



BSE(狂牛病)のない国 アメリカからの“安心”な牛肉です

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Japan's BSE-Quake

As consumers lose confidence in beef produced in Japan, a market opportunity for U.S. beef is unfolding.

by Heidi Scheffler

Recent discoveries of bovine spongiform encephalopathy (BSE) in Japan could have a significant economic impact on the U.S. beef export market. The immediate concern is that lost confidence in beef safety could reduce U.S. exports to Japan. However, long-term there may be an opportunity to increase demand in Japan for beef identified as produced in the United States.

Several top Japanese processors own operations in Australia, which may try to increase demand for its product in Japan as well.

Japan is the largest market for U.S. beef exports, accounting for 42% of the total by volume and half by value, at \$2 billion. Japan purchased more than 53.6 million pounds (lb.) of *Certified Angus Beef*[®] (CAB[®]) product in 2000, accounting for 61% of CAB's export volume.

Food safety is a major concern for Japanese consumers. Combine that with

media sensitivity, and Japan's BSE situation could easily reach crisis levels.

Shock waves rippled throughout the country when BSE was first discovered in a 5-year-old Holstein cow near Tokyo on Sept. 10, 2001. Retail beef sales dropped 10%-30%. In beef-oriented restaurants sales dropped 40%-50% within two weeks. Two months after confirmation of the first case, overall beef exports to Japan were down 50%-60%.

By Oct. 29, declining sales caused convenience-store chain 7-11 to halt production of its best-selling lunch box, which uses CAB short plate. With more than 8,800 Japanese locations, the company had sold an average of 20 short-plate lunch boxes/store/day. Production resumed less than a month later, yet year-end store average daily sales were sluggish at five lunch boxes.

Hit hardest were Japan's domestic beef sales, consisting primarily of Holstein product and the famed Wagyu. Imported beef was spared the full brunt, thanks in part

to quick response by the U.S. Meat Export Federation (USMEF). Full-page advertisements told consumers that U.S. beef is safe and explained the steps that are in place to prevent BSE from entering our borders.

To combat consumers' fears of domestic beef and offer reassurance that their beef was safe, many outlets initiated advertising campaigns announcing that they use imported beef. USMEF assisted these efforts by preparing their "Anxiety-Free" campaign with retail and foodservice point-of-sale materials telling consumers that there is no BSE in the United States.

Opportunity

Japan's perception has historically been that domestic Japanese beef is superior to imported beef. Because of this, many foodservice companies have refrained from identifying imported beef on their menus. A country-of-origin labeling law at the retail level does not allow such flexibility. In March Japan plans to start a 100% traceback and testing program for domestic production. In the meantime, since the BSE outbreak, major foodservice chains have launched advertising campaigns touting their use of U.S. products.

Yoshinoya, the largest nationwide beef bowl chain, posted signs declaring that 100% of its beef is imported from BSE-free countries. This proactive move enabled Yoshinoya to maintain its sales and market share in the face of the BSE crisis. Yoshinoya's sales have actually increased since September.

Restoring Japanese consumer confidence is the first step to turning this tragedy into an opportunity. Since the first BSE confirmation, USMEF has worked closely with the media and consumers to convey the safety of U.S. products and to relay USDA food safety and inspection information. USMEF President Phil Seng has taken a visible front-line approach and is leading efforts to regain and even grow the market. Knowing firsthand the impact Japanese exports have on the U.S. beef market, USMEF is fulfilling the industry's crisis management and communication role.

For the future, USMEF has outlined a strategic plan targeting the media, trade and consumer levels. The plan involves for the



▶ Licensed Tex-Mex chain Zest Cantina posted signs declaring that 100% of its beef sold in Japan is the *Certified Angus Beef*[®] brand from the United States. Pictured from left are Sumiyo Miyoshi, wife of CAB-Japan consultant Osamu Miyoshi; Jim Riemann, CAB president; and Heidi Scheffler, assistant director of the CAB International Division.



first time ever a coordinated effort with organizations from other BSE-free countries (Australia, Canada and New Zealand). The focus of the six-month campaign will be beef health and nutrition and safety advantages of imported beef.

The message will reach Japanese consumers through mass media, extensive public relations efforts, consumer education materials and a nutrition symposium.

CAB emphasis

U.S. beef promotions will continue alongside the multinational beef promotion. Working closely with the USMEF, Certified Angus Beef LLC (CAB) will communicate the safety of U.S. beef, as well as the quality advantages of the CAB brand. CAB and USMEF staffs are meeting with targeted retail and foodservice accounts to organize and execute promotions highlighting the CAB brand message within the framework of the U.S. beef safety campaign.

Maintaining a visible role with CAB licensees and users of product is crucial for long-term market growth. The opportunity is present for U.S. beef, as well as the CAB brand, to increase market share as domestic product is displaced. Critical to this effort



► Beef bowl chain advertisement showing USMEF President Phil Seng holding a statement that the United States is BSE-free. A beef bowl is a quick lunch consisting of rice and cooked beef and onions.

will be USMEF funding, which is currently well short of the \$8 million needed.

According to livestock marketing analyst Andy Gottschalk, a 50% reduction in annual beef exports to Japan could reduce the annual average U.S. fed-cattle price by

approximately \$2.50/hundredweight (cwt.). Just as a decrease in exports to Japan negatively affects U.S. cattle prices, increasing exports to Japan could positively affect cattle prices and offer rewards for producers.

Not only is Japan CAB's largest export market, but it is important to realize that 97% of the product Japan uses is end meats. End meat demand is crucial to adding value to the entire carcass. Topping the industry in end meat sales, CAB's focus on utilizing the entire carcass has paid off, and growing this product volume will enhance opportunities for producers.

"We are at a very critical point in the market. It is essential that our staff work closely with the USMEF through this crisis," explains CAB President Jim Riemann. "Yet there are opportunities. Now is the time to gain market share over their domestic product."

Riemann doesn't expect to see overnight results, but he is confident that the investment will pay off with long-term sales growth, increased carcass utilization and producer rewards.



Editor's Note: Heidi Scheffler is assistant director of the CAB International Division.