

Pavilion Organizer - U.S.A.

AN INTERVIEW WITH US PAVILION EXHIBITOR.

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Please give us a brief introduction about yourself and your trade office. I am Steve Shnitzler, the director of the Agricultural Trade Office at the US Embassy. We have 2 offices: the Agricultural Trade Office that deals specifically with marketing activities and the office of Agricultural Affairs for trade policies and reporting. The office in Tokyo has a total of 5 staff with 3 market specialists and 2 administrative assistants. The office in Osaka has 3 staff, where 2 are market specialists and 1 is an administrative assistant.

Q: What are the primary goals of your trade office?

Our primary goal is to promote the US food brands. We work with our industry partners to introduce and reinforce the quality and reliability of US foods.

Q: What kinds of activities are you engaged in to achieve these goals?

We engage in all types of activities and one of them is FOODEX. We also have our own

promotion activities where we work with major retailers such as AEON and Ito-Yokado. We use social media such as websites and twitter accounts to promote US foods. We also service US exporters who are interested in the Japanese market by helping them meet Japanese importers and teaching them about the Japanese market. We do this through business meetings and matching, as well as providing reports to our US export community.

One of the activities that we're working on is to incorporate Japanese food with US ingredients. Last year, we cooperated with the Miso Association in Kobe for a promotion of US ingredients like prunes, nuts, meat, and pork by creating new recipes using miso. Consumers can understand how the US ingredients fit into the Japanese cooking.

Q: Can you tell us about the contents of your website?

We have several websites. One called myfood.jp is a consumer website where we have recipes, news releases, and stories about US foods. This is available only in Japanese and we have about 30,000 unique visitors per month. Another website, U.S. Agricultural Trade Office Japan (<http://us-ato.jp/>) is designed as a BtoB website both available in Japanese and English. This serves both the Japanese importers and the US exporters. Finally, we have an overall agricultural site United States Department of Agriculture (USDA) Japan (<http://usdajapan.org/>), where we place our general reports about the Japanese market and highlights about the events we are doing. This website is only in English since it is made to keep our US exporter community informed of our activities and how the Japanese market is going.

Q: Are there any products or categories that you are deeply committed with?

We work with a wide variety of industry partners. Our industry agency has a program called the Cooperator Program with over 50 cooperators in Japan, who vary widely from beef and grapefruits to wine. We work closely with all of them. To name some of the cooperators, the US Meat Export Federation promoting beef and pork, and the Florida Department of Citrus promoting grapefruits both have a fairly large budget and we work closely with them, although we work with all of our partners equally and try to be fair with all of them. Sometimes we lose some cooperators, and unfortunately, the Strawberry Commission is no longer active, but we have gained the pecan industry last year, which we are happy about.

Q: What do you think of the Japan food industry compared to other countries?

The Japan food industry has more levels than the US or other countries. In Japan, it is not only important to establish relationships with importers, but also with wholesalers, distributors, all the way to supply chains, retailers, other sellers, and manufactures. It is complicated in a sense, but I think this is changing and there will be more direct imports into Japan. Companies are doing this to save costs by building up their own distribution networks. When you get down to the bottom of it, it is about building relationships wherever you go in the world. Our office does this all the time by building and maintaining relationships with key manufacturers, importers, and retailers in Japan.

Q: In order to increase the number of imports from the US, what are the types of things that you expect from the Japanese market?

When it comes to US foods, we hope that importers and retailers will keep an open mind and remember that there are wide varieties of foods available. I believe that Japanese consumers are open to trying new things. While some people in the US feel that it is difficult to get into the Japanese market because the Japanese will not try new things, it is quite the opposite. Japanese people are very adventurous and look forward to new products. We just hope that import community will keep an open mind and look at the products that are available in a way of how much value it can provide to their business.

Q: Many Japanese people show great interest in functional foods such as soybeans, and we often see articles about this. Can you give us some information on functional foods?

Many things are changing in the Japanese market as the time goes on. Our office recently conducted a study along with the US Grains Council called FOOD2040. This takes a look at the drivers that will change the food market in Japan over the next 30 years and the possibilities of those changes. In fact, the growth of functional foods will become a huge issue as time goes on especially as the Japanese population ages. People will be looking for foods that serve a particular purpose, whether it is to provide more energy, make joints feel better, or help blood flow. We are aware of this and the soybean industry has promoted many of their products with a healthy message. Many of the products that you eat in Japan are made with US soybeans, as they go to the tofu and natto industry. Of course, there are isoflavones

contained in soybeans, which acts as an antioxidant and deters aging. Other foods that we promote such as walnuts and almonds also have nutraceutical properties. Almonds are a perfect product to promote to women since they are rich in vitamin E and calcium. Walnuts have been shown to help maintain cholesterol level.

Q: Do you think the Japanese diet will be influenced by China?

I don't know if the Japanese diet will be influenced, but the world agricultural trade will certainly be influenced by China. In the FOOD 2040 report there is a section called "what China wants, China gets." How China moves forward will affect world supply, prices of basic commodities and foods, and all of Asia's food market 30 years from now. Some of the other themes that we look at in the report are the growth of home meal replacement, or getting meals outside of the home. Right now, about 40% of all meals in Japan are eaten outside of the home. This report predicts that this number will increase to 70% in the next 30 years. This is a huge issue since it will make a big difference on how the meals are prepared, what they do functionally, and what ingredients are needed.

Although China is a huge country, they share similar characteristics with Japan. One is that they don't have much agricultural land. Much of the land is mountains or desert. They know that they will have issues in the future feeding their population. Japan has a similar situation where they do not have a lot of agricultural land. Right now, a little less than 40% of the food that Japan eats on a calorie basis is domestic, while the rest is imported. This will be an Asian issue and not just an issue with China. But our goal is to have the decision makers, government leaders, and industry leaders understand that the US is really part of Japan's food security and we are reliable suppliers of food and we want to remain that way. The alliance between Japan and the US is one of the strongest in the world, and this not only applies to foreign relations but also with food as well.

Q: Can you tell us about the results of this year's FOODEX?

FOODEX was one our largest activities last year. We had about 80 booths with 65 exhibitors in those booths. The biggest success from that show was that we had about \$15 million of projected sales from our exhibitors at that show. We are really pleased with that. We were also able to use FOODEX as means to promote US foods even outside for Japan. For instance, we hosted a buying team from Taiwan to come to Japan and visit our pavilion. As a result of that, we had about \$3~4 million of export sales to Taiwan. We look at FOODEX as a global

show not just a Japanese show, and as you know, this is the largest show in all of Asia. We might as well leverage that size to our benefit throughout Asia.

We had some really good successes this year, one of the biggest successes we had were processed products such as sauces and condiments. You may remember the famous baseball player, Randy Bass. He has a product line of salsa that he exhibited at the show, which was quite a bit of success developing new distributors and importers. Some of the other products that did well were confectionary. Cheese, especially organic, was a big success. We had one exhibitor that had organic cheese called Natures Grown and was quite successful obtaining new distributors. He was able to create new deals at the show, but this didn't surprise me because cheese is one of the fastest growing sectors of US exports to Japan for both industrial use and consumer use. In addition to block cheese or cheese that you buy at the super market, we export a lot for the pizza industry as well.

Q: We think that Japan Management Association (JMA) will be happy to hear your comments.

We appreciate their support. It's a great show, the biggest. Attracted 80k visitors. JMA has done a very good job in targeting those visitors to ensure that quality visitors come to the show which is very helpful. We are happy with our partnership with JMA and FOODEX.

Q: Are you satisfied with the visitors?

Yes. JMA has done a couple of things during the past few years that has made the show a much better experience for our exhibitors. Most notably, they only give out one day passes which really helps ensure that only trade comes to the show and that is who we are interested in. They also limited some people, and numbers have gone down. But we are happy to see less people with higher quality buyers. Having more people doesn't translate to more sales. We wanted to see the high quality, truly interested buyers.

Q: When did you start participating FOODEX?

This is our 37th year participating in FOODEX. We have been participating from the 2nd show. This is one of our strongest strategies to participate in FOODEX. It is one of the few places where we can meet importers and retailers to introduce our new products, as well as

maintaining the relationship of the products that we already ship to Japan.

Q: JMA conducted a talking session during FOODEX involving women to look at products such as wine from a women's point of view. Women are quite influential when it comes to food. Do you have any particular thoughts about placing your focus on women?

Actually, when we conducted a survey on our myfood site last year, while I thought that the visitors of the site would be 80% women, we surprisingly found out to be half and half. We try to help our industry partner with their promotion as much as we can by creating activities to get their message to the Japanese people. On July 22nd, which is nuts day, we'll be sponsoring a nuts and dry fruit pastry exhibition inviting our partners to join us. The walnut, almonds, and prune industry for instance will have an opportunity to promote their benefits of their particular products. But we are targeting men and bloggers since we get our message out through that media. We understand that women make a lot of the decision at home with what the family eats, but men are an important part of the cuisine mix in Japan and this is growing. Therefore, we try to reach as many targets as we can. What we're trying to look at is where the demographics of Japan are going. I always think that there is two growing demographics; one is the young single people who live at home with disposable income and other is the aging population who are fairly well off with some money and are looking for convenience as well as health.

Q: Do you have any additional comments that you want to make?

We participate in Food Ingredients and Additives Show, which was in this recent May. It is a small show for us, but we think that that the ingredients are a growing industry in the market. We also are trying to get out of Tokyo and participated in a Food Messe in Niigata. One of my goals with office is to promote US foods in the areas outside Tokyo, expanding our reach beyond Tokyo and Osaka. We've been doing activities with Fujisan, a supermarket chain in Hiroshima, as well as supermarket chains in Hokkaido. Our goal is to increase the visibility of US foods outside of Tokyo.