



Consumer Focus

► by Kindra Gordon, field editor

Beef's global customers

With 95% of the global population living outside of the United States, there remains a vast market potential for American beef. Currently, beef checkoff funding supports promotion of U.S. beef in 80 countries — and international consumers are responding. In 2014 the value of U.S. beef exports reached nearly \$6 billion — 15% ahead of the record pace set the year prior.

“Clearly export markets will be a big part of beef's future ... The world loves the flavor of U.S. beef,” says Homero Recio, president and COO of Agri-West International Inc. The Texas-based company works with the U.S. Meat Export Federation (USMEF) in international promotion of U.S. beef.

Recio has been on the frontlines of the beef export market. Here he shares some of the global consumer trends being seen.

Japan

Japanese consumers are continuing to show demand for high-quality beef. As a result, more high-end steak houses have been opening, such as Wolfgang's Steakhouse and BLT Steakhouse, reports Recio. These restaurants are also applying Western concepts like dry-aging.

However, Recio notes the Japanese still frequently prepare beef differently, primarily featuring small pieces that can be eaten with chopsticks and dipped in sauces.

Additionally, Recio says an emerging health trend among Japanese consumers is toward red, leaner beef, as compared to Wagyu.

Beef also continues to be popular in several traditional Japanese dishes, including Shabu Shabu, which includes vegetables and thinly sliced beef boiled in water, and Nabe, which is a one-dish “Hot Pot.” Recio explains that traditionally these are meals that are shared with two to four people, but now more Japanese restaurants are featuring

single-portion meals with individual seating — creating an opportunity for more beef sales.

Yakiniku — or barbecue — is a large market for beef among the Japanese as well. Traditional beef cuts used for Yakiniku

would be chuck short ribs, skirts, short plates and hanging tenders. With seminars and workshops to familiarize chefs with alternative beef cuts, Recio says new cuts are being used, including plate finger, lifter meat, clod heart and digital flexor (heel).

He notes that craft beef pubs are also becoming popular in Japan, which

means there is increasing interest in “pub food.” To this he says, “Beef has a place on this menu.”

Recio reports that the convenience food sector is growing in Japan, too. He shares that sales of food at 7-11 convenience stores grew 29% last year. He explains that this is largely due to a new consumption tax that went from 5% to 8% and has decreased restaurant

sales. Recio reports that Japanese McDonald's had a 21% dip in sales.

Recio adds, “All western-style food sales are down 5% because of the [consumption] tax.” He suggests that is why convenience sales are growing. Japanese consumers are buying a convenience meal to take home vs. dining out.

Lastly with regard to Japan, Recio says, “There is a tremendous amount of competition.” He cites Mexico, Australia, Canada and some South American countries as competitors who also offer grain-fed beef. He emphasizes, “Thank you for the checkoff dollars provided to the U.S. Meat Export Federation [for promotion].”

He adds that it is increasingly important to share the story of American beef with global consumers. As examples, he says hosting international delegations on U.S. farms and ranches show them the story of how the beef is raised. Additionally, brand marketing and traceability help share the story about a specific product, something more Japanese consumers are citing as important.

Korea

“Consumer confidence in U.S. beef is increasing among Korean consumers,” reports Recio. He notes that 2014 was the first time that the majority of Korean consumers had a more positive than negative view of U.S. beef since the bovine spongiform encephalopathy (BSE) incident more than a decade ago.

Recio reports that the No. 1 factor to Korean consumers when purchasing beef is taste. Safety and country of origin are also important to them, but with confidence on the upswing, they are becoming less of a concern.

The most popular beef cuts in Korea include the short rib, chuck eye roll, chuck flap tail, top and blade. Steak is also popular, and several print media and blog promotions in 2014 helped drive restaurant steak menu specials and consumer interest.

Hong Kong/Greater China

In June, U.S. beef was granted full access in Hong Kong, creating opportunities for certain products not allowed since 2003, including ground beef, processed meats and bone-in cuts from cattle more than 30 months of age. Intestines, short ribs and short

From Mexico to Japan, consumer demand for U.S. beef remains strong. Here are some of the trends.

► In Japan, Shabu Shabu and Hot Pots are traditionally served in restaurants to groups of three or four people. The new trend toward individual seating means single portions are being made available, which is a trend helping boost sales of beef.



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plates are also popular in this region.

Recio says one of the best things going for the United States is the USDA inspection seal on American meat. He explains, "There have been so many food scandals in China, they don't trust anyone."

He says while direct beef trade with China is currently not allowed, when trade is opened one day, the USDA seal will be a credible marketing factor.

Additionally, he says, the two mega-trends in this part of Asia are the increasing

urbanization and middle-class income growth.

"By 2020 the middle class will increase 54% in Asia," he reports.

He also shared an interesting e-commerce trend. It normally would take 9 years for a Shanghai market to sell 370,000 pounds (lb.) of U.S. cherries; but, with an Internet promotion, it only took 2 weeks to sell that same amount of cherries to 84,000 consumers.

Mexico

Due to concern over obesity, healthy products are of increasing interest to Mexican consumers. Recent legislation in Mexico is trying to curb junk food in schools.

Along with this, Recio says Mexican consumers are interested in local, sustainable foods and want better quality. As a result, he says there is growing demand for "Choice" products in the market and middle cuts. They are also wanting "domestic" store brands.

CONSUMER FOCUS

Two other trends in Mexico: Mexican food is very popular. The twist is that there's a focus on old, traditional Mexican recipes. Secondly, celebrity chefs are opening several restaurants in the resort hotels and chic areas of Mexico.



Editor's Note: *Kindra Gordon is a freelancer and cattlemaster from Whitewood, S.D.*

Value from variety meats

In the United States, demand for beef variety meats such as tripe, liver or heart is minimal. To some cultures around the world, however, these beef cuts are very valuable and in demand. Here are some examples for comparison.

- ▶ Tripe to Hong Kong/Vietnam averages \$5.50 per pound (lb.) compared to \$5.30 per lb. domestically. The 20¢ premium results in an additional \$8 per head.
- ▶ Tongues to Japan/Mexico average \$4.10 per lb. compared to \$3 per lb. domestically. The \$1.10-per-lb. premium results in an additional \$3.30 per head.
- ▶ Livers to Egypt average 53¢ per lb. compared to 20¢ per lb. domestically (pet food value). The 33¢ premium results in an additional \$4 per head.
- ▶ Short plates to Asia average \$2.85 per lb. compared to \$1.65 per lb. domestically (trim value). The \$1.20-per-lb. premium results in an additional \$7.20 per head.
- ▶ Bone-in chuck short ribs to Asia average \$3.20 per lb. compared to \$2.70 per lb. domestically. The 50¢ premium results in an additional \$1.80 per head.

Source: U.S. Meat Export Federation.