



U.S. market & consumer dynamics

Presented by
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Presentation overview

Background & motivation for research

Market sizing & trends supporting growth

Consumer focus group & foodservice operator interview findings

Key takeaways

Proposed next steps





Background & motivation for research



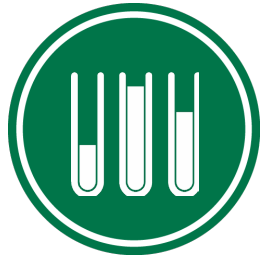
About MLA

Working in collaboration with the Australian Government and the wider red meat industry, MLA invests in initiatives that contribute to **producer profitability, sustainability** and **global competitiveness**.



MLA's remit

- Research, Development and Adoption
- Marketing



Values

Integrity is at the heart of everything we do. We play as one team, and we're stronger together as we strive for a better future.



Integrity at heart

We are unwavering in our commitment to our stakeholders



Stronger together

We embrace diversity and collaborate to deliver impact for our stakeholders



Future focused

We strive to continuously improve and push boundaries towards a better future



Why understand the U.S. market?

Nation of meat eaters

Stable trading partner over a long period

Strong post-pandemic economy

Large number of the population with high disposable income

Unencumbered by sustainability mandates

Key areas of research

1. Attitudes and usage needs of consumers and customers
2. Wagyu extension/shifts (e.g. beyond the beef category)
3. Wagyu brand engagement and impact on purchase behaviour
4. Environmental factors impacting customer and consumer engagement
5. New brand exploration considering unique credentials





Market sizing & trends supporting growth



Estimating Wagyu meat market size in the U.S.



Size of the U.S. Wagyu herd & production

Based on the U.S. stakeholder interviews:

- **Herd size:** 100,000 F1/XB + 40,000 purebred/ full blood
- **Annual number processed:**
 - 100,000 F1/XB
 - 10,000 purebred/ full blood
- **No. of animals processed per week:** 2,100 – 2,200

There is a belief that breeders in the U.S. will increase herd size



Wagyu meat market size in the U.S.

USD1.6B to USD2.1B

Note: this value range was reached by estimating U.S. production and import volumes and applying pricing assumptions listed below.

U.S. production and price assumptions:

- Average carcass weight: 420 kg/930 lb
- Average carcass yield: 67% (280 kg/617 lb)
- Average wholesale meat value: \$7.60/lb
- Retail markup: 30%
- U.S. share of the overall market: 41%



Estimated Australian share of the U.S. Wagyu market

	FS Share	Retail Share	Total Share
Australia	70%	15%	48%
U.S.	15%	80%	41%
Japan	15%	5%	11%

Estimates informed by stakeholder interviews, not reported trade/ market research data



Trends supporting growth



- Broader menuing
- Beef tallow
- Revenge spending and indulgence behavior
- Growth of fine dining/ luxury lodging
- Asian cuisine influences in the U.S.
- Price justification with premium ingredients
- Self-fulfilling prophecy
- Plant-forward innovation



Consumer focus group findings

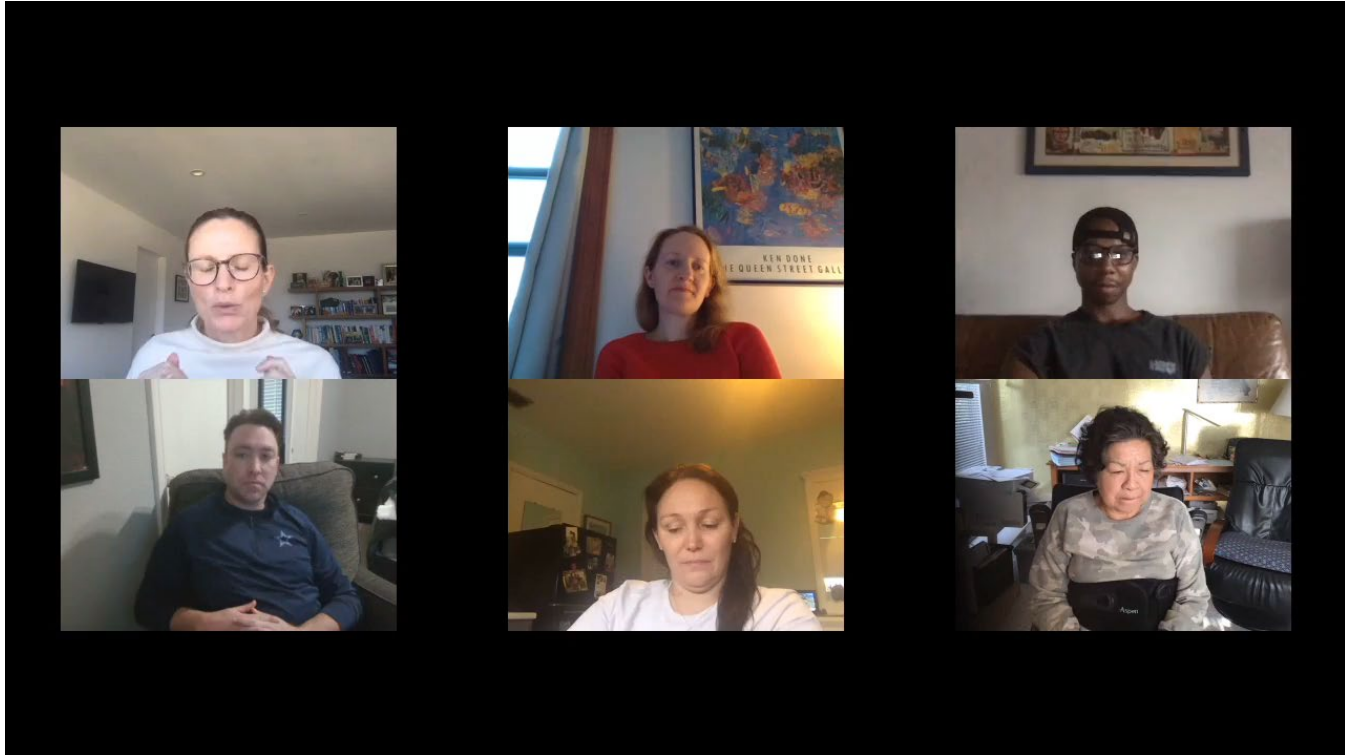


Who did we talk to?

- Eight micro focus groups (4-6 participants each)
- Four groups of Wagyu consumers, four of luxury beef consumers
- Participants distributed across the country
- Diversity by gender, ethnicity, age
- Focus groups conducted virtually



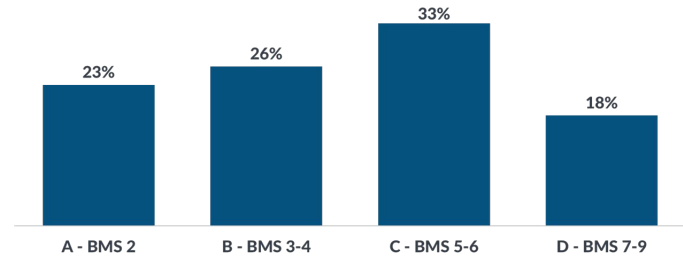
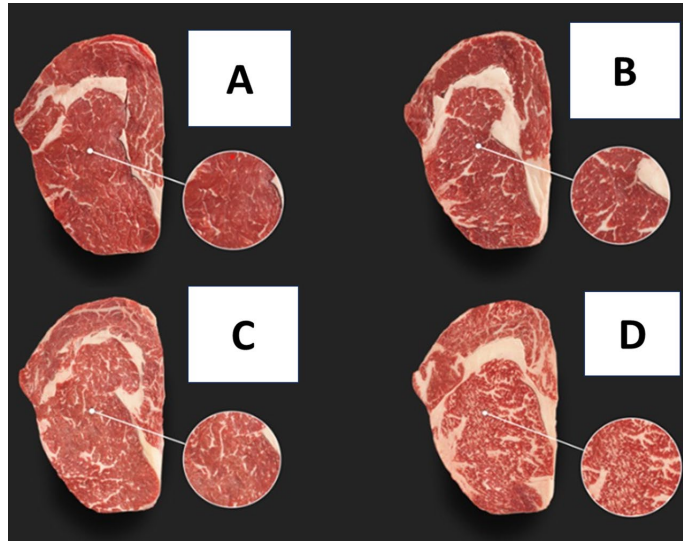
Wagyu...in their own words...



Marble score preference

Lack of raw awareness

Consumers rarely, if ever, buy Wagyu at retail – have little understanding of marbling (MB/BMS)



MB/BMS 5-6

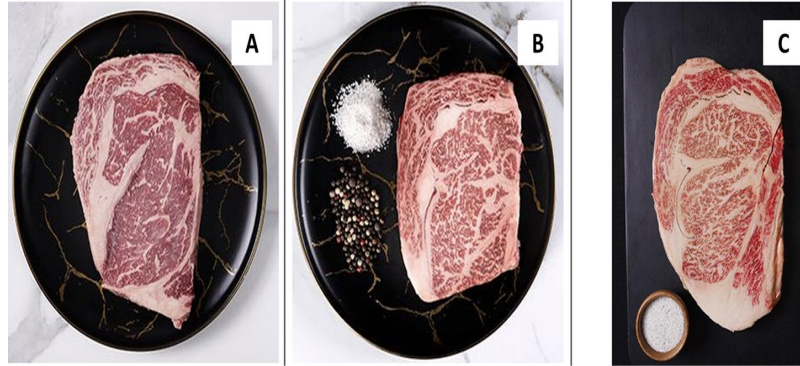
resonates

Right marbling to “true beef flavor” expectation

Tense relationship with fat

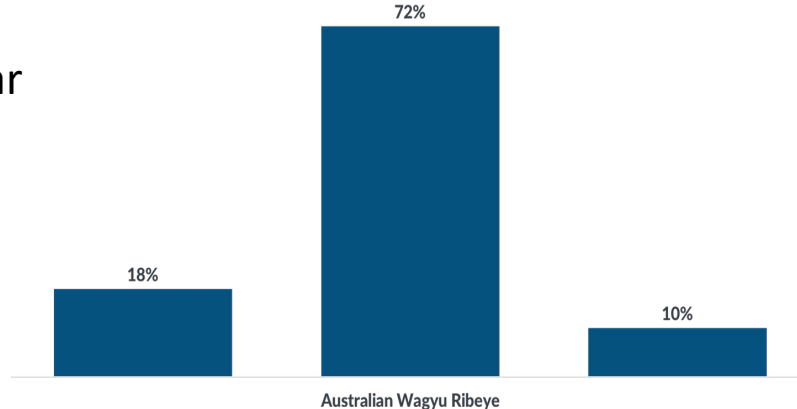
Consumers want tender, “buttery” experience but pushback on both intermuscular fat and marbling

Country of origin preference



Product A lower marbling impacts perception
Product A seen as potentially less tender, lower quality vs Product B and Product C

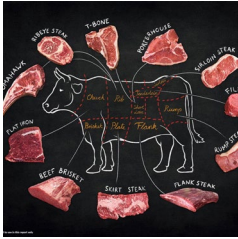
Product B most visually appealing
Limited intramuscular fat deposits – good balanced marbling



Product C too fatty

Most rejected the amount of both inter and intramuscular fat in Product C

Key findings from consumer focus groups



Awareness high, understanding is limited

Consumers have heard of Wagyu but don't know what it is, where it comes from, or what it means

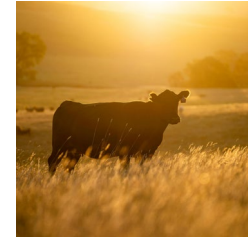
Luxury perceptions tied to cut versus certification, grading, marble score



Primarily consumed outside home

Driven by concerns about "wasting" product, money and special occasion

Ordering is tied closely with confidence, faith in operator to make cost worth it

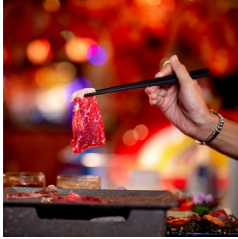


Sustainability efforts are minimally impactful

Consumer awareness of sustainability issues elevated, but not impacting Wagyu currently

Special occasion fit separates Wagyu from "day-to-day" experiences

Key findings from consumer focus groups (cont.)



“Japan” & “Wagyu” nearly synonymous

Consumers strongly link
Wagyu with Japan

Belief that Wagyu from
outside Japan “fake” or “not
authentic”



Suggested unique brand for Australia

Several suggested Australia
should create a unique
certification/brand/
descriptor to set its Wagyu
product apart from Japan



No burger backlash

Down market innovation
does not negatively impact
Wagyu category

Interest in broader options
for increased consumption,
but trust in operator key



Foodservice operator interview findings



Who did we talk to?

- 12 foodservice operators
- Focused on fine dining, high-end lodging
- 30-minute one-on-one interviews
- Distributed across the country



Key findings from operator interviews



They over-estimate patron knowledge/focus

FS operators significantly over-estimate patron understanding of grading, marble score, country of origin



No tie to Japan with operators

Foodservice operators far more educated, understand multiple sourcing for Wagyu - don't understand the strong connection among patrons

Because of this, operators push back against unique Australian brand, certification, identifier



Cost a concern given economic conditions

Generally, cost isn't an issue, but current economy in U.S. creating concern

Some pullback from menuing, which should shift back with improving economy

Key findings from operator interviews (cont.)



Menu identification varies widely

No consistency in menu identification of Wagyu

Beef program robustness, ties to suppliers, and perception of patrons all pay roles



Strong awareness, positive perceptions

Strong ties to Australia, many have current relationship – positive perceptions

Sustainability efforts a key element of perceptions and Australia identity



Sustainability a growing issue

Sustainability not critical purchase criteria for Wagyu – strong secondary attribute, growing

Most understand sustainability needs to be part of operation evolution



Key takeaways



Key takeaways

1. American's are looking for product with good intramuscular marbling with limited intermuscular fat
2. Suppliers could improve positioning as a trusted source of information to consumers, driving increased familiarity, comfort with preparing Wagyu at home
3. Consumers think Wagyu comes from Japan so education is needed to broaden understanding about COO
4. Foodservice operators/ trade more broadly understand sourcing beyond Japan
5. The breadth of marble score positions across Wagyu category suit a range of occasions, from Arby's to premium steakhouses
6. Sustainability not a key purchase driver but presents opportunity for differentiation



Proposed next steps



Proposed next steps

Improve understanding of market dynamics

- Improve understanding of Australian Wagyu herd size and beef exports to improve category insights
- Build out US market size and growth data to better understand market trends

Who?

Producers, exporters, importers, AWA, MLA, USDA ERS, DAFF, US market research agencies

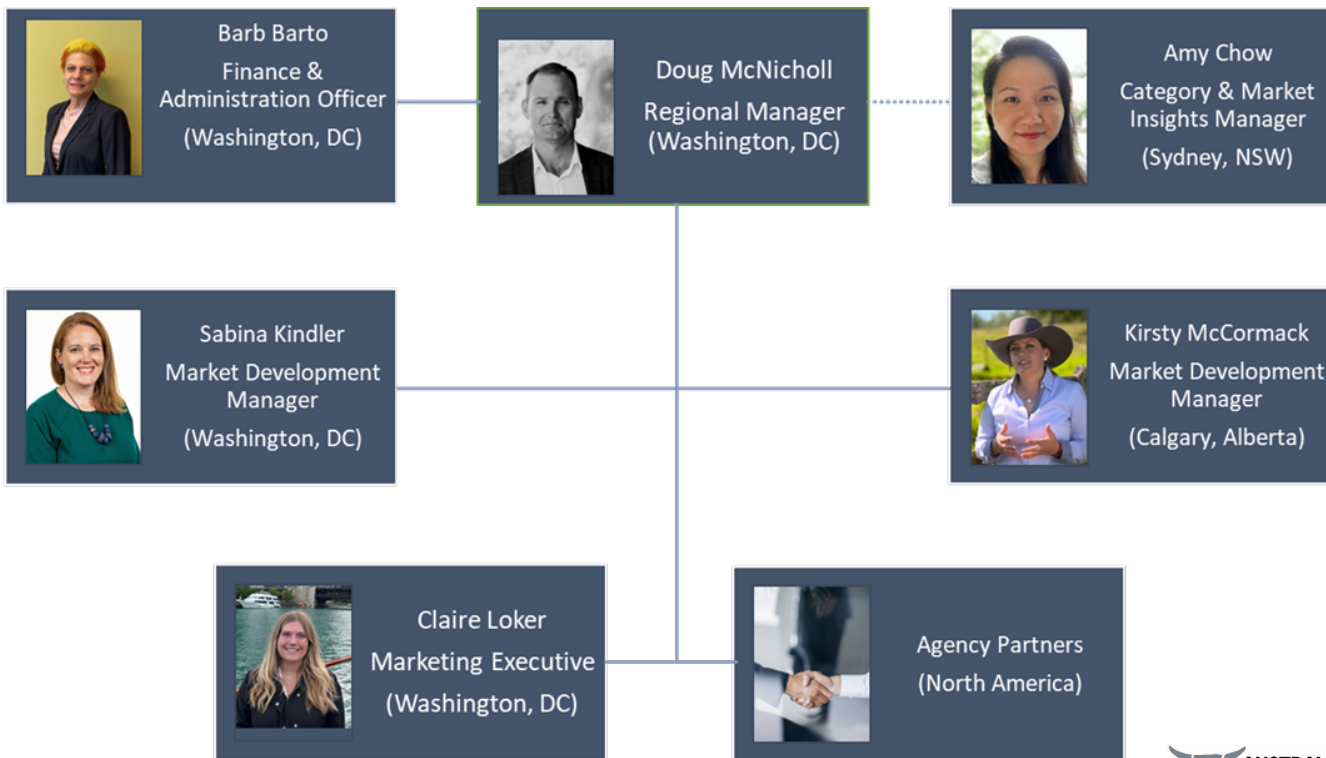
Further consumer & foodservice operator understanding, test messaging

- Build out an understanding of key drivers and path to purchase among a broader array of consumers
- Develop, test and refine a positioning statement for Australian Wagyu
- Position Australian suppliers as trusted sources of information on the Wagyu category

Who?

Brand owners, AWA, MLA, US market research agencies

We're here to help: MLA's North America team



We're here to help: overview of support services

Category Branding

Grassfed beef, lamb, wagyu, goat



Activities:

- B2C marketing
- B2B marketing

Aussie Meat Academy

Knowledge, Education, Inspiration



Activities:

- Events and other activations involving Aussie Beef Mates, & other ambassadors

Target

Targeted key account & supply chain activities

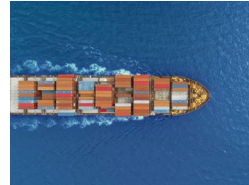


Activities:

- Trade shows, events & collaborations
- Key account management
- Insights

Market Access

Consulting with trade partners



Activities:

- Supporting industry with technical issues, economic issues, and government relations



EAT WHAT MAKES YOU HAPPY



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