

JAPAN: Opportunity in the Year of the Dragon

by HEIDI SCHEFFLER

As the Year of the Dragon begins, Japan finds itself at the brink of a transformation. The lagging economy is on the mend, spirits around the island nation are rebounding and change is on the horizon. Old and new ways of thinking and acting are finding their places in the new

INSIGHT:

Regional branding

Regional branding of products is the trend in Japan. The top Japanese beef breed, Wagyu, is known for its superior palatability and marbling. Wagyu cattle are typically fed longer than U.S. cattle, resulting in a grade at the top of the Japanese system that requires a higher degree of marbling than USDA Prime.

Known worldwide, Kobe Beef is derived from Wagyu cattle from the Kobe region. Kobe is a city and region in west Honshu, the main island of Japan. Well-known as it is, Kobe Beef is not the cr me da la cr me of Wagyu beef available.

Producers in the Matsuzaka region proclaim the highest quality level within the Wagyu breed. The coastal city of Matsuzaka is located in the Mie Prefecture of West Japan. To the consumer, this regional-brand product is the best available — bar none. Only a select group of stores may purchase Matsuzaka Beef.

Four of the Saito Otoy Shoten stores are members of the prestigious Matsuzaka Beef Club, which comprises a total 400 stores nationwide. In order to maintain membership, the store must pay \$1,500 a year in addition to purchasing a minimum of two Matsuzaka animals annually at an average cost of \$20,000/animal. The product is then frozen and sold throughout the year. Saito Otoy proudly displays the registration plaque, an additional \$500 item, in its meat department.

millennium. Though this change is occurring on a national level, the average Japanese individual is making an adjustment in daily life as well.

The United States Meat Export Federation (USMEF) predicts for 2000:

- Overall beef consumption in Japan increasing at an annual rate of 1%;
- 0.3% annual population growth rate;
- Beef production declining at a rate of 1% annually; and
- Self-sufficiency for beef production declining from 35% to 31% in less than five years.

From where is the beef consumption increase coming? Younger Japanese are consuming more beef. This generational change translates to great potential for the Angus producer.

What factors are causing the fall in beef production in Japan? Primarily an aging farm population, increased land values and increased production costs.

Miniscule population growth, decreasing self-sufficiency in beef production and a growth in beef consumption, combined with the Japanese consumer's demand for quality, taste and consistency mean importers will be looking for the perfect beef product to fit the bill — *Certified Angus Beef*TM product.

Hungry for information

As Japanese consumers become more aware of the food they purchase, a keen

eye must be kept on their preferences. Along with a focus on quality, consistency and freshness, Japanese are conscious of price and food safety as major influences in purchasing decisions. As a result, Japanese consumers want to know more about the items they purchase, whether domestic or imported.

Product branding to provide more information is the clear preference. With enhanced marketing of the brand, consumers can learn from where the product came, how it was raised and even who fed the animals. In the Japanese consumer's mind, the more information the better.

The Certified Angus Beef (CAB) Program's Supply Development Team's Feedlot-Licensing Program (FLP) is a potential critical link between U.S. Angus producers and Japanese consumers. The enrollment forms for pens of eligible cattle gather much of the background information that interests Japanese consumers while helping producers better hit the production target. As the Year of the Dragon unfolds, licensed feedyards may explore partnership opportunities with processors and exporters serving the Japanese market.

Retail success story

CAB Program-licensed retail chain Saito Otoy Shoten has a diverse meat section, offering Japanese domestic beef in addition to *Certified Angus Beef* prod-



The Japanese retail panel board, product labels, brochures and Certified Angus BeefTM shield logo signs produced by the CAB Program are on display in all Saito Otoy Shoten stores.

uct. Saito Otoya has been licensed since September 1999, with 19 units throughout the greater Tokyo region. Saito Otoya prides itself in providing customers with the best domestic and imported beef available.

Since becoming licensed, Saito Otoya has been committed to promoting *Certified Angus Beef* product in its stores. The Japanese retail panel board, product labels, brochures and *Certified Angus Beef* shield logo signs produced by the CAB Program are on display in all stores.

The CAB Program will work with the USMEF to educate the Japanese media about the *Certified Angus Beef* brand. Through increased awareness of the Program and its producer backbone, Japanese consumers will come to know and trust what you produce — *Certified Angus Beef* product.

What else is the CAB Program doing to grasp this opportunity for change?

- Educating licensed retailers through seminars in Japan and the United States;
- Building stronger ties with the Japanese media;
- Providing promotional resources, such as a specialized sampling kit for retailers to answer their consumers' questions regarding *Certified Angus Beef* product; and
- Conducting a cooking school within a retail store to expand the variety of products and recipes used, as well as to educate consumers about the *Certified Angus Beef* brand.

The CAB Program is prepared to meet the opportunity for change in the new millennium. The International Division is in tune with the desires of *Certified Angus Beef* consumers around the world and is ready to take the brand to new heights.

Our slice of the global market

As the name implies, the International Division's purpose is to market *Certified Angus Beef* product to distributors, retailers and restaurants outside the United States. Division goals include upholding trademark integrity, increasing consumer brand recognition worldwide and assisting licensees in promoting *Certified Angus Beef* product.

At present, the Program has 40 licensed exporters, 51 licensed distributors, 502 licensed retail stores and 451 licensed restaurants that market *Certified Angus Beef* product in more than 50 international locations. Tonnage of *Certified Angus Beef* product sold outside the United

States skyrocketed from 8 million pounds (lb.) in 1992 to 68 million lb. in 1999.

A key factor in the success of the International Division is the strong demand for end meats (such as the chuck and the round) through export channels. International product utilization of end meats is 80%, while 20% is middle meats (such as ribeye and strip-loin steaks) — which balances well with domestic demand.

The top five countries purchasing *Certified Angus Beef* product (fiscal year 1999 data) are:

- (1) Japan
- (2) Canada
- (3) Mexico
- (4) Puerto Rico
- (5) Bahamas

As the largest international market, Japan consumes nearly 70% of the total international tonnage. Of this, 93% is end meats, including chuck eye roll, short rib and short plate.

This is beneficial to the success of the CAB Program because producers are able to receive increased profits through increased product utilization. Several traditional Japanese dishes, such as *shabu shabu* and *yakiniku* (also known as Ko-

rean barbecue), require thinly sliced short rib. *Shabu shabu* is prepared by quickly dipping the *Certified Angus Beef* short rib in a pot of boiling water and vegetables, then dipping it in a special sauce.

International Division staff work closely with the Program's administrative team and trademark counsel to register the *Certified Angus Beef* marks in new markets. At present, the *Certified Angus Beef* logo mark is registered in Japan, Canada, Mexico, Taiwan, Indonesia, South Korea and the Bahamas. Registration applications are pending in China, Hong Kong, Russia and the Philippines, and the Program plans to investigate registering the logo mark in the Dominican Republic, Barbados and Costa Rica this year.

Diversity within the international marketplace makes for a wide range of international marketing activities. Some of

these marketing activities include development of translated resources, such as brochures and educational videos, restaurant waitstaff contests and secret shopper retail contests, and various educational presentations. International staff coordinate individual seminars in specific international markets and assist in the implementation of *Certified Angus Beef* Round Up, Stampede and Beyond the Basics seminars.

The CAB Program also receives marketing support through its membership and involvement with the USMEF. US-

MEF provides general market expertise, as well as knowledge on market-access issues, with their offices in Japan, Singapore, Hong Kong, China, Korea, Mexico, the Caribbean, England, Lebanon, Russia, Brazil and Taiwan.

The CAB Program also benefits through assistance with material development along with participation in USMEF conferences and marketing activities.



Editor's Note: Heidi Scheffler is the international marketing manager for the *Certified Angus Beef* Program.

