

PolicyPennings by Dr. Daryll E. Ray

Consumer preference is a demand characteristic

The other day we ran across a June 28 press release from the Brazil-Arab News Agency reporting that “The Japanese want to invest in Brazilian meat packing plants.” What really caught our attention was that the Japanese were interested in making that investment “to produce swine and poultry cuts according to the standards demanded by the Japanese market.”

In the midst of the debate over BSE testing and the pressure by the USDA to get the Japanese to reopen their beef markets those words rang a bell with us and we wondered whether or not there was a subtle message being communicated in that press release.

Our officials and key leaders in the meat and cattle industry have been arguing sound science and measures of safety and ignoring the demand characteristics of the Japanese consumer. If they had wanted beef with more fat in it, would we have argued that too much animal fat is not good for them? Of course not. We would have bred an animal that gave them what they wanted.

It seems to us that, overall, the beef industry has been very sensitive to changing consumer demands. The Certified Angus Beef program is one example of producers responding to the demand characteristics of the consumer. In that case the demand is for tender meat. One only needs to look at the advertising programs of some national hamburger chains to see how well the word Angus sells.

The market is constantly changing and the demand characteristics of the consumer are what drive that change. When we were growing up in the 50s and 60s,

the ideal conformation for a Hereford steer was an animal that was more compact and had some fat on it. As the demand for tallow dropped and consumers began to look for leaner meat cuts, the ideal conformation changed to an animal with a larger frame that was much leaner than in the past.

If we read between the lines of the Brazil-Arab News Agency press release, we begin to wonder how long it will be before the Japanese are talking to the Brazilians about producing beef cuts “according to the standards demanded by the Japanese market,” and if that includes 100 percent testing for BSE, you can bet that the Brazilians will do that in a New York minute.

This begs the question: How long are we going to badger our largest export beef customer before we drive them into the arms of a producer like Brazil (or Canada)?

To reopen and retain the Japanese beef market, we may need to pay more attention to the demand characteristics of the Japanese consumer than we have in the last eighteen months.

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