

International Consumer Perception About U.S. Meat

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The U.S. Meat Export Federation (USMEF) is a membership organization representing the beef, pork and lamb industries internationally. As such, the mission statement of the USMEF is: "To increase the value and profitability of the U.S. beef, pork and lamb industries by enhancing demand for their products in export markets through a dynamic partnership of all stakeholders." The membership of USMEF is very diverse, ranging from beef, pork and lamb producers, packers, feedgrain and oilseed producers, agri-business companies and farm organizations. To accomplish the mission, the USMEF conducts marketing activities to benefit the membership in many regions of the world including Japan, Korea, China, Taiwan, ASEAN, Mexico, Europe, Russia, Central/South America, the Caribbean and the Middle East.

Global consumption of poultry, pork and beef is growing at an annual rate of approximately 3.5%. Pork is the most consumed meat in the world and its consumption is growing at a faster rate than beef or poultry. The U.S. beef and pork industries have been able to tap into this growing market by supplying the world with some of the growing demand for these products. U.S. beef exports have grown 151% in the interval from 1990 to 2001. There was a setback in U.S. beef exports in 2001 due to the BSE situation in Japan, beef safety concerns in many markets and the strong U.S. dollar, nonetheless, USMEF estimates that the long-term growth trend will continue with beef exports surpassing record 2000 levels in 2003. In 1990, U.S. share of total beef trade was 15%, which grew to 26% in 2000. Even more critical to the beef industry is the fact that the export market represents a growing portion of total U.S. beef production and this trend is expected to continue, reaching more than 15% by 2004.

U.S. pork exports have experienced even more impressive growth, growing 201% in the last nine years. The U.S. share of global pork trade has grown as well, from 10% in

1990 to 20% in 2001. This growth trend is expected to continue providing the U.S. pork industry with more share of global pork demand. Finally, exports as a percentage of U.S. pork production are growing, causing an increase in the importance of international markets to U.S. pork producers.

This growth in U.S. red meat exports is caused by many factors. The rise in per capita incomes and the growing middle class throughout the world have given consumers a disposable income sufficient to afford additional protein in their diets, and the preferred protein is meat. Additionally, declining self-sufficiency due to decreases in production, as in Japan, and increases in population, as in Mexico, leads to increased imports just to maintain current levels of consumption. Finally, expanding market access allows U.S. red meat products to be consumed by more people, either because of lower prices due to lower tariffs or through the elimination of trade barriers.

As part of its evaluation process, USMEF consumer surveys are conducted in the largest markets, which are the markets that conduct consumer activities. USMEF has recent information on consumers' perceptions of U.S. beef in Japan, Mexico, Korea, Hong Kong and Taiwan. USMEF has conducted recent surveys in Japan, Mexico and Korea to determine consumer attitudes about U.S. pork.

What are consumers looking for when they purchase beef and pork? One would expect that consumer concerns and preferences would vary across the world; however, our surveys have found that consumers universally choose "freshness" as the first criteria when choosing beef and pork.

Our consumer surveys asked: "When making a beef or pork purchase, please tell me what is most important to you in making your decision?" In regards to pork, 38% of those surveyed in Japan, 56% of surveyed Koreans and 53% of Mexicans surveyed consider freshness to be the most important criteria. For beef, 82% of those surveyed in Hong Kong, 74% of surveyed in Taiwan, 60% of those surveyed in Mexico indicated that freshness was their first concern in making a beef purchase. For beef in Japan, freshness was the second highest concern with domestic beef preference being the first.

One of the reasons consumers are concerned with the freshness of imported meat is because of the time that it

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takes to reach retail and foodservice outlets. Common comments from consumers are: "How can imported beef and pork be fresh when it has come from such a long distance away?" and "Can products shipped from other countries be as safe as domestic products?"

How does the U.S. rate compared to our competition in regard to freshness? The U.S. does not rate very well. Across all markets combining both species, U.S. beef and pork averaged 2.77 on a scale of 1-5 with 5 being the freshest. In Japan, U.S. beef was ranked 5th, behind domestic Waygu and non-Waygu, Australian and Canadian beef. In Mexico, U.S. beef was ranked below domestic, Canadian and beef from Central/South America. In Hong Kong, U.S. beef was rated below domestic, Australian and Canadian beef. And in Taiwan, U.S. beef was rated below domestic, Australian and New Zealand beef. On the pork side the results are very similar. In Japan, U.S. pork is rated fourth, behind domestic Kurobuta, regular Japanese domestic and Canadian pork. In Korea, U.S. pork is ranked third, behind domestic and Danish pork.

Table 1. U.S. Consumer Survey Results on Freshness

Market	Rating (1-5)	Rank	#1 Rank
Japan Beef	2.6	5	Waygu
Japan Pork	2.71	4	Japan Domestic
Mexico Beef	2.64	4	Domestic
Korea Pork	1.93	3	Domestic
Hong Kong Beef	3.31	4	Domestic
Taiwan Beef	3.41	4	Domestic

Why does the U.S. rate so low on freshness? One of the reasons could be the negative opinion many international consumers have towards the U.S. as a supplier of wholesome products. But also, in many of the markets surveyed, consumers prefer to purchase meat products at a traditional or "wet" market. Meat products generally available at this type of market were recently slaughtered, often on the premises, which is one of the reasons traditional markets are referred to as "wet markets." While many of the meat products sold at wet markets are domestic, this is not exclusively the case. In fact, USMEF had made strides to penetrate wet markets in Taiwan for U.S. beef and pork products.

Trends in the retail sector in Taiwan in the 90's were showing growth in modern supermarkets and hypermarkets at the expense of traditional markets and USMEF's marketing strategy was to focus on the growth areas in the modern retail outlets. In the late 1990's, however, the Taiwanese government began supporting the wet markets with upgrades in refrigeration, air conditioning and other amenities to improve the shopping experience at traditional markets and improve their safety. Our consumer surveys showed Taiwanese consumers prefer to purchase meat products at wet markets and therefore, USMEF realized that it would be necessary to market U.S. beef there. USMEF worked with an importer/distributor in Taiwan to develop a U.S. beef product specifically suited for the Taiwan wet market. The beef

megaball was introduced in Taiwan in January of 2000. This is a pre-cooked 100% U.S. beef meatball to be used in traditional soups and stews in Taiwan. It has been very successful, so much so that USMEF worked with the same importer/distributor to develop a pork version of the megaball.

Another issue that contributes to freshness and food safety in many markets is transportation. Most meat is delivered in China by the lowest cost form of transportation. Consumers want safe products but are not willing to pay higher prices for products delivered in refrigerated trucks. Chinese consumers fully cook all red meat and poultry to compensate for the poor refrigeration system. Nonetheless, modern retailers in China are requiring refrigerated delivery and this will continue to become more common as China's economy expands.

Other criteria that consumers consider before purchasing meat products include: price, tenderness, taste, fat content/leanness and color. In Japan, price is the second most important criteria for both beef and pork. Tenderness is the second most important criteria for consumers when choosing beef in Mexico, Hong Kong and Taiwan. Taste is the second most important criteria for consumers in Korea for pork products. In Japan and Mexico the fat content and leanness of pork is considered, while in Mexico, color is also an important criterion in choosing pork. When comparing consumer perceptions of U.S. beef and pork against these criteria the U.S. is not perceived to be the best source of product with some exceptions.

U.S. beef and pork are perceived to be the most inexpensive in Japan. Furthermore, Hong Kong consumers perceive U.S. beef to be the most tender. However, Mexican consumers perceive their domestic beef to be the most tender ranking the U.S. second in a tie with Canada. Taiwanese consumers rank U.S. beef's tenderness behind New Zealand and Australia while Koreans rate their domestic pork the tastiest, followed by Danish and then the U.S.

Table 2. Other Important Criteria for Consumers in Choosing Meat Products

Country/Species	Criteria	Rating (1-5)	Rank
Japan Beef	Price	4.0	1 (tie)
Japan Pork	Price	3.77	1
Mexico Beef	Tenderness	3.16	2 (tie)
Mexico Pork	Fat Content	NA	
Mexico Pork	Color	NA	
HK Beef	Tenderness	3.7	1
Taiwan Beef	Tenderness	3.49	3
Korea Pork	Taste	2.44	3

The largest export market for U.S. beef and pork is Japan, and Japan is a leader in consumer trends in Asia.

The recent discovery of BSE in this market has had a negative effect on beef consumption for both imported and domestic product. As a result, the USMEF has conducted focus groups to determine the best way to respond to this

crisis. What we learned is that women are the decision makers for food purchases. Safety is their number one concern in regard to imported beef, and 94% said they wanted food safety information. If they were aware of food safety standards, 74% said they would purchase imported beef. Australia was recognized as a supplier of safe beef and consumers knew little of beef's nutritional attributes. Finally, television, newspapers and magazines are the most influential media to reach these consumers. What the women in the focus groups want is to be fully convinced that U.S. beef is safe and tasty enough to serve to their families. They want to learn about the food safety attributes of U.S. beef directly from beef producers with objective facts and they prefer to hear from other women. With this information USMEF developed the *Aisareru* campaign. *Aisareru* means "desire" in Japanese. The campaign revolves around three American women who work in the U.S. beef industry and are also housewives and mothers. The women represent the production, processing, and safety assurance sectors of the industry. Newspaper and magazine advertising as well as television commercials are currently playing in Japan to assure Japanese consumers that U.S. beef is safe and wholesome.

A secondary crisis to the red meat industry in Japan as a result of the BSE situation was a re-labeling scandal. The Japanese government offered subsidies to companies that sold domestic Japanese beef. To take advantage of the sub-

sidies, some companies mislabeled imported beef as Japanese. When this practice was revealed, it resulted in a loss of consumer trust, especially on behalf of large Japanese food companies. This situation provides the Japanese government with an opportunity to mandate traceability and promote its in-country traceability system as superior. Japanese importers in the future will request source-verified product from U.S. suppliers and this will enhance the trend towards branded products. There are many examples of branded products already on the market in Japan and this was already a trend before the labeling scandal.

The branded trend, which is not isolated to Japan but is more prevalent there, is brought on by several factors, 1) retailers needing to distinguish themselves from the competition, 2) consumers wanting to know where products came from and who raised them, and 3) suppliers desiring to have a more direct link to consumers. There are many examples of branded products in Japan, and there will be more in the future. It would be wise for the U.S. industry to work closely with the Japanese and our other important customers in developing products that will meet the needs of consumers and address some of their concerns regarding imported products such as fresh, tasty, and tender. With effort from the U.S. industry and our importing customers there is a bright future for further growth of U.S. beef and pork exports.