

# Finding the Right Home for the Right Cuts

## A Global Look at Niche Marketing



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# The World is a Big Place

- Canadian beef finds valuable homes in over 71 countries around the world in 2013
- Our beef trades in all markets positioned and accepted as a high quality product
- Our beef also needs to be able to compete and be positioned as a strong value – this drives long term loyalty and repeat business
- We need to compete and find the fits that drive value and break out of the pure commodity nature of global trade







# So are the Niche Markets

## Some Quick Niche Facts

- The Halal Market in North America represents over 10 million consumers, globally it represents 1.62 billion\*
- Our single largest export market is California with over 14 million Hispanic consumers
- The average US Hispanic consumer will eat more than three times as much beef as the average Canadian consumer
- The most popular cut in Japan is the Chuck Eye, used in both BBQ and Shabu Shabu preparations
- In Japan the average consumer will eat 13 kg of beef per year but 27kg of seafood

\*Agriculture Canada Halal Food Trends 2011

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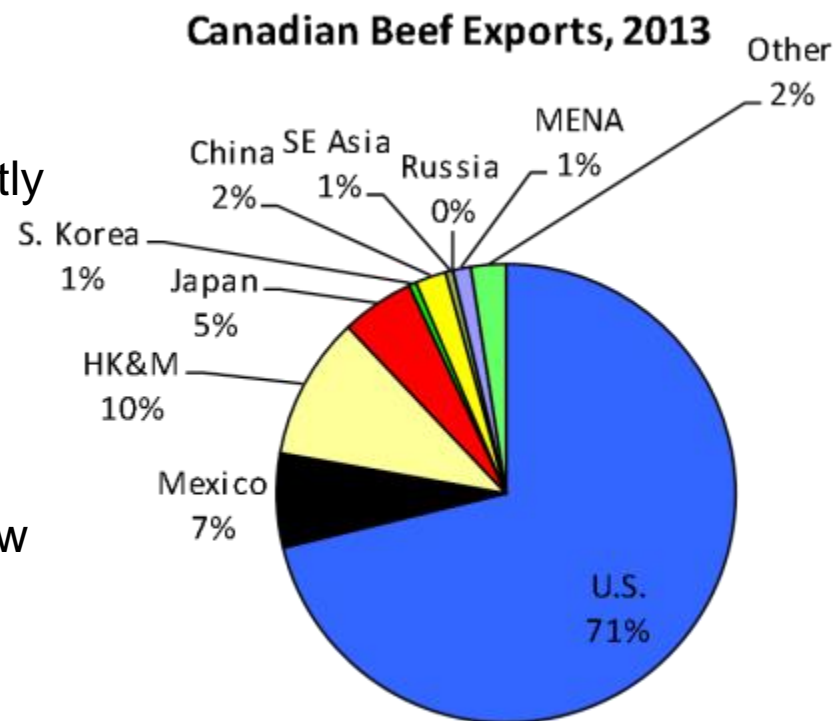




# Canada Exports 45% of our Beef Production

- Canada is dependant on our ability to meet the demands of export markets
- While the majority of our exports currently go to the US, increased demand and trade access opportunities in the Middle East and Asia are providing more opportunity to grow in these markets
- Canada's beef exports are growing, last year our international demand index grew by 6% in 2013\*

\*Canfax



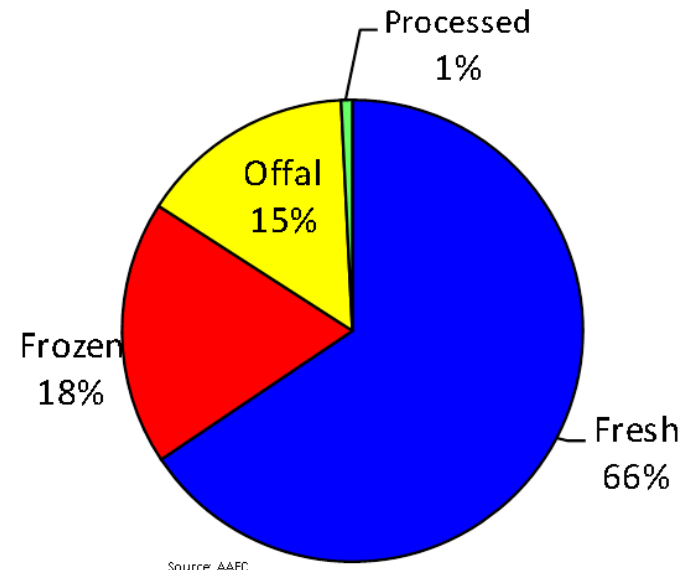
Source: Statistics Canada



# Canada's Disposition of Exports

- The vast majority of beef exported from Canada was in the form of fresh beef cuts and fresh trim
- The value of beef exported from Canada exceeded \$1.3 billion in 2013
- Offal exports remain an important contributor to overall carcass value

**Canadian Beef Exports by Product Type 2013**





# Finding the “Right Customer for the Right Cut”

- Building a strong trade relationship based on understanding and value means insuring you take a “consultative approach” listening for the need and understanding how Canadian beef can fit.
- Brand Differentiation
- Business Development and Segmentation
- Product and Industry Image
- Stakeholder Connectivity and ROI
- Achieved through a conscience effort to: ***Connect, Consult, Communicate and Collaborate***



# It is Competitive!

- To be successful you need to have a “Technical edge” – something that makes your product stand out and demand a premium
- For Canadian beef it is the CBA  
***The Canadian Beef Advantage***

A set of verifiable standards and processes that insure quality, safety and assurance in our beef for clients both here at home and in our export markets

## THE CANADIAN FOOD SAFETY SYSTEM



## THE CANADIAN CATTLE IDENTIFICATION SYSTEM



- CANADIAN CATTLE IDENTIFICATION AGENCY
- ELECTRONIC IDENTIFICATION TECHNOLOGY
- ANIMAL HEALTH AND FOOD SAFETY

ON AGENCY  
CANADIAN BEEF  
NORTH AMERICA



nce™



CANADIAN BEEF  
Quality that inspires confidence.™



CANADA BEEF  
INTERNATIONAL INSTITUTE




Canada is the second largest country in the world and has an abundance of fresh water and wide open spaces

- The natural environment supports the safety and wholesomeness of Canadian beef and veal
- Provincial and federal laws protect the natural environment
- Canadian cattle producers respect the natural environment and recognize that our future depends on ensuring sustainable production by taking care of the land







# Canada has internationally recognized livestock genetics

- Canada's cooler climate does not limit the selection of breeds to those who can tolerate high heat conditions
- The Canadian industry utilizes mostly *Bos taurus* genetics which include Angus, Charolais, Hereford, Simmental and Limousin breeds
- Canada exports beef cattle genetics to over 100 countries around the world



**CBBC**  
CANADIAN BEEF BREEDS COUNCIL

  
CANADA BEEF  
INTERNATIONAL INSTITUTE



# Canada is a world leader in feed grain production including barley, wheat and corn

- High quality feed grains enable Canada to produce well marbled, flavourful and tender beef with white colored fat
- Canada produces more than 50 million metric tonnes of high quality feed grain each year



# Canada/USDA use Identical Marbling Scores in their Grading Systems

CANADA	Marbling Score	UNITED STATES
Canada Prime	Abundant	USDA Prime
	Moderately Abundant	
	Slightly Abundant	
Canada AAA	Moderate	USDA Choice
	Modest	
	Small	
Canada AA	Slight	USDA Select
Canada A	Trace	USDA Standard
	Practically Devoid	

The Canadian marbling standards were changed in 1996 to mirror the copyrighted marbling standards of the United States. The minimum marbling standards used for USDA Prime (slightly abundant), Choice (small) and Select (slight) are the same minimum standards used in Canada to segregate the youthful quality carcasses into Canada Prime, AAA and AA respectively.



# Grading Standard Advantage

- Our Grading Standards clearly demonstrate advantage and often act as the door opener for more engagement

## Quality Grade Standards for Youthful Cattle

GRADE	MARBLING*	MATURITY**	MEAT COLOR	FAT COLOR	MUSCLING	MEAT TEXTURE*
<b>CANADA</b>						
<b>PRIME</b>	SLIGHTLY ABUNDANT	YOUTHFUL	BRIGHT RED ONLY	NO YELLOW FAT PERMITTED	GOOD MUSCLING OR BETTER	FIRM ONLY
<b>AAA</b>	SMALL	YOUTHFUL	BRIGHT RED ONLY	NO YELLOW FAT PERMITTED	GOOD MUSCLING OR BETTER	FIRM ONLY
<b>AA</b>	SLIGHT	YOUTHFUL	BRIGHT RED ONLY	NO YELLOW FAT PERMITTED	GOOD MUSCLING OR BETTER	FIRM ONLY
<b>A</b>	TRACE	YOUTHFUL	BRIGHT RED ONLY	NO YELLOW FAT PERMITTED	GOOD MUSCLING OR BETTER	FIRM ONLY
<b>UNITED STATES ***</b>						
<b>PRIME</b>	SLIGHTLY ABUNDANT	MATURITY CLASS A & B	LIGHT RED	YELLOW FAT PERMITTED	NO MINIMUM REQUIREMENT	MODERATELY FIRM
<b>CHOICE</b>	SMALL	MATURITY CLASS A & B	DARK-CUTTERS PERMITTED	YELLOW FAT PERMITTED	NO MINIMUM REQUIREMENT	SLIGHTLY SOFT
<b>SELECT</b>	SLIGHT	MATURITY CLASS A	DARK-CUTTERS PERMITTED	YELLOW FAT PERMITTED	NO MINIMUM REQUIREMENT	MODERATELY SOFT
<b>STANDARD</b>	PRACTICALLY DEVOID	MATURITY CLASS A & B	DARK-CUTTERS PERMITTED	YELLOW FAT PERMITTED	NO MINIMUM REQUIREMENT	SOFT

\* Minimum marbling and meat texture permitted for quality grade class. \*\* Maturity categories reflect domestic requirements. \*\*\* Standards as of March 2012.

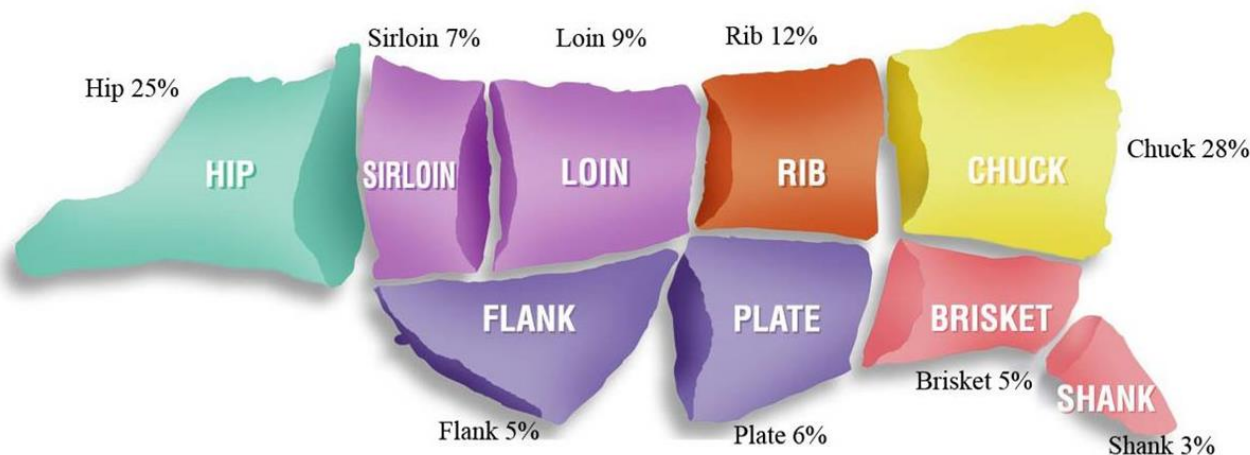
# Understanding the Carcass Cut Out and Narrowing the Scope

Undervalued cuts hold our industry back from reaching its potential – finding the fit with the right client is the key – “Niche Marketing”

The Usual Suspects:

- Trim – 50's and 85's
- Tri tips
- Outside skirts
- Chuck Rolls
- Shoulder Clods
- Ribs (Heavy's)
- Briskets
- Blade meat

Beef Carcass Breakdown %





## Let's Look at Some Markets – Canada

- Our biggest and most secure market, Canadians love Canadian beef and have a strong emotional connection to our beef and the brand is in place and growing
- Our product mix sold in Canada is relatively tight – ground beef still rules the meat case as an affordable and accessible meal option
- Middle meats are the other key component and drive the value
- In times of high prices other options are on the radar







# The Trail to Success:

began with Food Service in 2006





# Sirloin Flap Gains a Foothold at Retail with IGA Quebec 2010



**metro**  
mon épicier

Accueil / Recettes / Bavette de boeuf au vin

- Recettes**
- Catégories**
- Rapide et facile
  - Cuisine du monde
  - Pour les enfants
  - Occasions spéciales
  - Préférences alimentaires
  - Toutes les catégories

En vedette

*Bavette de boeuf au vin rouge et échalotes*



<b>4</b> portions	<b>0:20</b> Préparation	<b>0:08</b> Cuisson	<b>8:28</b> Temps total
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Mieux Manger Cuisinez l'été

Accueil > Vidéos > La bavette, une coupe



La bavette, une coupe des plus populaires



Le chef Jean-Jacques Morand confie ses trucs et astuces:





# Adding New Retailers and HMR Concepts





# Federated Co-op and the Canadian Beef Producer

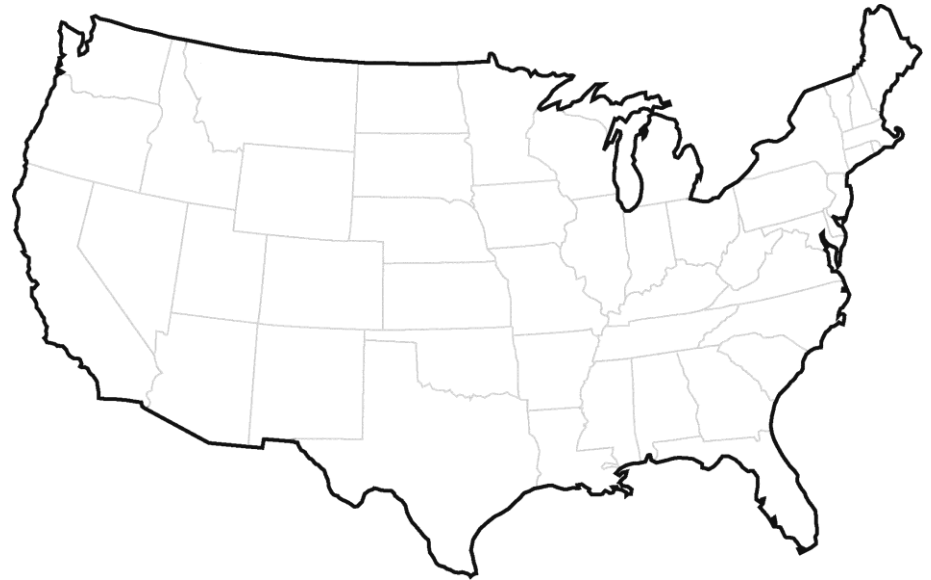


Chapter II - Producing Quality With Care (2).mp4



# The USA

- Our largest export customer
- An export destination familiar with Canadian beef but in many cases not educated around the attributes
- Ethnically diverse with massive “Niche markets” that can be capitalized on
- A very strong destination for middle meats, chuck cuts, briskets, trim, and thin meats
- There are some very unique opportunities to find niche markets





# Getting to know you...

- Starts with qualifying the right client (priority markets for priority products)
- Makes finding the common sweet-spot possible
- Means immersing clients in the Canada Beef Advantage (CBA)
- Results in partnered relationships that yields **good business!**





# Origin of the Bullit\*

- Morton IL further processor and cooker looking for Pot Roast options
- Packer grinding undervalued cut at the plant
- Perfect size and quality attributes for 2-3 person meal cooked Pot Roast
- Price point – optimal for client / higher than grind value for packer = win / win
- Purchased 266K lbs. in first 6 months
- Client became victim of their own success and drove pricing up more than 100% in the first year



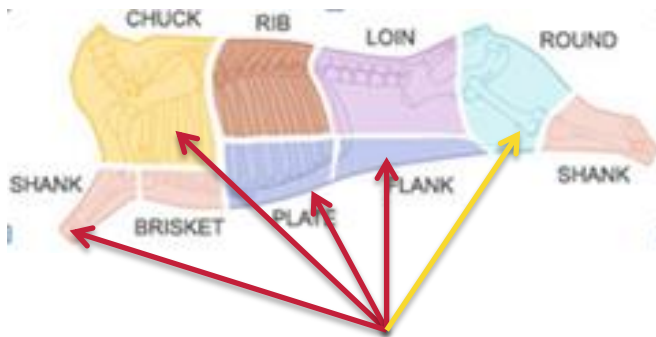
\* *Superficial digital flexor - pelvic*



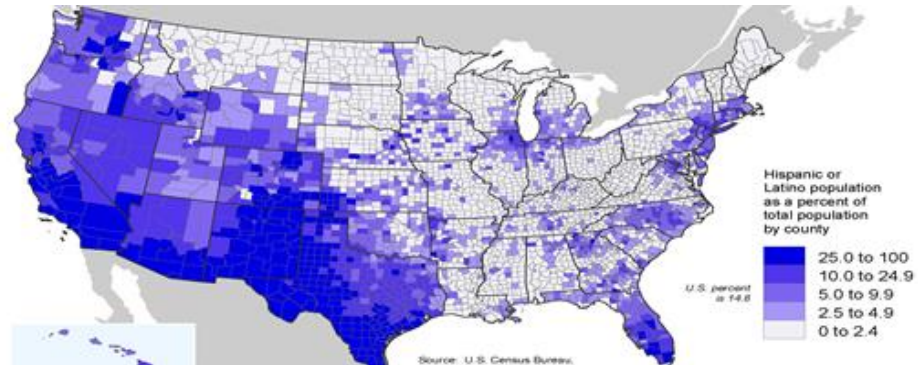
# The Value of Hispanic Markets

ROI from an maximizing an export market goes beyond invoice price.  
The following aspects can impact the net benefit from an export partner:

- Volume potential
- Logistic efficiencies
- Import / export regulatory environment
- A positive effect to Canadian consumption patterns.
- A positive effect on effect on Canadian beef inventories.



Hispanic cuts.  
Limited Demand in Canada



US Hispanic Population.  
Geographical Distribution





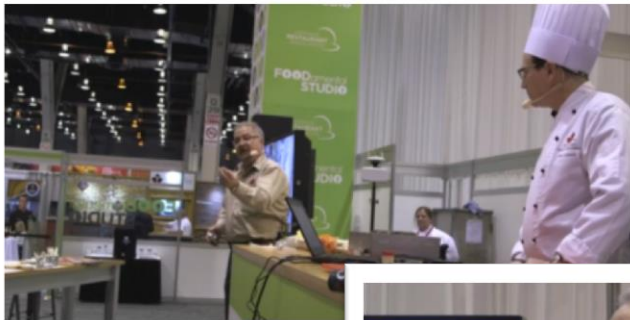
# Hispanics, a Driving Force in the US Economy

- US Hispanic Market, a nation on its own, >40 million
- Hispanic beef consumption is 3 times higher when compared to the average North American families
- **Chucks – Clods – Skirts fit most Hispanic's culinary preferences although South American's prioritize round cuts.**



# Building Awareness... Causing Demand

- Foodamental Studio
- NRA stage
- Expanding credibility
- Educating the willing
- CBA







# Mexico

- Mexico our 4<sup>th</sup> largest market with a population over 120 million
- An important market that is building status economically and has a positive climate for trade with Canada
- Canadian beef is positioned as a premium product and has developed a strong following based on a clear understanding of the CBA by key clients
- Strong market for chucks, clods, thin meats, offal, and hip cuts



# CBI Mexico Retail Programs



La Carne de Res Canadiense proviene de razas *Bos Taurus*, principalmente *Angus*, *Simental* y *Hereford*. El ganado de razas *Bos Taurus* es reconocido por producir Carne de Res de gran sabor, suave, y de calidad alta y constante. La calidad resultante de estas canales, asegura una gran aceptación en los mercados internacionales.



**QUE BUENA CARNE...  
¡PRÉNDETE EL ASADOR!**

**SORIANA**  
El Súper Mexicano.

**Garantía**  
El Precio Más Barato

La Carne de Res Canadiense proviene de razas *Bos Taurus*, principalmente *Angus*, *Simental* y *Hereford*. El ganado de razas *Bos Taurus* es reconocido por producir Carne de Res de gran sabor, suave, y de calidad alta y constante. La calidad resultante de estas canales, asegura una gran aceptación en los mercados internacionales.

**Baratísimo**  
**\$59.90**  
Kilo

Bistec / Carne de Res para Asar  
Rancho Santa Fe

Vigencia del 27 de febrero al 1 de marzo de 2010 o hasta agotar existencias.





# CBI Mexico RT MDP's RT - "Bafar – Carne-Mart"



**CANADA BEEF**

La mayoría del Ganado Canadiense proviene de la Raza Angus; cuyas características son altamente apreciadas por los consumidores.

*Consume carne Canadiense!*



**CANADA BEEF**

**carneMart**

La Carne de Res Canadiense le garantiza una experiencia de degustación superior.

*Consume carne Canadiense!*



**Top Sirloin rebanado**



**\$74.90 kg**



**CANADA BEEF**

La Carne de Res Canadiense le garantiza una experiencia de degustación superior.

*Consume carne Canadiense!*

**carneMart**



**GRUPO BAFAR.**





# CBI Mexico Retail and Value added “Arteli” “Los Asados” Arrachera – Aguja Nortenas



**Los Asados**

<b>Arrachera de Res</b> Arrachera marinada Los Asados 600 g	<b>Alitas de Pollo</b> Alitas de Pollo marinada Los Asados 600 g	<b>Fajita de Res</b> Fajita de Res marinada Los Asados 600 g	<b>Aguja Nortena</b> Aguja Nortena s/hueso Angus Los Asados 600 g	<b>Costilla Nortena</b> Costilla Nortena s/hueso Marinada Angus Los Asados 600 g
<b>\$62.90</b> • pqtte	<b>\$29.90</b> • pqtte	<b>\$65.90</b> • pqtte	<b>\$69.90</b> • pqtte	<b>\$67.90</b> • pqtte

**Calidad Reconocida:**

- La Mayoría del Ganado Canadiense proviene de la Raza Angus, cuyas características son altamente apreciadas por los consumidores.
- La carne de Res Canadiense le garantiza una experiencia de degustación superior.

**Arrachera Marinada Comcarne**  
Alguizo 430 g
 **\$129.90** • Kg || **Hamburguesa de Pollo** Granja San Martín 340 g | **\$17.90** • pqtte | **Carne de Novillo** ahumada | **\$85.90** • Kg | **Chuleta de Cerdo** ahumada | **\$69.90** • Kg | **Costilla de Cerdo** Fresca | **\$67.90** • Kg |
| **Pechuga de Pollo** sin hueso congelada Pilgrims | **\$67.90** • Kg | **Chorizo de Cerdo** Ranchero o Pollo a granel | **\$59.90** • Kg | **Filete de Bagre** Bassa | **\$64.90** • Kg |  | |

**Arteli El Súper consentido**



# Value Added “Grill Master” Marinated Skirt Distributor - “SAGA, INC.”







# A Driving Force for Canadian Beef Value

- Hispanic markets allows Canada to capture better value than trim for those products who lack domestic demand

2011 Exports to Mexico (tonnes)	2011 Export value to Mexico (Million C\$)	2011 Average beef export price to Mexico (Canada) C\$/Kg	2011 Average regular trim value (Canada) C\$/Kg	Approximate value contribution from Mexico (Million C\$)	% Value added contribution Mexico
31,548	149,000	4.72	3.69	32,494	21.8%





# Japan

- A strong, high value market for Canadian beef
- Highly dependent on imports this island nation's consumers focus on quality and safety as drivers for purchase
- While beef is not the primary protein in Japan, as with many Asian nations it is a **status** protein
- Given Japan's use of barley as a primary feed source for domestic beef it puts Canadian beef in a positive light







# Promotion in Japan's Supermarket "Kanehide"



BBQ events cooperated with retailers are Japan office's continuous marketing activity.



New branding by region "Rocky" and "Maple"





# Merchandizing in Supermarket “Kanehide”



Japanese main items Chuck eye roll for one pound steak and beef tongue





# Taiwan

- Similar situation to Japan, an island nation with an affluent population looking for high quality protein
- Cooking styles dictate a different mix of products – grilling is more popular than China
- Middle meat (tenderloin, rib eye) are popular items and make there way into regular meal planning
- Smaller portions and attention to merchandizing by the retailer are hallmarks of this market







## Retail Promotion CitySuper in Taiwan



Canada Beef branding materials were well utilized in display



Canada Beef Tenderloin and Sirloin were used in chef demonstration and cooking class





# Store Merchandising in Citysuper



Items on shelf are Top Blade (steak cut, shabu shabu slice, stri fry strips)  
Short Rib BL (yakiniku BBQ slice, Steak cut, shabu shabu slice) and Short plate slices.



Items at butcher counter are Rib Eye, Strip Loin, Short Rib, Tenderloin





# China

- Arguably the worlds biggest protein marketplace
- Beef is truly a status symbol protein
- Cooking traditions offer a strong opportunity for less tender cuts (i.e. hotpots)
- The restrictions around Ractopamine mean both challenge and opportunity for Canada's Beef industry
- Our team in China has made strong headway in identifying and segmenting market opportunity for Canadian beef





# Beef Seminar in Guangzhou



Canadian Beef Chuck Roll



Canadian Beef Eye of Round



Canadian Beef Rib Eye











# Beef Culinary Seminar – Chinese Food Service Shanghai



Canadian Beef Chuck Roll



Canadian Beef Eye of Round



Canadian Beef Tenderloin







# Emerging Markets

These are markets that have strong potential for growth driven by both the competitive opportunity as well as trade agreements that create export potential.

- Europe
- Middle East
- South East Asia (Philippines, Singapore, Malaysia)





# Opportunity for Growth in Emerging Markets

- MENA and the EU represents a growing and expanding export market for Canadian beef and veal products
- Total beef in MENA in 2013 was valued at \$5.57/Kg. Premium markets see value levels at \$10.81 Kg (Saudi Arabia) and \$8.36 Kg (UAE)
- Total beef to EU in 2013 represented \$8.72/kg Canadian. Premium markets see FOB price values increase significantly (Italy \$11.94/kg, Netherlands 12.32/Kg, France \$10.61 to \$12.03 /Kg)





Quality That Inspires Confidence™



## In Store Point of Sale Support



Quality That Inspires Confidence™



Staff training was conducted on the positive attributes of the Canadian beef advantage to key personnel of LULU Hypermarkets, a premium retail chain promoting Canadian beef in the UAE



Quality That Inspires Confidence™








# Trade Mission in Calgary/Netherlands

## Dawn Meats (Chuck & Clod)




### 3. Chuck tender



Chuck tender

711935	Chuck ter platí aktuální ceny chlazeného
711936	Chuck tender platí aktuální ceny chlazeného



Chuck tender plátky

### 2. Rump steak



Rump steak plátek ZÁK

711821	Rump steak platí aktuální c chlazené
711816	Rump ceny dle aktuálnih příprava bez naklá



### 1. Top Blade



Top Blade

711920	1 platí aktuál chla
711921	Top platí aktuál chla





# The Canadian Beef Centre of Excellence

Opening Winter 2014







# The Power of a Direct Connection to the CBA



- We know from experience the power of a hands experience with the CBA.
- It provides the best opportunity for our targeted Clients to feel the connection to Canadian beef.
- It provides the platform to connect with the Client and refined understanding of their needs and expectations with the Packer and help us create targeted opportunities for Canadian beef.



# The Centre Will Feature:

- Full Commercial Kitchen Line
- CFIA Inspected Meat Production Lab (Sample Export Capability)
- Full global broadcast capabilities
- Retail Meat Case
- Presentation/Hosting/Dining Room









# Demonstration Theater







## Boardroom /Dining Room





## Connected Space – Open Concept







CANADA BEEF