



Japan Retail - Present and Outlook

MLA Japan Retail research

August 2011

Contents

1. Executive Summary of a feature in *Chain Store Age* magazine - Buyers Predicting a “New Reality”
2. MLA survey of key retailers – interviews with individual businesses

Key findings:

- The trend towards dining at home is set to strengthen
- Power concerns drive demand for products that require less cooking at home.
- Food safety (stemming from the fear of radiation) is one of the greatest importance to consumers when making food choices
- Japanese consumers more likely to choose an imported food item over a domestic food item than before the disaster.
- Greater attention to the health aspects of products: driven in part by radiation fears. It is also a generational trend not related to the disaster.
- In the survey conducted in the part 2 of section 1, some 83% of respondents expect business confidence to deteriorate in general.
- In the retail meat division specific survey (part 1 of section 2), more than half of respondents expect sales to improve.
- In the same survey, respondents forecast costs to increase, but retail prices to remain at a similar level
- Key words in the minds of consumers: energy saving; security and stability; and health

1. Executive Summary of a feature in Chain Store Age – Buyers predicting a “New Reality” (issued in June 2011)

Background

The monthly magazine “Chain Store Age” published a comprehensive report in their June edition on current consumer buying trends and the consumer mindset in Japan. This report was based on a questionnaire sent out to buyers after the Great Eastern Japan Earthquake.

The questionnaire focused on: i) product and buying trends in the weeks immediately following the disaster; and ii) the longer-term outlook for consumer sentiment and buying patterns. The vast majority of the 77 responses were collated from buyers working in the industry. The two major themes to appear from this piece of research were that there was some polarization following the disaster, with less difference in consumer behaviour in western Japan versus a massive shift in the eastern part of Japan which felt the impact in buying patterns much more strongly. The second point was to highlight the main psychological drivers in the minds of consumers at the moment – namely the conservation of power; the environment; safety and security, and health.

Trends

In terms of trends that might affect the meat industry, in the near term (this summer),

- the number of buyers who believe that people are **exercising restraint** in the purchases of fresh and frozen produce is quite noticeable:
 - 21.6% of buyers identifying a restraint in the purchase of fresh foods
 - 13.5% seeing a fall in the amount of frozen food bought as part of a general restraint being exercised due to the potential power problems expected this summer (see Q7).
- **The power concerns** appear to be leading a trend toward pre-prepared foods or where the least possible power is necessary to prepare at home and this could have a compound effect on the restraint of buying fresh meat.
- In terms of the mindset of consumers, buyers stated that **food safety** and the place where a product had been made or manufactured were of the greatest importance to consumers when making food choices – with 68% of respondents citing this (Q6).
- There was also a perceived shift in consumer sentiment implying that as long as the price was right, Japanese consumers would be more likely to choose an **imported food item over a domestic food** item than before the disaster.
- A trend towards **eating at home rather than dining out** appears to be getting stronger which would imply greater demand for beef in the supermarkets (but possibly less demand from the wholesale side if restaurants are affected). There could be **opportunities for offering recipes for Aussie beef** and the like if the trend towards menu planning ahead of shopping is indeed true (Q19/8).

(The questions and the answers used in this survey as well as much of the commentary are translated from Japanese to English. This report has been compiled by MLA Japan based on full translations of the Chain Store Age report and survey commissioned by MLA)

Part I: The immediate post-quake reality

1. In March and April, what trends did you see in the sales at existing stores, the number of shoppers, the average spend and the average number of items bought per shopping trip?

What trends did you see in sales volumes at existing stores?

Higher 76.3%
 Unchanged 13.2%
 Down: 10.5%

Most buyers saw a significant increase in sales in the March-April period, with the main reason cited being consumer uncertainty driving people to stockpile goods in their homes. There was also a surge in buying as consumers bought goods to send up to the stricken areas.

What trends did you see in the average customer spend?

Higher 66.2%
 Unchanged 13.0%
 Lower 20.8%

Some of the reasons given for the increased spend were stockpiling, or increased demand for necessary foodstuffs such as minced beef, chicken and pork. Some of the reasons noted for the lower spend per shopper were due to a shortage of some goods available for certain periods, the lower prices of vegetables at the time, and an increase in people shifting to cheaper imported meat and fish.

What trends did you notice in the actual number of shoppers in this period?

Increased 62.3%
 Unchanged 24.7%
 Fell 13.0%

The increased number of people shopping seemed to be accounted for by consumers visiting more than one store to secure goods that were seen as vital for daily life. With increased petrol prices and a slight rationing of petrol there was also more of a propensity for people to shop locally in a number of shops than to drive to a large shopping mall for example.

What trends did you see in the average number of items bought by shoppers in each shop?

Increased 68.8%
 Unchanged 15.6%
 Down 15.6%

The reason most cited for the increase in the number of items per shop was stockpiling and for additional items being purchased to send or donate to Tohoku. Some mentioned that the peak was really in March and that the number of items had returned to near normal levels by April.

2. What consumption trends were immediately apparent in the days immediately following the earthquake? (multiple answers provided by respondents)

Stockpiling	68.8%
Increased awareness of origin of product	62.3%
Buying more than usual	52%
Increased price consciousness	32.5%
Increase in number of visits to stores	32.5%
Moderation in the consumption of fresh foods	10.4%

3. Was there an effect on consumer spending brought about by radiation fears or rumour mongering in the period after the disaster?

Yes 74%
No 26%

There was a fairly clear geographic divide behind the two answers given to this question, with those living anywhere from the Tokyo area up through the north of Honshu and into Hokkaido stating there was an effect, and those people based in the western and southern parts of Japan saying there was no meaningful effect.

4. Following on from Q5, were consumers looking at products more closely? What was of particular immediate concern to consumers?

More close and careful examination of products: 65.8%
No change: 34.2%

Points of particular concern on the parts of consumers	
Area of production of product	67.5%
Price	7.5%
Name of the maker	6.3%
Convenience factor of the product	6.3%

5. In which departments were an increase in sales most apparent and for which products after the disaster? (multiple answers provided by respondents)

General foodstuffs	80.5%	Fresh meat	23.4%
Drinks	63.6%	Alcohol	18.2%
Everyday goods	49.4%	Fruits	16.9%
Sweets	35.1%	Vegetables/fruit	16.9%
Daily goods incl. dairy and meat	35%	Fresh fish	11.7%

6. What trends have you seen in consumer preparedness for the power saving planned for the summer months?

The trends seen by buyers as Japan prepares for possible power shortages in the summer mirror a lot of the trends seen in the immediate aftermath of the disaster: namely stockpiling of goods and a greater attention to the shelf life of a product or whether it needs refrigeration.

The restraint shown around the purchasing of fresh produce is also noticeable reflecting the concerns around power.

Trends	
Stockpiling	70.2%
Buying slightly more than necessary	51.4%
Increase in number of items bought during a shop visit	37.8%
A moderation in the amount of fresh produced purchased	21.6%
A moderation in the amount of frozen items bought	13.5%
Increased awareness of shelf life	5.45%
Other	13.5%

Part 2: A Portrait of the Post-earthquake Japanese Consumer

7. What is your outlook for business confidence in Japan?

Deteriorate significantly	5.1%	Improve	3.9%
Worsen	78.2%	Improve dramatically	0%
Remain unchanged	12.8%		

Some 83.3% of buyers expect business confidence to worsen to some degree. Those who did not anticipate any particular change tended to be those respondents based in western Japan.

8. What trends do you anticipate in the sales at existing stores, average customer spend, numbers of shoppers and items per shop?

Sales volumes

Increase	12%
Fall	49.3%
Remain flat	25.3%
Can not predict	13.4%

- Of the buyers who thought sales volumes would increase, many thought it was because the average customer spend would increase and that sales volume increases would carry on for the next 1-2 years.
- Some of the reasons for buyers thinking that sales would fall included the fact that consumers had over-bought immediately after the disaster, and would therefore be using items bought in at that time.
- The buyers who felt they could not predict said it was because it depended on the situation at manufacturing firms, and that it was unclear whether there would be much of a pipeline in new products or for how long the “anxiety spending” would persist.

Average customer spend

Increase	10.7%
Fall	48%
Remain flat	32%
Can not predict	9.3%

Number of shoppers

Increase	13.5%
Fall	41.9%
Remain flat	36.5%
Can not predict	8.1%

The number of shoppers in stores was widely expected to fall due to the generally higher levels of stocks the average consumer must have at home following the surge in buying after the earthquake. There is also a feeling that consumers will only go out to shop when they need an item and there will be less non-targeted shopping.

Number of items bought per shopping trip

Increase	7.9%
Fall	39.5%
Remain flat	44.7%
Can not predict	7.9%

The fall is generally seen as a seasonal issue given the expected heat of the summer coinciding with a sense of self-restraint and of possible power supply issues. Buyers also felt that there would not be much interest from consumers in unnecessary buying.

9. What is your forecast for the cost of goods and for retail prices?

Both the cost of goods and retail prices will increase	59.7%
Cost of goods will fall and retail prices will rise	0%
Cost of goods will rise and retail prices will fall	18.1%
Both the cost of goods and retail prices will fall	9.2%
No response	13%

- The key reasons why buyers responded that they thought the cost of goods would rise was driven by expectations for price increases of petrol and the need for a shift in some supply from the east to the west of Japan.
- Where buyers thought retail prices would fall it was due to a belief that consumers will become all the more price conscious, that there will be less loyalty to domestic goods and more consideration of lower-priced overseas produce.

10. To what extent do you think the average consumer will be economizing?

Considerably	41.1%
Economising with luxury items	39.7%
Economising with necessary items	7.2%
Not economising	12%

There was a feeling amongst the buyers that responded that cutting back in general, and on luxury items in particular, was a trend that they were seeing following the disaster and would continue to see.

11. In which direction do you see consumers behaving with regard the following?

(1) Products with a longer shelf life:	Buying more	89.4%
	Buying less	10.6%
(2) Prepared foods:	Buying more	90.55%
	Buying less	9.5%

The likelihood of more purchases in these categories is due to power supply concerns and possible power price hike concerns, a desire to reduce the time spent preparing food in the home, and a lifestyle choice.

(3) Convenient foods:	Buying more	96.9%
	Buying less	3.1%
(4) Fresh foods that are pre-prepared:	Buying more	86.4%
	Buying less	13.6%

While there is going to be a trend towards more dining at home, there is also likely to be a wish to cut the amount of time and energy spent on food preparation. A general inclination to use less energy and water is apparent too.

(5) Foods that are safe and provide peace of mind:	Buying more	95.9%
	Buying less	4.1%

The contributing factors here will be concerns about radiation meaning these points remain very much on the mind of the consumer. Consumers will remain highly conscious of the origin of products.

(6) A greater attention to the health aspects of products:	More	94.2%
	Less	5.8%

This is driven in part by the radiation fears and also the natural fear of mortality following such a shocking national disaster. It is also something of a generational trend not related to the disaster.



(6) At-home dining:	Will increase	94.4%
	Will decrease	5.6%
(7) Amount of at-home cooking time:	Will increase	9.7%
	Will shorten	90.3%

12. What type of products do you think consumers will want to be buying hereon?

- Products from areas that are considered safe
- Nutritional supplements, nutritional drinks, and healthy food items
- Foods that can be prepared without little need for power
- Foods that have a longer shelf life
- If the prices are ok and the quality is good, imported products over domestic products
- Easy to prepare and easy to eat foods
- Canned foods that don't require cooking

13. Further to the above, how will you be responding as buyers?

- Strengthening procurement channels to ensure stable supply
- Looking at meeting the need for more pre-prepared or convenient food stuffs
- Increasing the amount of basic food stuffs available to customers including minced beef and the like
- In the medium term, lift the amount of imported goods by 1-2 times current levels
- Use more point of sales materials to stress the origin of products
- Ensure that keeping customers informed on where a product is from or how it has been processed remains a priority
- Work on increased supplier channels

14. What do you think will be effective sales promotion activities in the post-earthquake consumer world?

- Sales promotions that help in some way towards supporting the disaster-hit areas
- Promotional activities depicting a menu for a family scene
- Promotions that place a focus on safety and security
- Menus that don't require a need for water

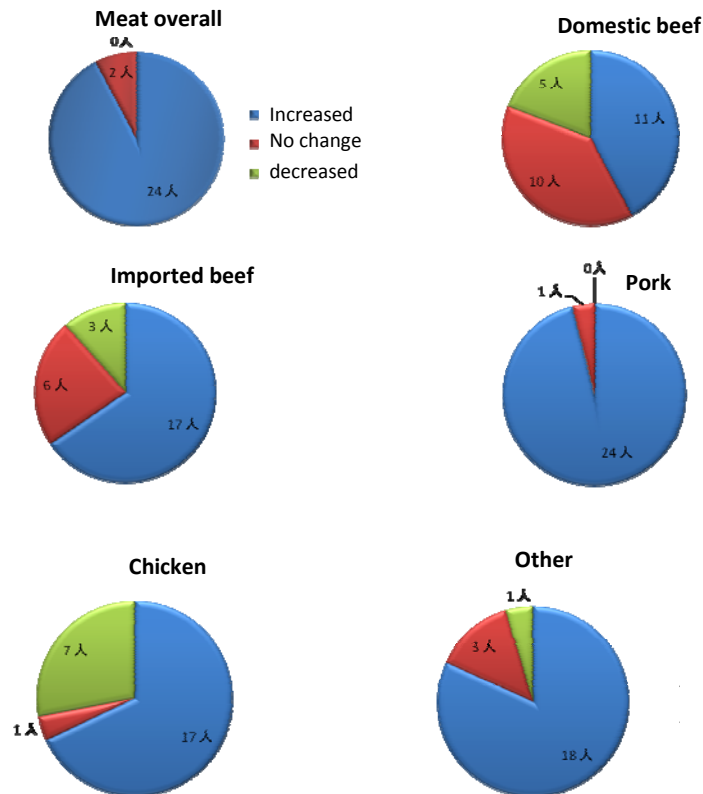
15. What key words would you come up with in regard to the post-earthquake consumer?

- Conserving energy
- Uncertainty
- Stockpiling
- Selfishness
- Health
- Support, cooperation, collaboration
- Community
- Safety and security
- Extraordinary circumstances
- Over-reaction
- Teamwork

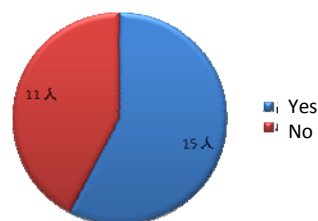
2. MLA survey of key Australian beef users – interviews with individual businesses (extract)

Part 1: Survey outcomes (26 meat buyers from 25 companies were interviewed directly in June 2011 on the basis of a list of questions)

Meat department sales - after the earthquake



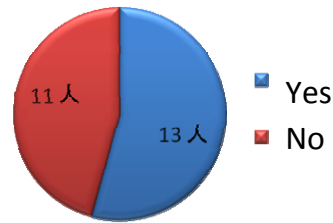
Have there been any changes in how well meat department products sell since the earthquake?



Details of Yes answers:

- Sales of fish sausage and boil-in-the-bag products have risen sharply
- Diced and thin sliced products are growing
- Seasoned meats are growing
- Chicken is growing
- Steak etc is falling

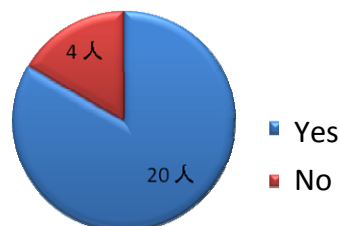
Have the effects of radioactive contamination and harmful rumours affected consumers' buying behaviour since the earthquake?



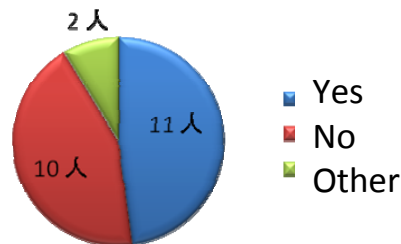
Details of changes in buying behaviour

- Buyers are starting to look at where products are from
- More people are consciously buying products from the Tohoku

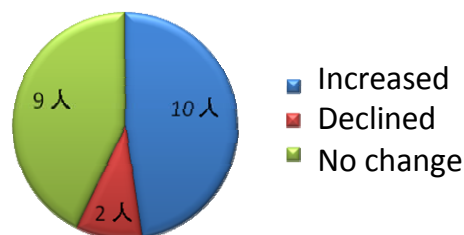
Are consumers asking questions about the safety of meat and where it comes from since the earthquake?



Have you noticed consumers' shift from fresh meat to prepared foods because fresh meat takes too much preparation since the earthquake?



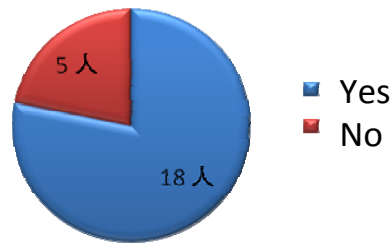
How has consumer interest in health, value-adding and lifestyle increased (compared with immediately after the earthquake)?



Additional comments:

- I believe there has been a change in psychological perceptions of value.
- With the recession, the focus on value has intensified. The earthquake only strengthened it.
- Only the Greater Tokyo outlets are back to as they were.

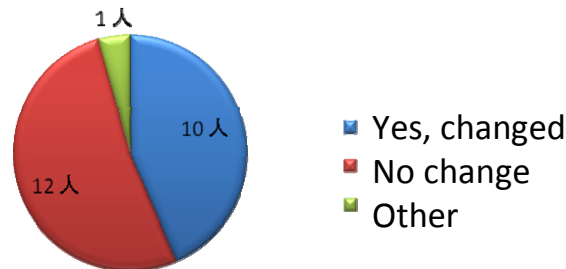
People are eating out less now. Instead, they continue to eat at home more: has this helped your meat department?



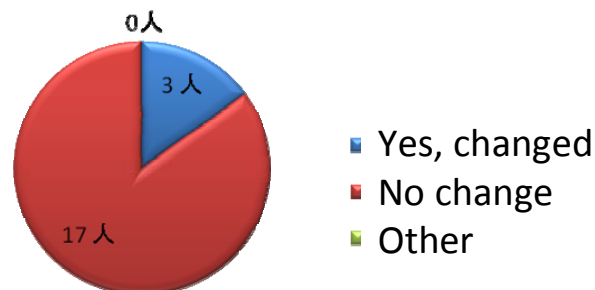
Additional comments:

- The food poisoning affair in the *yakiniku* chain has had a bigger effect than the earthquake.'
- The trend to eating at home is a big opportunity for the meat department. We are offering more recipes.

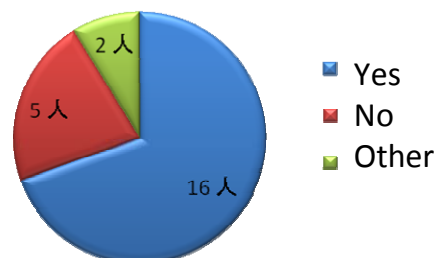
Do you think the consumer awareness of the safety of domestic meat has changed with the effects of radioactive contamination?



Do you think the awareness of the safety of imported meat has changed with the effects of radioactive contamination?



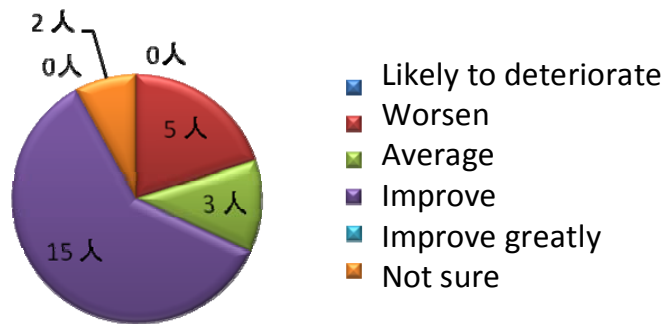
Seafood sales have fallen due to the effects of radioactive contamination. Do you think there has been a shift towards the meat department as a result?



Additional comments:

- Seafood department was down from before the earthquake
- There has been a shift to meat anyway for reasons of convenience, apart from the radioactive contamination factor.

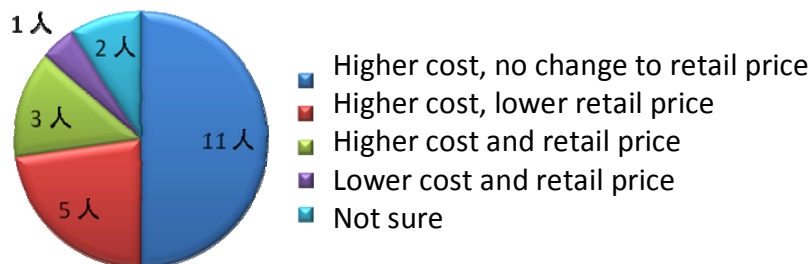
Outlook - Please tell us your forecasts for the meat department



Additional comments

- After the surge in March, there was a fall back, but sales will recover in Autumn
- The meat department was very poor during the extreme heat last year. Things should improve this time of course.

How do you expect buying and selling prices to move?



Additional comments:

- There are shortages because we are avoiding buying from around the nuclear reactors. This has thrown the supply-demand balance out.
- We don't anticipate any factors weighing down buying prices.
- With the deflationary trend, shelf prices won't rise.
- We will reduce sales and promotions, so selling prices will rise as a result.

Outlook - What sort of products are consumers looking for in the meat department since the earthquake? (Multiple choice)

Safe products	20	Imports	2
Affordable price	19	High quality	2
Established brand	3	Other	1
Domestic product	2		

Additional comments:

- Products with a reasonable balance between price and quality are selling.
- Imported meat is growing due to concerns about the local product.
- Trust in retail chains is becoming important.



Part 2: Comments from key retailers

(Super Market or General Merchandising Store, region where the headquarter is)

Effects of the earthquake

- Sales of high priced cuts have fallen off compared with before the earthquake. Items that require short cooking times are selling well, and since April, customers are tending to buy only what they must have (SM, Kanto region)
- We buy Iwate wagyu, but the feed shortage has led to a temporary drop in quality. However, the wagyu market is soft at present and prices are favorable to retailers (SM, Kanto)
- Steak sales completely stalled for a week straight after the earthquake. After about two weeks, steak and other items were selling normally. Outside the directly affected areas, high priced items don't sell, and we see a shift from beef to pork. The differences in preferences for beef and pork between East and West aren't as strong as they used to be (SM, Kanto)
- Some of our outlets were affected, and immediately afterwards, the whole organisation worked with human life as the priority. Currently, four outlets are closed. We are still doing our best to supply our customers in the affected areas. Our buyers are in negotiations with suppliers, and we expect them to be successful (GSM, Kanto)
- The area around Nagaoka experienced the Chuetsu-oki Earthquake, but there was little serious effect from the latest earthquake. We did see hoarding and bulk buying, as after the other earthquake. In the meat department, customers prefer thin sliced processed meats (SM, northern Japan)
- The seafood department has been declining for years, with meat taking up the slack. This trend appeared from before the earthquake, but it has intensified since the earthquake and radioactive contamination. (SM, Kanto)
- There was little effect from the earthquake on the fresh meat department in the Kansai region, apart from fish sausage and processed items. However, as water and some foods were diverted to the Kanto and Tohoku, there was some temporary hoarding and shortages. (SM, Kansai and west region)
- No direct effects. As we don't source goods from the Tohoku, we weren't directly affected (SM, Kansai)

Effects of radioactive contamination and damaging rumours

- Consumers are quite willing to buy Tohoku products, to show their support (GMS, Kanto).
- We're getting more enquiries about where product is from. In our shops we show 'Product of Japan'. When customers ask about local beef, we tell them which prefecture it's from. We have arranged for test data on Fukushima meat, and we're working hard to support it (GMS, Kanto)
- We're getting more enquiries about where product is from. For that reason, we've switched from labelling Japanese crossbreds and Holsteins from Tochigi and Fukushima 'Product of Japan' to now showing the prefecture. 'Product of Fukushima' sells without a problem because people want to support the disaster-affected areas. (SM, Kanto)
- There hasn't been any effect. However, people may question the reliability of stores in future. We want to be seen as 'It must be safe because it came from your store', regardless of the origin of the product. (SM, Kanto)



- There haven't been any direct effects on our fresh meat department. However, we expect to see increasing concern about sources of product and quality, and trust in the store and brand power will be important. (SM, Kanto)
- While we are concerned about the producing areas, it's difficult to provide prefecture-specific labelling. We are working to provide information that will provide truthful disclosure when customers enquire. Specifically, we are organizing very detailed information down to the level of location and farm, and this will be managed by our Kawagoe packaging centre (GMS, Kanto)
- While we're receiving more enquiries about the origins of local products, customers are tending to regard imports as safer (SM, Kanto)

Plans for power saving

- We have plans to save 15% of power across the entire organization. In our meat departments, we are experimenting with how long we can store meat with power saving, and the effects on staff of a shift to processing and sales (SM, Kanto)
- We are offering quick menus (thin cut meat and suggestions using pressure cookers) rather than electric ovens. Apart from power saving, there are the effects of the food poisoning incident, so you have to offer thoroughly cooked food. There isn't much interest in thick cut meat and steak etc (SM, Kanto)
- We are developing convenience items and quick preparation time menus. However, there are capacity problems at our subcontracted processor, which we need to manage so that orders aren't cancelled. We expect demand for barbecue etc products to grow as a response to power saving (GMS, Kanto)
- We are using more small single-serve packaging so that we aren't putting too much in freezers. This is easier because the requirements for volume for children and the elderly are low (SM, Kansai)
- We're developing more quick and convenient menus for customers, and offering menus that will save power at home (SM, Kanto)
- We will stock more convenience products: ready-to-eat roast beef etc. With the effects of the food poisoning case, customers are listening to medical warnings on beef *tataki* (SM, Kanto)
- At Uny, we emphasise convenience items that can be prepared quickly. The pre-prepared items in the prepared meats aisle are supported by consumers looking for power saving and economy (SM, Kansai)
- We are increasing our offering of items with short cooking times. However, roast beef has fallen off due to the food poisoning affair, and we will be watching developments closely. (GMS, Kanto)
- Convenience items are selling strongly. We expect customers to show even more interest in barbecues, and we're extending our range of barbecue items. (SM, west Japan)
- We have reduced store and freezer cabinet lighting. However, we are being cautious about planned power outages, in case we can't use our freezer cabinets. We are shifting our customers towards fast foods that don't require power for cooking. We expect demand for yakiniku and barbecue meat to increase over Summer (SM, Kanto)
- We are selling semi-cooked items with the existing scheduled power outages. (SM, Kanto)

Trends in chilled grain-fed beef and high-value cuts

- Still soft. Sales of Aussie Beef for the second fortnight in March were down. April and May were difficult too (GMS, Kanto)



- With the ageing population, demand for marbled red meat has continued to be good since before the earthquake. With prices for good quality wagyu low at the moment, it's selling well. Consumers are very choosy about good tasting meat, but if you label it as a special limited offer, price isn't an issue. However, imported grain-fed beef and expensive cuts are difficult (GMS, Kanto)
- We have been selling chilled grain-fed beef for several years. Since the earthquake, the general trend not only this, but also for steak, yakiniku and other luxuries has been bad. In the northern Kanto area, the proportion of sales of pork and chicken has been up, but steak etc haven't appeared on tables often. We want to be involved in selling occasional delicacies, and we will continue to offer grain-fed beef. (SM, Kanto)
- Customers continue to use long and middle cuts in side dishes. We'd like to see more effort put into the supply side, because quality and yield vary from works to works. We also need menus that make full use of the carcass, including cuts with fat and bone etc. There should be more effort to add value to every cut. (SM, Kanto)
- We handle a certain amount, but the prices are a problem. The price differential with US product is shrinking at the moment, and the difficulty is that there's no clear winner on taste. The US product tastes good but some customers reject it; some customers like the healthy image of Aussie Beef; we offer both. (SM, Kanto)
- Supplies of domestic house branded meat have been held up, but this hasn't affected performance. We can replace it with unbranded meat. We need to verify that the branding strategy we have been rolling out is producing results (SM, Kanto)
- Imported beef is price-driven, and we assess it on whether we can continue to sell at a fixed price. We don't require very cheap product, but a balance between price and quality. Aussie Beef appeals in several ways, such as the natural image of the country and grazing on natural grass. We think grass-fed beef has to appeal on the basis of natural flavour. However, the US has the advantage of shipping individual cuts, and we will look at buying US and New Zealand product to hedge the risks (GMS, Kanto)

Promotions encouraging demand for eating in

- Since the earthquake, the emphasis isn't on beef as a delicacy. Instead, there is strong demand for it as an accompaniment – bite-sized pieces and diced portions etc. For the highly price-sensitive segment, we will be pushing price levels and menus that allow consumers to eat meat daily. We see this as involving us more with demand for eating in (SM, Kanto)
- In light of the demand to save power over Summer, we are providing a full range of 'quick menus' and simple items (SM, Kanto)
- We see a definite shift to eating in. If this is to continue to grow, customers must see better value for money in the products. We need more menu suggestions that can be prepared on home gas cookers, and there has to be value adding. (SM, Kanto)
- We see this as an opportunity to enhance our menu suggestions. We expect demand for power saving during Summer, so we will be offering easily prepared menus, cold shabu shabu high energy menus to counter Summer tiredness and salads etc. In any case, there are plenty of segments that eat beef. However, they will only buy if the price is low (SM, west Japan)



- We have set up 'Home Made Corners' in our stores, and we're distributing recipe cards and suggested menus. We will be putting further effort into this, and we expect the area to grow (SM, Kanto)
- We are conscious of sales of convenient, value-added items such as roast beef with vegetables and mixes. We're also looking at marinated prepared items as well as raw ingredients (SM, Kansai)

Positioning of Aussie Beef

- We see Aussie Beef as vital product because it offers customers a range of options on price and source. At the moment, price is the big thing, but we see a dual tendency customer segment growing who demand good prices but at the same time quality and branding (SM, Kanto)
- We're working on meat as a basic part of life. It isn't enough to focus on price; we need to do something more, like running a Korean Fair, selling meat together with other ingredients. There is a strong trend for customers to do their own research and select their own items. We will be focusing more on price and at the same time menu suggestions (GMS, Kanto)
- There haven't been any particular changes. It sells mainly on price. When the age limit on North American beef comes off, we will reconsider it (SM, Kanto)
- We expect all imported meat to grow, regardless of source, with promotions and price propositions. We have had our people running Cooking Support stands, doing demonstrations and taste testings of meat since March. We will be stressing the nutritional and functional aspects of Aussie Beef, with the proposition that 'Eating meat is good for you'. The healthy image is spreading from red meat now (GMS, Kanto)
- The proportions of Aussie Beef to US at the end of 2010 were 60:40, but this has reversed in April and May 2011 to 45:55. The price differential between Australian and US product has narrowed due to the currency movements, and the US product has a good reputation for flavour (SM, Kanto)
- Our main Aussie Beef item currently is strip loin. It is well established as attractively priced. We will work with exporting country promotional bodies on dark meat and chuck eye roll, and we hope to increase sales through menu suggestions (SM, Kanto)
- We are currently rolling out grass-fed Aussie Beef as from 'healthy and beautiful cattle'. It isn't price, but health and functionality that appeal. Japanese consumers have traditionally not noticed marbling, and we might be able to increase sales by promoting demand for easily digested grass-fed beef (SM, Kanto)
- We are particularly interested in grass-fed not grain-fed beef. These are true grazing animals, and with the trends in world food prices, we expect consumers to come back to the good flavour of grass-fed beef. We expect to take more grass-fed beef in future (SM, Kanto)
- Aussie Beef is highly trusted as safe, and we expect to continue to be a steady buyer. Consumers see it as natural. We experimented with also buying US product, but ended up buying Aussie Beef (SM, Kanto)
- Hygiene management is excellent, and that is also attractive to customers, which makes it more appealing (SM, Kanto)
- The good flavour of Aussie Beef is well established. We don't expect any effect on Aussie Beef once the age restrictions on US product are eased. We expect the US product to compete hard with domestic Holstein beef (SM, Kanto)
- The wagyu market is soft at present, and better quality imports are not moving well either. Steak cuts are not growing, either local or imported, because it is



appearing on tables less often. However, Aussie Beef has a price advantage and is well established, and should continue. Aussie Beef should still hold its own after the age restrictions on North American beef are eased (SM, Kanto)

- Aussie Beef certainly isn't a cheap item, but it's a vital ingredient in menu suggestions. As a point of differentiation, we buy rather better quality beef than other companies. The restaurant food poisoning incident and rises in express rail fares will further encourage eating in. This is a once in 5 or 10 year opportunity for the meat department (SM, Kanto)
- Items priced around ¥100 per unit always sell. We tried to promote long grain as a special item, but it didn't take off. The pricing of imported beef hasn't been sold properly. Current policy throughout the organization is that we won't take US product, regardless of any easing of age restrictions. This is because we still have customers who will never buy US beef, and we can't guarantee its safety as a seller (SM, Kansai)
- Aussie Beef is growing as a regular side dish, and customers are liking it better. We used to sell mainly middle grain, but odourless grass-fed beef is good meat. We hope to expand interest in good tasting grass-fed beef (SM, Kanto)
- The specifications for Aussie Beef vary between suppliers; we place orders, but they're not correct. Specifications for US suppliers are consistent. Also, we can buy individual cuts from the US, but Australia mainly supplies sets. However, Aussie Beef has a high level of recognition as safe and healthy. We will continue and step up promotions on those themes (SM, west Japan)