

# Creating Special Pork for the Japanese Market

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## ■ Introduction

Special pork for a special market means chilled pork for table meat and not frozen pork for processing. The concept of special pork can be divided roughly into two categories in the Japanese market: it is either delicious or it is healthy. These products are differentiated and sold to consumers as unique and different from regular products. Searching for success through a differentiated strategy (as opposed to a commodity approach) is very important in the Japanese market, although many risks accompany the production of special hogs, and thus it must be considered very carefully.

A major risk in the production of special hogs relates to the possible changes from the demand side; which is bewildering compared with the production development of special hogs. In addition, it costs money and takes comparatively long time to get this type of operation up and running. The concern is whether the market will continue to evaluate the special hogs in a positive manner, and whether this positive evaluation will lead to long-term viability and repayment of production costs.

An analogous situation to special hogs is the reaction of the Japanese retail community to the introduction of organic food (the so called 'organic food boom' in Japan four years ago). In Japan, survey results show that organic food is considered to be desirable to just about everyone compared to general food. However, the Japanese consumer is willing to only pay a 15% - 25% premium, and organic food has never been able to break out of specialty shops on any sort of a consistent basis.

However, the Japanese market price is generally extremely high, and significant benefits can accrue to those producers who differentiate their perishable food products. Special pork fits this definition, and seems to be a

sustainable niche market item in Japan. Moreover, chilled pork from North America is already sold beside domestic pork in the Japanese market and has obtained support and confidence from the Japanese consumer. Therefore, the foundation for the retailing of special pork has already been constructed, and can exist comfortably beside regular, imported pork.

Now, let's explore the possibility of special pork marketing including Japan, by examining four case studies, which have different levels of risks pertaining to selling in the Japanese market.

## ■ Kinds of Special Pork in Japan Market

### English Berkshire Pork (Kurobuta)

Regarding special pork, Kurobuta is famous in Japan. Kurobuta has been placed right in the center of the pork-retailing shelf in the fresh meat corner for nearly half a century, and has been a symbol of quality in most high-level shops. It is reported that Kurobuta has approximately 20 different brands in Japan right now.

The most famous brand of Kurobuta in Japan is Kagoshima Kurobuta (Kagoshima is a location name in Japan). Kagoshima Kurobuta has been known as English Berkshire pork, and had been raised together with Middle Yorkshire for many years.

Though Kurobuta does not have much marbling, it differentiates itself through good taste. Its sales price is approximately 44% higher for pork loin and 20% higher for belly versus regular pork. Sales outlets hang out signboards at the retail level with explanations or product certifications.

Kurobuta tend to have a smaller litter of piglets and exhibit slow growth. To reach to a live weight of 110kg, it requires about eight months growth. The taste and flavor of the meat is very well appreciated in Japan, and consumers like its darker meat color and marbling tendency that is not easy to develop in the muscle.

With the current Japanese recession however, Kurobuta has been hit by reluctance on the part of customers to pay for the high quality. The total number of domestic English Berkshire hogs was 207,000 head in the year 2000, and appears to be excessive related to current demand.

## **Tokyo X Pork**

Tokyo X pork was created by Dr. Hyodo of Tokyo Metropolitan Livestock Experiment Station using the Beijing Black Pig, English Berkshire, and Duroc, and was registered in July 1997 as a new pig breed in Japan. This pig was developed to concentrate on marbling ability, which is a key element directly related to the taste of meat, besides muscle fiber condition and firmness of meat.

As a result, the inter-muscular fat (sirloin and the last lumbar vertebrae) is very high at 4.9%. Furthermore, it can be used as a commercial hog without crossing with other breeds. It also provides good tasting fat, which may be due to cross breeding with the Chinese breed.

Moreover, according to the organoleptic comparison test between the regular LWD, which was given the same type of feed and was about the same weight but had four less days of fattening than the Tokyo X Pork, Tokyo X Pork had high marbling and showed a clearly higher score for its tenderness, texture, taste and juiciness.

In discussing the background of the creation of this pork with Dr. Hyodo, the strategy was to create additional value to the livestock business in the Tokyo district, where land cost is high and the differentiation consideration among consumers and retailers is keen. As the product has proven, though the sales volume is still small, Tokyo X pork has the potential to become a brand name with remarkable selling points and customer appeal.

The production and sales of this breed is still in the initial stage; 60 head of the grandparents are held, and the pork has been sold in 30 department stores and supermarkets in the Tokyo district. The retailing price of this pork at the supermarket is 380-400 yen (\$4.84-5.10 CAD)/100g for loin, about two times the price of regular pork which is sold at 198 yen (\$2.52 CAD)/100g.

## **Golden Pork, Super Golden Pork**

Two kinds of pork, Golden Pork and Super Golden Pork, were developed aiming at higher marbled pork for Japanese consumers who seriously value marbled meat. The Saitama Livestock Farm Co., Ltd., a breeding stock producer created both these products by individual stock analysis and bloodlines from a few combined breeds.

It took 50 years to create Golden Pork. This hog was developed from the Martial bloodline of Large White, the Jorbe bloodline of Landrace, and the Wild bloodline of Duroc, which provided a rich taste and tenderness.

On the other hand, Super Golden Pork was developed from Duroc, Large White, and English Berkshire with an aim towards higher marbled pork. However at present, only about 20% of production achieves high enough marbling. Super Golden Pork probably is the most expensive pork in the Japanese market. The retail price costs 400 yen (\$5.10 CAD) or more for 100g (for loin).

### **Branded pork strategy for Smithfield Pork**

Next, I want to explain the way Smithfield Company of the US markets in Japan, as an example of creating special pig sales with low risk in comparison to the formerly discussed special domestic pigs. The US Smithfield Company appointed the Sumitomo Shoji group as their sole import agent in Japan, and has been considerably successful in chilled pork sales based on their unique marketing concept.

They have the authorization of the USDA for products called 'All Natural' (SPF pig) which fits both the market needs and their production systems. The risk of development is small compared with the previous cases and accordingly, the degree of differentiation is also small compared with regular pork.

Here are their four brands:

- Natural Pork (All Natural Pork)
- Duroc (Golden Delicious Pork) – tender pork with good marbling
- Black (Certified Black Pig) - American Berkshire pork
- New Balance Pork (Lean Generation Pork) - Low fat, low cholesterol. Improved from Lean Type pig through cross breeding with Meishan Pig of China.

### **Others**

Besides the above-mentioned four special pigs, there are a few other products such as 'healthy pig', which is raised by special feed to increase certain kinds of fatty acids, or pork whose tenderness is guaranteed.

## **■ Conclusions**

There are special cooking habits for pork in Japan, especially pork cutlet (Tonkatsu), which include ginger flavoured pan cooked pork and shabu-shabu (thin sliced and boiled). Both are dishes that allow you to easily identify the taste of pork you are eating.

It is said that for the Japanese, good taste consists of tenderness, juiciness, and good flavour. In short, tenderness is the most important factor among them, and this is why highly marbled pork is expensive in Japan. 'Marbling' covers many aspects of demand, including tenderness, taste, and flavour, and is a strong selling point in the Japanese market. For everyday use and special events, Japanese people are often willing to pay 2 or 3 times as much yen for highly marbled pork, which is a tendency that they obtained from their understanding of Japanese (Wagyu) beef.

In the Japanese market, the price of food is high and product differentiation is active and aggressive. If marketing of differentiated pork is conducted through a market driven approach in Japan, and is produced corresponding to customer needs, then the possibility of success is much greater.

However, as mentioned earlier, it is necessary to proceed carefully because the risk of the market changing is also high. I would like to recommend that a discussion with end users, who are closer to consumers, be made to initiate business at the outset. The reason is that such projects need strong support from end users, such as supermarkets and restaurant chains. Ideally, it is preferable to start businesses with lower risk conditions through the involvement and advice of customers and end-users before significant time and money is spent.