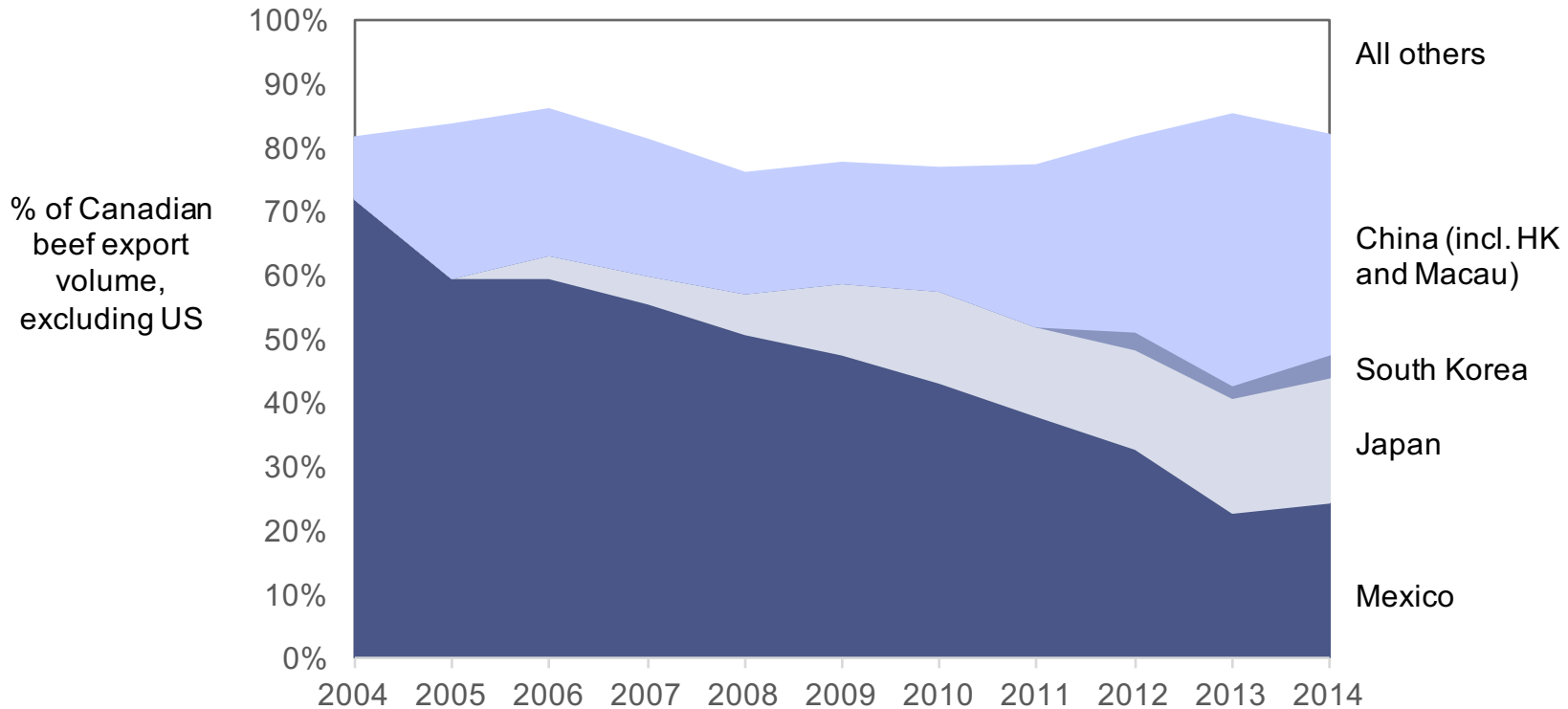


Figure 8: Total beef and beef export volumes have been flat over the life of the Legacy Funds, remaining below pre-BSE levels

Total volume of Canadian beef and beef product exports, 2005-14

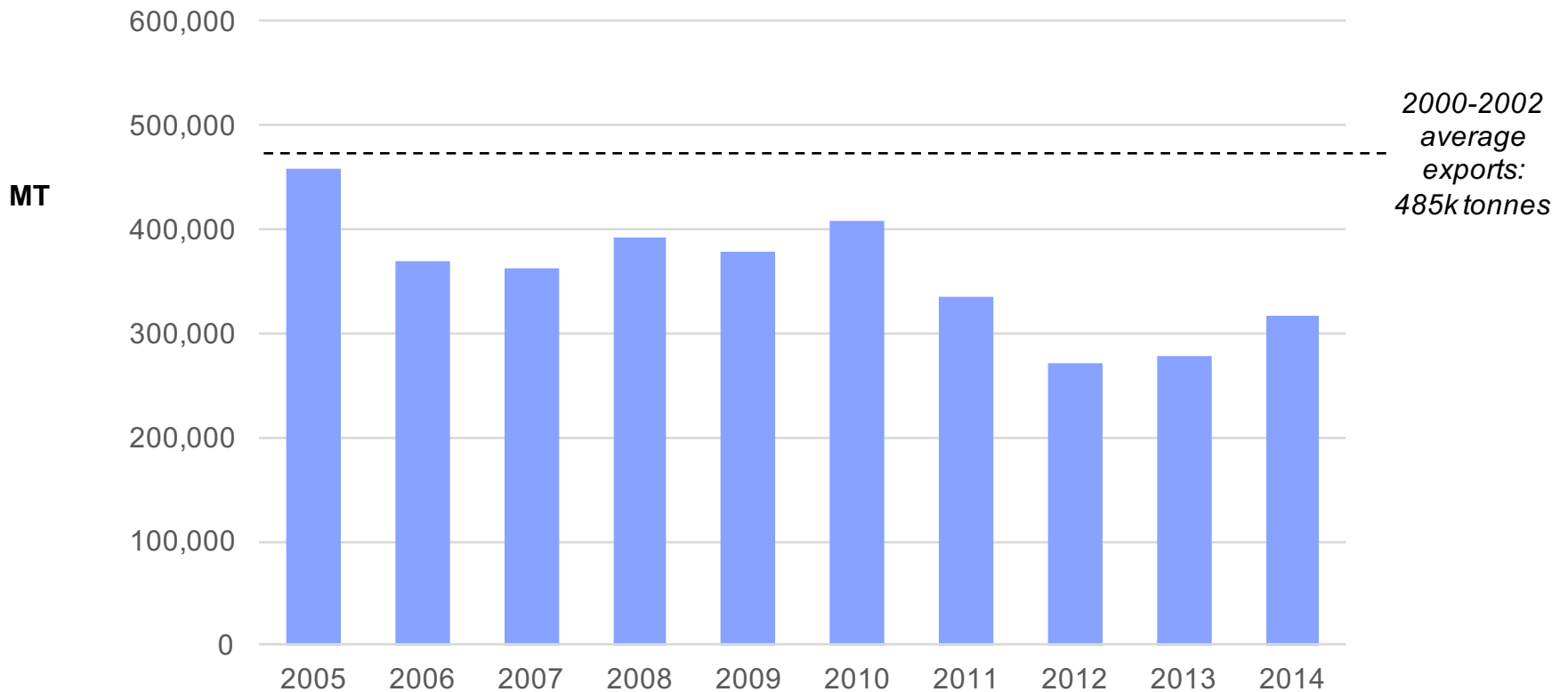
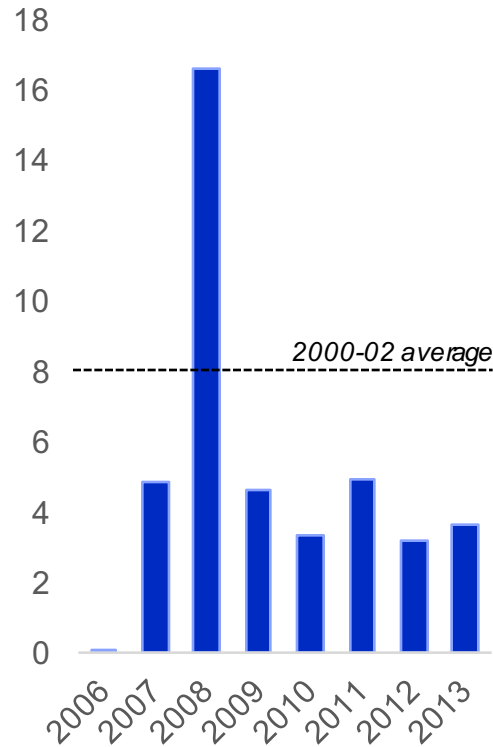


Figure 9:

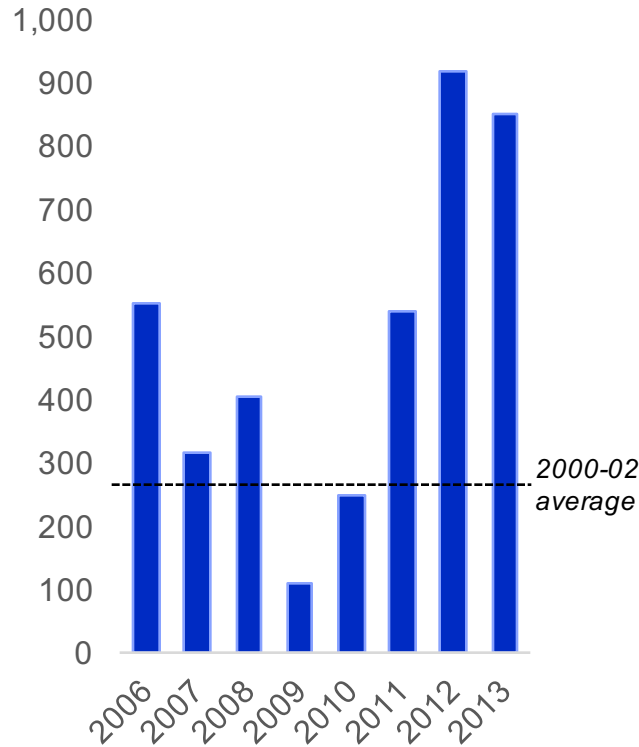
Breeding cattle exports have remained below pre-BSE levels; embryo sales are returning to historical levels

Volume of Canadian beef cattle genetics exports, 2006-13

Breeding cattle (000 head)



Semen (000 units)



Embryos (000 units)

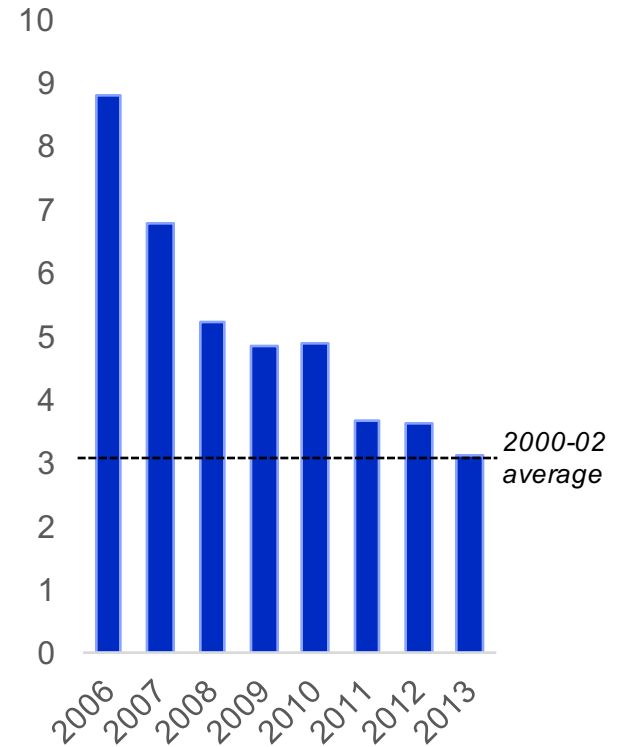
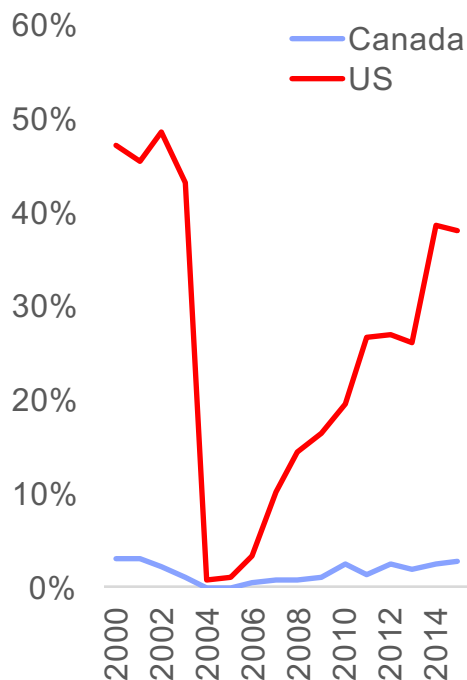


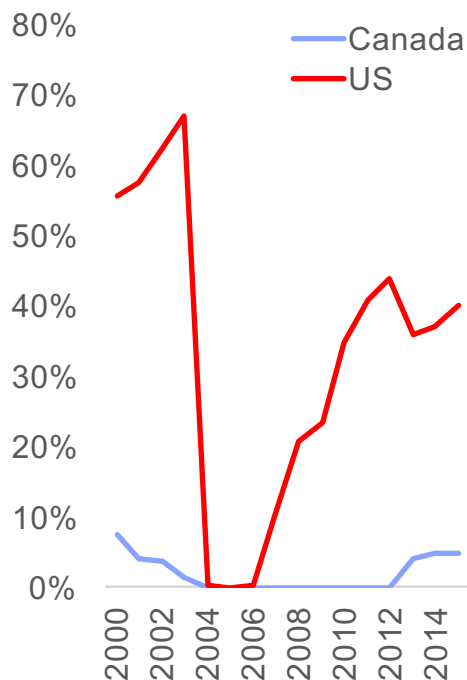
Figure 10:

Canada has re-established import share in key markets to historic levels, but US beef share is well above Canada's in most markets

Share of Japanese beef imports



Share of South Korean beef imports



Share of Mexican beef imports

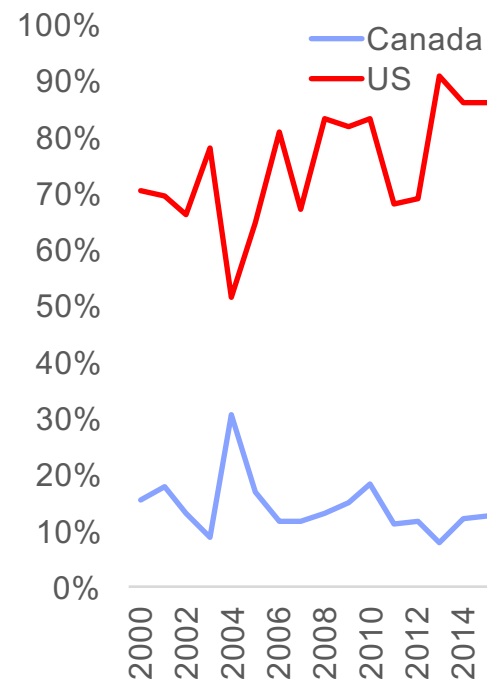


Figure 11: US beef has maintained a slight value premium over Canadian beef in these export markets

Comparison of per unit value of beef exports to select countries, 2000-2015p

