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This project and all of my other achievements are credited to a couple of very special people, mom and dad, who encouraged me to believe in myself and showed me how by believing in me in first.

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Abstract

This paper examines the necessity of effective communication in the practice of marketing beef products into Japan. Initially examining Japanese agricultural history since the Meiji Restoration (1880), the research develops a basis for understanding consumer dietary patterns and the agricultural producer's perspective concerning intrinsic problems of producing and distributing beef products in Japan. Next, the paper uncovers Japan's agricultural protectionism and the political system that supports it, founded on the premise that trade restrictions are not only detrimental to importers but also to the Japanese economy. The research investigates the strategic market-entry operations engaged in by decision-making groups as well as the appropriate criteria for messages used by public relations practitioners to promote United States and Montana beef's image as a quality product.
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INTRODUCTION

The summer of 1988 saw a remarkable change in Japanese-American trade relations concerning agriculture. For the first time in over fifteen years the Japanese agreed to eliminate quotas on two of their most protected agricultural commodities: beef and citrus. As a student researching the domestic beef market that summer in Japan, I found the news was less than helpful. My opportunities to investigate Japanese packing facilities and farm cooperatives soon dried up with the announcement that the importation of beef would be completely liberalized. The Japanese working in these areas resented United States' pressure to open their markets, and I was just another Amerika-jin forcing them to open their borders to trade as Commodore Perry had done over a hundred years before.

When I started the project, the problem seemed simple. The Japanese are enjoying the prosperity of their nation's economic strength. With the growth in consumption, the variety of the national diet is growing too. But Japan is faced with a problem: consumer demand exceeds the agricultural industry's ability to produce these goods. This shortage is a result of Japan's limited and costly arable and grazing land, estimated to be only 14.7% of Japan's total land area (Ministry of Agriculture, 1985). The United States has about 77 times the amount of farm land at about 3% of the cost and is, therefore, able to assist Japan in this
situations. To date, the U.S. has exported grains including wheat, barley, and soybeans but has yet to make a sizable dent in the vegetable, fruit, or meat markets (JETRO, 1986).

However, trading beef into Japan is more complex than the need or want for beef by the Japanese or the ability of the United States to provide that beef. The purpose of this investigation is to discuss the issues the United States, and specifically Montana, beef producers encounter when entering the Japanese beef market. The investigation is founded on the principles of strategic market-entry planning and the marketing mix variables of product, price, distribution, and promotion. However, since some of these variables are distinctly Japanese, in that they are influenced more by the culture and Japanese business practices, they are dealt with in greater detail. Additionally, the investigation proposes that effective marketing requires the knowledge of communication theory and the use of public relations and publicity.

Like all foreigners who attempt to explain the way in which the Japanese go about their business, I am limited in explaining those processes. However, having worked with Japanese, I found the communications we exchanged have allowed me to understand them better. No matter what scientific methods the discipline adopts, communication does not exist in a vacuum and requires a social understanding as well as a theoretical basis. To understand the Japanese from a social perspective, I had to leave my shoes and my
preconceived ideas at the door. Japanese agriculture, and for that matter many of its other industries, is protectionist for many reasons, but I see communication as the means to break down the barriers of misunderstanding for both the United States and Japan.

Preview of Sections

Section One introduces the Japanese market and the means of production and distribution of Japanese beef. Providing this information initially serves as a basis for understanding the Japanese producers' and consumers' perspective concerning a controversial, sometimes volatile, issue of free trade. Necessary for understanding the foundations of contemporary Japanese perspectives, Section One establishes the historical background of the last hundred years in which Japan has been engaging in multinational trade. Also in this section is a discussion of present-day Japanese consumption: their cultural roots, consumption patterns, and the changing nature of their diet. To fathom the high cost of Japanese grown beef, this section will conclude with a discussion of the intrinsic problems of producing and distributing beef products in Japan.

Section Two is an overview of Japanese protectionism and competition, founded on the issue of food security. This section will examine food security and the desire for self-sufficiency in food products to determine the economic and
trade concerns that influence Japan's protectionist agricultural policies. Additionally, this section will look at the source of protectionism and the basis from which protectionist groups gain power to determine the competitive edge these groups control over agricultural importers. Concluding this section will be a discussion of the political environment, looking at the structure of the Japanese legislative system that allows these protectionist groups to remain powerful.

Given the trade frictions that exist between the United States and Japan, Section Three suggests some ways in which marketers can overcome the obstacles created by these conflicts. This section will discuss the strategic market planning used to organize and assess information concerning the Japanese beef market. Additionally, communication and other social science theory is applied to the decision making strategy to illustrate the means of avoiding costly mistakes made in acquiring information in planning and other processes. This section will address promotional strategies for the mass Japanese market. The central focus will be on product publicity and public relations to promote the quality image of U.S. and Montana products and to overcome the negative publicity endured by foreign products because of trade frictions.

In the concluding section, this study will focus on the long-term prospects of marketing U.S. and Montana beef in Japan. The section will look communication in trade and how
beef exports to Japan fit into the big picture of United States and Japanese trade relations.
CULTURE AND HISTORY IN THE BEEF MARKET

The origins of Japanese and American trade relations are depicted most often in the story of Commodore Perry and his Black Ships sailing into Edo Bay (Tokyo Bay) to force open this small, isolated country into trade with the west. A less known story is that concerning the trade of beef. The Japanese have not always had a taste for beef, mainly because Buddhism forbids the eating of four legged animals and also because Japanese farmers felt a certain kinship with these animals they worked with in the fields. When Commodore Perry arrived in Japan, one of his first requests was for the Japanese to sell him six-hundred head of cattle. The Japanese were shocked to find that the Americans intended to eat the cattle and refused to kill animals for them (Stewart, 1972).

Japan has endured many changes in the last hundred years; emerging from a small, agrarian society to a industrial and economic powerhouse. This section will address the changes that occurred Japanese agricultural production and consumption from the time Japan opened of its borders to trade. Also discussed is the influence culture plays in determining Japanese consumption patterns and its affect on their present-day diet. The factors affecting the cost of beef in Japan will also be considered including the prohibitive cost of producing and distributing beef.
Japan's Agricultural History

Until Japan opened its doors to foreign trade toward the end of the Tokugawa period (1580-1870), the nation was isolated from international influence except for limited trade with the Chinese and Dutch at Nagasaki on the Isle of Kyushu. The Meiji Restoration ushered in a new era for Japan in which the country began to stimulate its economy by trading with other nations. Japan developed its industry in an effort to ward off what it feared would be eventual colonialization by the western powers (Runkle, 1976). This fear was exhibited in the national slogan of the Meiji regime: "build a wealthy nation and strong army" (Hayami, 1988, p. 25) To combat this fear, the Meiji government wanted to create a food surplus to produce capital from rice export to support the industrialization of the nation (Ogura, 1979).

In the first agricultural phase of post-restoration, known as the "food problem" phase, the government focused on rice to solve the problem because it accounted for about sixty percent of the caloric intake of the average Japanese (Longworth, 1983). To implement their plan, the government incorporated the Land Tax Revision (1873-6) that significantly increased the rice surplus by forcing taxes to be paid in cash rather than in rice. There were two major consequences of forcing producers to pay the land tax in cash: one fourth of their rice output was put into the market in order to raise the cash necessary to pay the
taxes, and it drew the rural communities into a cash economy (Ogura, 1979). Additionally, the capital raised gave the landlords the opportunity to borrow technology from their neighboring rice producers to increase production. This allowed rice to be exported for much needed revenue to run the government with the additional tax income providing capital for developing Japan's industrial projects.

As Japan's industries grew, people began moving from the farms to the cities resulting in a rural labor shortage and decreased production. Consequently, by the time Japan entered the Sino-Japanese War it had started importing rice. The landlords and farmer groups, fearful of losing their markets and food security for the nation, argued against importation measures. Adding to the aforementioned argument, the industrialists argued for the need to secure cheap rice for cheap labor, as Hayami (1988) explains:

It was in the first year of the Russo-Japanese war that the 15 percent ad valorem tariff was imposed on import rice....This tariff was levied to increase the government revenue for financing the war, and it was to be terminated at the war's end (p. 35).

The landlords lobbied to retain the tariff and succeeded in making it permanent in 1906. It was not until the period immediately preceding the first World War that rice production began to fall off and inflationary food prices slowly increased. With Japan's economic boom during World War I, production could not keep up with demand and the
disgruntled population, struggling under the weight of high food prices, erupted with the Rice Riots of 1918 which swept Japan's major cities.

Fearful of more outbreaks, the government enacted the imperial self-sufficiency policy in response to an ensuing crisis with rice prices continually rising after World War I. Under this new policy, rice grown in the Japanese colonies of Korea and Taiwan was to be greatly expanded for export to Japan. The success of this program resulted in a decrease in rice prices in Japan (Longworth, 1983).

The creation of the self-sufficiency policies initiated a new phase for Japanese agriculture known as the "poverty problem." The importation of agricultural resources produced a food glut that lasted throughout the inter-war years. During this time, government policy shifted from exploiting the farmers for the sake of industrial development to subsidizing farmers to prevent rural poverty. The main reason for the government's change was that Japanese industries were no longer dependent on government financial support even though industry was still in need of cheap food for cheap labor and could not allow domestic rice prices to increase (Ogura, 1979).

After World War II, land reforms were enacted under the guidance of the occupation forces which largely eliminated the feudal system of landlords. The Japanese government purchased 1.7 million hectares of farmland from the landlords and transferred 1.9 million hectares, including
state owned land, to tenant farmers (Hayami, 1988, p. 45). The reclamation of land resulted in the strength of the farmers increasing; however, without the landlords they lacked a central voice, and so they turned to the cooperatives organized during the war to administer the agricultural sector of Japan. The agricultural cooperative associations, or the NOKYO (short for Nogyo Kyodo Kumiai), provided marketing, financial and insurance services as well as lobbying for the farmers ("Knocking," 1988). Adding to the farmers' strength was the newly drafted constitution, constructed mostly by the occupation forces after the war, that provided greater voting power to rural area districts1.

By the mid to late nineteen-fifties the farmers, under the direction of NOKYO, had become a power to be reckoned with but whose income was falling compared with that of urban workers. This was due in large part to industrial demand in the urban sector (Kada, 1980). To overcome their financial and production problems, the farmers flexed their now mighty political muscle as described by Yojiro Hayami (1988):

Through the process of post war economic growth Japan's economy reached a stage in which there was little danger of urban disruption, such as the Rice Riot of 1918, occurring in response to food price increases. In such a situation, industrial and commercial concerns found it advantageous to keep farmers as their allies, even at the expense of high food prices, against the
tide of socialist and communist movements. This appears to be the reason why the political pressure of NOKYO was able to achieve the high rate of agricultural protection (p. 50).

In terms of cost and manpower Japan adopted agricultural protection when faced with the imbalance of its rapidly growing industrial sector.

Culture and the Japanese Diet

The tremendous change in Japanese agriculture over the last hundred years provides a basis for understanding the beef market. Another important factor concerns the culture surrounding Japanese agriculture harvesting, and consumption, all of which are founded on rice. As illustrated by the rice riots discussed earlier, it is not surprising that rice is so important to the Japanese. Rice is consumed in large quantities, sometimes as often as three meals a day. In fact, the word for cooked rice, gohan, is also the word for meal (Reischauer, 1978, Stewart, 1972). Though abundant to the extent that the Japanese enjoy a glut, rice is not something to be wasted for they see it as a condemnable offense. The Japanese have gone so far as to compare rice to a god or suggest it to be a gift of their existence. Stewart (1972) illustrates these points in discussing rice in traditional Japanese literature:

In Jinjaku Shinran, Tsurushiro Sato wrote, "[R]ice is the foundation for the existence for the [Japanese]
people given to them by the Sun Goddess, from her love of mankind." In Tamakatsuma, Norinaga Motoori wrote, "There is nothing that can be placed above the value of rice, and so it can be called god or Buddha." In Diado Ruishuho, Shinchoku Abe wrote, "In this universe rice is the most important thing for the survival of mankind" (p. 42).

Much more than a staple in the Japanese diet, rice is a symbol of their very identify. This belief is verified in the display of a traditional lunch, called the Rising Sun. In a rectangular dish of plain white rice a small red pickled plum is placed in the center that together looks like the national flag, hence the name.

After the devastation of World War Two the Japanese diet was diversified with the supply of grain-based food from the occupational forces. As Japan's economy grew the population's consumption patterns underwent a revolution due in large part to cultural changes caused by the increase in disposable income. Rice had narrowed its base as a staple in the total dietary intake. The consumption of carbohydrates, mainly consisting of rice until the nineteen-sixties, has decreased while fats have increased. Figure 2.1 illustrates the caloric intake of carbohydrates, fats, and protein, based on the average Japanese consumption of 2500 kilocalories per day.
Also shown is that the protein intake has remained constant in the post-war era. The protein intake is divided into animal and vegetable protein which is further broken down into livestock and marine products. Vegetable protein, which consist mainly of soybeans, and soybean products like tofu, accounts for the majority of all protein intake but has decreased over the last three decades. Livestock protein consists not only of beef but also of the less expensive pork and chicken with the majority of this subsection consisting of dairy products. Fish, traditionally the only source of animal protein in the Japanese diet, fish has dropped off in the last three decades. Now only 23% of all protein, fish products have decreased for two main reasons: the difficulty in
preparation and the shift to higher quality fish whose high price deters regular purchases.

Vegetable protein is a major part of the of Japanese protein intake. Increased beef in their diet could serve as a substitute for plant protein and allow for greater flexibility in two areas. On the nutritional side, beef contains 25% protein whereas plant protein contains only 5% to 13%. What protein is available in plant food is also less digestible than that of beef and much of the protein will pass right through the digestive tract. On the economic side, beef could be more cost competitive when figured on a dollar to protein basis to the less expensive soybean. Therefore, less beef would need to be purchased because of the comparably higher amount of protein in the meat (JETRO, 1986).

**Japanese Beef**

As we have seen, the Japanese diet has diversified and will continue to do so as long as Japanese disposable income continues to grow (Endo, 1988). Discovering that there is room for diversification in the Japanese diet leads to pinpointing the Japanese beef market itself. The area of major concern is the differing types of beef the Japanese are most likely to purchase.

Japanese cattle producers raise a wide variety of beef for consumption, from the superior Wagyu to dairy cattle. Cattle products are broken down by grades based on the color
of the meat and the amount of fat or marbling in the beef. The redder the product and the greater the marbling the more desirable the beef is to Japanese consumers (Takahashi, 1986). The preferred beef product, Wagyu, is produced specifically for consumption. At the top of the scale is the highly marbled Kobe, Matsusaka, or Omi beef fattened under the most ideal conditions to produce the tenderest product available (Longworth, 1983). This rare variety of beef can cost as much as one hundred dollars per pound but makes up only six percent of the total beef market. The superior Wagyu is marketed mostly for exclusive restaurants with only a minimal amount for retail purchases. The majority of the Wagyu fall below the superior class in the second and third grades as shown in figure 1.2. Also marbled, the Wagyu of the lower grades do not adhere to the rigorous fattening standards. Some imported grain-fattened beef is graded as high as the Wagyu but does not enjoy the status of a prestigious name behind it. (Takahashi, 1986)

Most of the beef consumed by the Japanese is the Nyuyo Gyo or dairy cattle, which supplies about 64% of the beef market. This segment is evenly split between retail sales and that sold in fast-food and family type restaurants (Endo, 1988).

The area in which imported beef has made considerable gains is in the dine-out industry. Consistent with the ever expanding economic growth, the industry has had a continual 10% annual growth rate and makes up 5% of the Gross National
Product. Trends in the industry suggest that the fast-food and family-type restaurants will continue to rise. These businesses are typically the ones that sell the most imported beef (JETRO, 1982).

**FIGURE 1.2**

<table>
<thead>
<tr>
<th>Grade of Beef in Relation to Price &amp; Amount Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAGYU</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Superior</td>
</tr>
<tr>
<td>Good, 2nd</td>
</tr>
<tr>
<td>Average, 3rd</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Discarded</td>
</tr>
</tbody>
</table>


The High Cost of Beef Production & Distribution

The reason for the high cost domestic beef products is relatively simple. Though beef is an efficient way for people to consume protein in great quantities, the production of beef requires grazing land or useless roughages like hay for it to be efficient. Japan does not have the available grazing and, aside from the limited rice hay or old rice², feed indigenous to Japan is not available for cattle.
Japanese cattle are fed primarily from import grains and other feed stuffs. Twelve percent of the 72 percent of all feedstuffs that have to be imported is for beef production. 80.8 percent of the feedstuffs consumed is grain for the Wagyu while a staggering 92.1 percent of the feedstuffs consumed by dairy cows is grain. Evidently, the cost of feedstuffs, particularly grains, is a major contributor in the cost of beef production. Feed purchased for Wagyu beef production accounts for almost 33 percent of the cost of each cow and almost 44 percent of the cost to produce a dairy cow. This adds about eight hundred to eight hundred and fifty dollars to the cost of producing each steer, compared to the market value of one steer in the United States (Ministry of Agriculture, 1980).

The second major cost for beef producers is the purchase of feeder-calves. This can account for almost 50 percent of the costs incurred by the producers (Ministry of Agriculture, 1980). The sale of feeder-calves is closely regulated by the local Prefectural Government. Since the vast majority of feeder-calves are produced through artificial insemination with the rest being purchased imports, producers are helpless in circumventing these costs. In fact, Prefectural Government regulations prevent producers from owning bulls. Only the Prefectural Government can own bulls which are then used for artificial insemination (Takahashi, personal communication, July 2, 1988). Under the system of registering cattle, male calves
qualify to become bulls only after a test to see if the animals adhere to the necessary characteristics; those that do not are made into steers.

While production costs are a major cause of high retail beef prices, the process of slaughtering and distributing beef as a secondary cost should also be considered. Japanese slaughtering and distribution systems have been criticized, mostly by consumer and labor groups, as a major cause for high beef prices. Much of the criticism is founded on associating the new system with the traditional method of marketing and distributing beef. First, the workers in the slaughterhouses have always been drawn from one group known as the "butchers' guild," a special group exclusively responsible for what was considered the undesirable task of handling meat during the feudal Tokugawa Period (1580-1870). This group has become highly cohesive because it has been discriminated against by most of the Japanese people. Notably, this group of people creates unending labor relations problems for the slaughterhouse operators. However, given its long history in the meat industry, it has considerable hold over the traditional methods of slaughtering and distributing beef (Longworth, 1983). Second, there are three distinct ways in which cattle producers sell their cattle. For example, ten percent of all cattle still pass through traditional channels. The traditional method is a complex system of intermediary butchers and distributors who add a percentage of the cost.
at each stage of the process. The other two methods entail either selling directly to the meat processing company or auctioning the beef in an effort to bypass the sometimes unfair grading system (Takahashi, 1986).

Critics have suggested a number of different ways for Japanese producers to reduce the cost of beef for the consumer (Reich et al, 1988; Takahashi, 1988). One way to reduce cost is by importing more feeder-calves which are not subject to the high tariffs of other imported livestock. Another option for reducing the cost is adopting a single method of slaughtering and distributing beef. Preferably, the wholesale meat markets because these businesses use the most modern packing methods and could serve both domestic and foreign trade.

Since the Meiji restoration, Japan's agriculture has continually and intentionally been victimized in the development of Japan's industrial sector. In the post-war industrialization, public sympathy has remained with Japanese agriculture, leaving it in the role of an awkward child in the shadow of Japan's industrial might rather than the servant of the past. In the post-war era, the competitive relationship between the industrial sector and agriculture has tapered off in the face of Japan's wealth and ensuing economic prosperity. However, agriculture remains a secondary concern in the economic well-being of Japan. If Japan's primary interest, industry, is ever threatened, the will of the people and, more importantly,
the will of the business sector, could again thrust Japan's agriculture into the role of servant. The next section will examine agriculture's role in present day Japan, and the weapons it uses to fight off competition from abroad.

PROTECTIONISM AND COMPETITION

In 1973 the developed nations of the world reeled under the OPEC oil embargo. As a nation that relies almost solely on imported oil, Japan suffered great shortages but this was not the only product embargo that shook the Japanese economy. United States President Richard Nixon imposed an embargo on soybeans in retaliation to Japanese restrictions on U.S. imports to Japan. This was an extension of Nixon's 1971 economic policy that suspended gold payments for the dollar and enacted a 10 percent surcharge on imports (McNelly, 1984). Since the departure of the U.S. Occupational Forces, Japan had made considerable progress in liberalizing agricultural imports. However, in light of the U.S. soybean embargo and the shortages that ensued, Japan was reminded of just how reliant it was on agricultural imports, and consequently, protectionist groups gained strength because of the fear for food security.

This section will examine food security and the desire for self-sufficiency in food products to determine the economic and trade concerns that influence Japan's protectionist agricultural policies. Additionally, this section will look at the source of protectionism and the
basis from which protectionist groups gain power to determine the competitive edge these groups have over agricultural importers. Concluding this section will be a discussion of the political environment, looking at the structure of Japanese legislative system that allows these protectionist groups to remain powerful.

**Food Security**

Japan's agricultural protectionism hinges on the issue of food security (JETRO, 1988). The means for evaluating food security is based on the rate at which the nation produces agricultural products compared to the rate the nation consumes those products (Grigg, 1980). Japan's self-sufficiency rate of agricultural products for food has been reduced from 90 percent in 1960 to 70 percent in 1986. With respect to products like grain, Japan's self-sufficiency has dropped from 82 percent in 1960 to 3 percent in 1986 (JETRO, 1988). In real terms, and based on the caloric intake model described in the previous section (p. 7) Japan imports more than half the food products it consumes (Ministry of Agriculture, 1985).

Given the large percentage of Japanese agricultural imports compared with other developed nations, it is no wonder that Japan is the largest agricultural importer in the world. In 1984 Japan held a record trade surplus of $33.6 billion, but its agricultural imports created a deficit of $27.8 billion, constituting more than twenty
percent of all of Japan's imports (JETRO, 1986, p. 35). With greater reliance on others for its food, Japan is reluctant to give up more of its food market. Presently Japan is highly dependent on foreign producers, such as the United States, Australia, and Canada, for many of its agricultural goods.

Figure 2.1.

<table>
<thead>
<tr>
<th>Full-time &amp; Part-time Farm Households</th>
<th>Jan, 1984 (1,000 households)</th>
<th>Ratio against total</th>
<th>Annual increase/decrease (-) rate (%) 1976-81 1981-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,473</td>
<td>100</td>
<td>-1.2  -1.0</td>
</tr>
<tr>
<td>Full-time Farm-households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Those with one or more male members 16-64 yrs of age</td>
<td>605</td>
<td>13.5</td>
<td>-2.5  1.4</td>
</tr>
<tr>
<td>Those comprising high-aged members</td>
<td>391</td>
<td>8.7</td>
<td>-4.3  0.1</td>
</tr>
<tr>
<td>Part-time Farm-households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mainly farming</td>
<td>689</td>
<td>15.4</td>
<td>-3.7  -6.0</td>
</tr>
<tr>
<td>Mainly other occupations</td>
<td>3,179</td>
<td>71.1</td>
<td>-0.2  -0.3</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture, Fisheries, Forestries; 1984

Unlike the self-sufficiency policies of the early part of the century that were enacted to retain the agricultural base for industrial growth, the incentives of the last two decades have been enacted to support the rural sectors of
the population with little regard for the general and urban population. Though Japanese farm productivity has increased considerably in the post war era, the past decade has seen a stabilization of farm output. While demand keeps rising due to Japan's economic prosperity, agricultural productivity has not kept up because the work force is leaving the agricultural sector. The largest decline in recent years has been the decrease of part-time farmers, the majority of the agricultural work force, from 829,000 in 1981 to 689,000 in 1984 (Ministry of Agriculture, 1985, p. 6). The 1984 figures point to a trend: most Japanese farmers are leaving while those that remain are much older as illustrated in Figure 2.1.

The NOYKO Movement

The poverty problem discussed in the previous section illustrates how industrial growth can adversely affect the agricultural sector if farm incomes do not increase proportionally with urban income levels. One reason agricultural producers could not prevent rural poverty during the inter-war years was because they did not have NOKYO, the cooperative that encompasses all the entities that make up the agricultural community. Presently, this cooperative movement exerts great influence at all level of Japanese agriculture. Longworth (1983) describes the diversity and complexity of the NOKYO movement:

NOKYO is like the many headed Hydra of Greek Mythology with tentacles which reach down to virtually every
rural village and farm household in the country. It nourishes those in its care with services both economic and political and, in return, absorbs and distributes the goods produced to the broader community (p. 55).

At the local level is the village cooperative, or the tankyo, that supplies generalized services to the farm members in the community as illustrated in Figure 2.2.

Figure 2.2. OUTLINE OF NOKYO

These services include privately funded credit and banking services from the Central Co-operative Bank for Agriculture and Forestries (NORIN CHURIN), general insurance services form the Nation Mutual Aid Nokyo Federation (ZENKYOREN) and welfare services from the National Welfare Nokyo Federation.
(ZANKOREN). Provided through the national Nokyo movement are specialized services.

Those cooperatives serving beef producers are the National Federation of Livestock Agricultural Co-operative Associations (ZENCHIKUREN) which services all livestock of which beef is an important interest. Another co-operative important to the beef trade is the ZENRAKUREN which specializes in dairy cattle production, and then there is the largest and most powerful of all the NOKYO federations involved with beef. Also, there is the National Federation of Agricultural Co-operatives (ZENNOH). ZENNOH is actively involved in the importation of beef and is the largest feed grain importer in Japan. One of the major services provided by the NOKYO is the political lobbying services of ZENCHU, The National Central Union of Agricultural cooperatives. NOKYO's highly structured system allows it to organize a massive resistance to imported agricultural products. NOKYO is a central player in focusing and shaping policy through the Ministry of Agriculture and the Liberal Democratic Party (Baewald, 1986).

The Government

The government's protectionist policies have developed because of its relationship with the NOKYO. This is further exhibited in their reliance on NOKYO to develop and, in some cases, administer rural policy ("Knocking", 1988). The government's restrictions on foreign trade are exhibited in
two policy areas: import quotas to sustain prices for agricultural products and subsidies to support producer income levels (Hayami, 1988).

Import quotas imposed by the Japanese government remain at 1974 levels because of the protectionist fears which developed at that time due, in part, to the soybean embargo. Japan has quotas on twenty two separate products. This is the highest level of import quotas of all the developed nations; only France with 19 quotas is anywhere near that level. The governmental control of all agricultural products is under the direction of the Ministry of Agriculture, Fisheries, and Forestries (MAFF). Import quotas are the means by which the Japanese government stabilizes agricultural prices. The arm of the MAFF directly responsible for controlling beef prices is the Livestock Industry Promotion Corporation (LIPC). The LIPC's effort to stabilize beef prices is a direct result of the sharp downturn in the Japanese wholesale prices in 1974 caused by the glut in beef on the international market. Since then, the LIPC has had the power to buy and sell both imported and domestic beef at any time to prevent beef prices from exceeding the limits it sets. The LIPC now controls over 90 percent of all imported beef. Under this system, the LIPC can set tariff level ceilings and floors to keep prices within their respective ranges and to protect against extreme drops like those seen in the 1974 crash.
MAFF import quotas on beef and citrus are symbolic of the closed nature of Japanese agriculture. Much of the criticism concerning import quotas is founded on Japan's continued violation of the General Agreement on Tariffs and Trade (GATT) Code. As a developed nation, Japan is not allowed to retain a large number of import quotas as long as it has excessive trade surpluses. In fact, during the recent negotiation on beef and citrus imports, the U.S. filed a formal complaint with GATT in Geneva. The 1988 Agreement on beef and citrus subsequently eased some of these tensions. The agreement will now allow for liberalization of the Japanese market concerning beef and citrus. During the years from 1988 to 1991 the market for imported beef will increase 60,000 metric tons per year. This increase will double the current levels by 1991 to 394,000 metric tons. With this increase, the value of U.S. exports should go as high as $1 billion per year. Additionally, once Japan's beef market is completely liberalized after March 1991, the LIPC will phase out its involvement in beef imports. However, during the interim period it will oversee the 96 percent tariff rates. After the LIPC's involvement ends, Japan will require tariff rates of 70 percent in 1991, 60 percent in 1992, and 50 percent in 1993. Thereafter, Japan will negotiate from this level in the Uruguay round of GATT negotiations (Shimbayama, 1988).
The second area of Japanese agricultural policies concerns the level at which agricultural producers are subsidized by the government. Agricultural subsidies accounted for 49 percent of the total MAFF budget in 1960, but by 1984 the percentage had increased to 62 percent. These percentages exclude special food control accounts that are used to subsidize rice prices. If the special food control accounts were added to the original percentage in the MAFF budget, subsidies would equal 80 percent of the MAFF budget. That figure equals about $12.8 billion (Ministry of Finance, 1984). This amount breaks down into 592 different subsidized programs administered through the MAFF. All of these subsidies exclude government sponsored low interest loans which make up an additional fifty-percent of the original MAFF subsidy percentage. While farmers are the beneficiaries of the subsidies, they are not equal contributors to the tax base from which the fund originates. On the contrary, farmers pay about one-half of the taxes paid by those outside of agricultural production (Honma and Hayami, 1986).

Political Parties

The benefits attained by agricultural producers are a direct result of the NOKYO's influence on the government and the political party that controls the government. The major political force in Japan is the Liberal Democratic Party (LDP). The LDP, which was formed in 1955 by the merger of
conservative factions, has dominated the Japanese political system since its inception. The LDP has remained in power for so long because the electoral districts have changed little since the new constitution was drafted in 1947. Though much of the population has migrated to the large metropolitan areas, no attempt has been made to correct this situation. As a result, the rural constituencies, a mostly conservative block of voters, control the two houses of parliament called the Diet (Baerwald, 1986).

The other major political party is the Japan Socialist Party (JSP) which also relies heavily on the rural vote for its support. Most of its political support comes from the National Confederation of Labor Unions, Sohyo. As the party "out of power," the JSP has the privilege of taking up extremist causes. Compared to the LDP's moderate position on farm policy and agricultural trade matters, the JSP is extremely protectionist (Kyogoku 1983/1987).

An additional sector supporting the LDP is business and industry. Financial contributions are made to the LDP from the Federation of Economic Organization (KEIDANREN) which represent all the major businesses. Japanese industry has grown increasingly concerned about agricultural trade policies which result in rising food prices. The strength of the yen and increased competition have caused a decrease in profit margins and the industrial sector can not afford to pay increased wages. Japanese businessmen take a dim view of picking up the tab for the rural sector's slow
productivity and lack of modernization. Import restrictions on agricultural products from the U.S. and Europe have caused Japan's industrial exporters to increasingly worry about their trading image but not to the extent they have pressured the government to change (McNelly, 1984).

Agricultural protection policies are the result of the highly organized and powerful NOKYO movement; given its alliances with the MAFF and the LDP, NOKYO is set against any move towards trade liberalization. The "iron triangle" shared by these three entities has prevented the agricultural sector from adjusting to the rest of the Japanese economy (Hayami, 1988). Their protectionist relationship has also prevented the benefits of free trade to be enjoyed by the majority of the public. While not trying to predict the future, the only Japanese entity with the political and economic power to loosen the grip of these protectionists is the industrial and business sector. An example of things to come could be the 1988 Agreement on Beef and Citrus that was the first step in freeing the nation from the triangle's -hold.

The focus of this section has been directed at uncovering Japan's agricultural protectionism and the system that supports it. The implication of protectionism is that it prevents free trade. This hurts not only importers but also the Japanese economy. The next section will address how to deal with protection in the formulation of market strategy.
Protectionist measures discussed in the last section illustrate Japanese fears about protecting their food security. Similar fears concerning international relations are exhibited in other sectors of the population as illustrated in a 1987 survey of junior high school students. The survey, conducted by the national student newspaper Asahi Gakusei Shimbun, addresses the issue of war. Namely, did the students think Japan would be at war in the future. A sizable minority, 38 percent, answered yes. This represents a large number of the future Japanese population that are considering the prospects of war in a country whose constitution prohibits maintaining armed forces. Also of importance is that when asked who was most likely to be the enemy, 49 percent of the students said the United States as opposed to 41 percent who mentioned the Soviet Union as the most likely adversary. The reason given for a future war with the United States: trade frictions (Fields, 1989, p. 19-20).

Trade frictions between the United States and Japan represent not only a current problem but also a source of future disputes. A means to confront current and future problems is communication by appropriately managing the natural processes that exist between the conflicting interests (Wehr, 1979). When disputes over trade occur, marketers are confronted with conflicting information. For
instance, those on both the Japanese and U.S. sides question the need or importance of focusing on the beef market (Usui, 1988; Fitzgerald, 1988), some warn of the difficulties to be encountered (De Mente, 1987; JETRO, 1985), while others tout the excellent opportunities to be found (Townsend, 1987; "Yeutter," 1988). These conflicting reports concerning the market can produce confusion for the marketers. To reduce the confusion, marketers need to access and organize the incoming information to reduce this confusion (Hocker and Wilmot, 1985).

This section will discuss the strategic market planning used to organize and assess information concerning the Japanese beef market. Additionally, communication and other social science theory is applied to the decision making strategy to illustrate the means of avoiding costly mistakes made in acquiring information in planning and other processes.

Thus far, the investigation has focused on a number of principle factors in the Japanese beef market. Attention has been paid to the historic and present-day consumption patterns and the types of beef consumed. Also previously discussed was the beef pricing based on costs incurred by domestic producers and the Japanese grading system while addressing the different means of distribution. This section will discuss promotional strategies for the mass Japanese market. The central focus will be on product publicity and public relations to promote the quality image
of U.S./Montana products and to overcome the negative publicity endured by foreign products because of trade frictions.

**Marketing Strategy**

Since the 1988 GATT agreement on Beef and Citrus, the conditions of marketing beef to Japan have changed considerably. One of the major changes is the phasing out of the Livestock Industry Promotion Corporation. With the elimination of this major trade association (the LIPC was responsible for 90% of all beef imported into Japan), marketers are faced with a new environment in which to trade. To effectively engage in this new environment requires marketers to integrate existing information with the new situation. This operation begins with strategic planning, the acquisition of knowledge in order to enter a product into a market with respect to competitors and the ultimate consumer. This directional planning, as Jain (1985) explains, is intended "to influence the behavior of competitors and the evolution of the market to the advantage of the strategist" (p. 12). The strategists are the work group of individuals that formulate the goals and objectives at the business unit level of the organization.

Beef marketing by agricultural producers could also be identified as strategic business units (SBUs) because agricultural producers, like corporations, produce and market multiple product lines. The SBU of the corporation...
establishes product and marketing objectives to reflect expectations. To facilitate these goals marketers need to acquire information for decision making purposes. Information is available through Decision Support Systems (DDS), a database that coordinates relevant information from Management Information Systems, a larger database, for differing organizational purposes (Mitra, 1986). The business unit can use the DDS to consider the environmental conditions when entering a market, including the anticipated market share for the product and the level of competition.

Market planning with the aid of the DDS can determine potential market share and market-entry factors. Conventional wisdom suggests that market share is easiest to gain in fast-growing markets and at the early stages of the product life-cycle. A type of DDS used to determine market potential is the Profit Impact and Marketing Strategy (PIMS). Jain (1985) suggests important benefits from its use:

[PMIS] provides a realistic and consistent method for establishing potential return levels for individual businesses....It stimulates managerial thinking on the reasons for deviations from par performance....It provides insight into strategic moves which improve the par [return on investment]....It encourages a more discerning appraisal of business unit performance (p. 910-911).
Robinson and Fornell (1985) studied the relationship between market-entry timing and market share with 371 mature consumer product businesses in the PIMS database. The results showed a definite relationship between the two: market pioneers had an average market share of 29% compared to 17% for early followers and 12% for late followers. Specific to the Japanese market is the Ryans (1988) study of Canadian companies that introduced goods into Japan between 1970 and 1984. This report supported the Robinson and Fornell findings that early entry leads to a larger market share. Additional findings included the idea that tariff barriers did not significantly impact on success, and companies willing to modify their product to meet Japanese needs had substantially higher market shares. Though beef is not a pioneer product in the Japanese market, it could be considered an early entry given the anticipated growth in the market due to reduced costs for the Japanese consumer.

The development and planning of these market strategies is a result of using available information designed for gaining market-entry. Though the DDS and PIMS are useful for decision making, these tools are not available to everyone. Since effective decision making relies on information that is available (Arrow, 1973), those that do not use database technology for acquiring information for decision making need to be aware of information selection biases and process breakdowns because of organizational influences. Communication and other social science theory
allows the decision maker to identify these problems and the subsequent causes so that the problems can be avoided in the future.

In the process of acquiring information, decision makers are biased in selecting information because of the organizational environment. At times, decision makers rely on readily available information even though high quality, albeit less available, information does exist (O'Reilly, 1982). A reason for this bias is the time constraints imposed on decision makers by their superiors who are eager for the anticipated results (Hickson, Butler, Cray, Mallory, and Willson, 1986). Additionally, selection bias can occur because the decision makers' preference is based on personally trusting the source over receiving known high quality expert information (Mintzberg, 1973). Nesbitt and Ross (1980) suggest stress in the work place as a reason for why decision makers can not and do not digest all the information they may need to make quality decisions. Janis and Mann (1977) point out that selection errors occur not only in the initial phases but later on when new information is presented to the decision makers.

While selection bias is one problem decision makers encounter when acquiring information, they are also susceptible to information overloads as O'Reilly (1980) suggests: "[T]he nature of the job might require incumbents to gather large amounts of information with the possibility that a portion might be used at some future time" (p. 692).
When decision makers desire more information than they can effectively manage, decision makers boost their confidence at the expense of making poor decisions. As Zeleny (1981) points out: "More information does not necessarily imply better decisions: it is the quality, the relevance, and the timing...of information which are much more important aspects of successful decisionmaking [sic]" (p. 359).

Evidently, marketers need to do more than process information when developing marketing strategy. As decision makers, marketers must be aware of biases and their respective causes in order to competently decide outcomes.

Promotion

In early 1988 U.S. officials with the Department of Agriculture discovered farm groups in Japan had alleged that U.S. farm products, beef in particular, caused deformities when eaten. U.S. officials uncovered these tapes after the accusations appeared in pamphlets distributed by farm groups (Nesmith, 1988). This is not the first instance of farm groups' using the media to portray U.S. products negatively; these groups have also suggested that U.S. products carry the AIDS virus (Copeland and Martin, 1987). In light of trade frictions and the negative publicity surrounding foreign products in Japan, there is a need to promote the U.S./Montanan products' image. The promotion of beef in the Japanese market can include a number of different methods including advertising,
personal selling, and sales promotion. However, the initial goal is to reverse or at least minimize the damaged image of U.S./Montana beef. Since those subjected to the negative publicity encompasses the general population, the more focused personal selling and sales promotion would not be appropriate in solving the image problem. Rather, there is a need to promote beef to the mass public by using product publicity and public relations.

Similar to other methods, public relations and publicity incorporate a promotional strategy. In the development of a promotional campaign, a variety of factors need to be considered, specifically, the other marketing mix variables (e.g. product, price, and distribution), which have been mentioned throughout the discussion. However, additional attention needs to be paid to factors concerning product promotion and consumer perception before discussing the necessary aspects of public relations and publicity.

The factors influencing a product promotional campaign concern the way in which the product is bought, consumed, and perceived by the consumer. Although the factors concerning Japanese consumption and cultural influence were discussed in detail in section two, there remains a need to discuss the Japanese purchasing perceptions. For the general consumer the main outlet where beef is purchased is the supermarket. Most of these supermarkets are operated by chain stores, department stores, or cooperatives, and all are actively involved in the selling of imported beef
(Longworth, 1983). Much of the publicity about beef is produced by these stores. However, opportunities do favor domestic producers that can promote their products through highly visible give-aways. For example, shortly after the 1988 agreement on beef and citrus, a music variety television program, roughly translated as Japan Top Ten, that features and ranks young Japanese pop-artists to determine the singer of the week, was used as an promotional tool for domestic producers. The winner of the top honors was presented with Japanese beef and citrus products by local producers, an odd prize for a Japanese program of this type. Foreign producers also have outlets for promoting their products. Montana has trade offices in Tokyo and Kumamoto to provide assistance with language and cultural differences. Also, the Montana trade offices offer sales and promotion programs, the only state to do so. The U.S. Meat Export Federation provides financial assistance for U.S. producers to promote their products.

To promote a product, the market is segmented within the mass population into groups whose members' characteristics are more like each other than others in the mass population. Within the consumer population, the social category most beneficial to target is the Japanese housewife. This segmenting is based on the wife/mother's role in the Japanese family structure where she is typically the manager of the household finances. Additionally, the segmenting is based on the housewives' homogeneous purchasing behaviors.
Today, many Japanese families can not afford to purchase beef very often, given that Japanese beef costs almost four times as much as in the U.S. However once trade is liberalized, many families will be able to enjoy it more often and in some cases experience it for the first time.

Consumer perceptions concerning imported products are reflected in the organizations that represent them. These organizations, including Japan's largest, the consumer union, and other housewife and women's groups, do not have a large following with respect to membership but do receive considerable attention in the media. For years these organizations have complained about the high cost of rice and beef and the need for price stabilization. However, the issues most salient to these groups concerning beef are product quality, food security, and safety. Concerns for product quality go back to the way in which Japanese purchase their food products. Given the limited storage space in the small Japanese kitchen, Japanese housewives shop for their food daily and want their products to be fresh. Concerns over safety like the AIDS scare have prompted Japanese consumer groups to prevent imports.

Attitudes concerning imported products can seriously impede the purchasing of beef by Japanese consumers. As Sherrell, Reidenback, Moore, Wagle and Spratlin (1985) have found, negative publicity has a serious impact on a product's image. Consequently, there is a need to reverse the negative publicity with a public relations campaign.
highlighting the positive aspects of U.S./Montana beef. The campaign should communicate positive information directed at consumers to produce positive attitudes about U.S./Montana beef. A campaign to promote beef's image in Japan should focus on the publics concerned and the process of bringing about this attitude change.

The central public the campaign targets are the housewives. Having identified the issues relevant to housewives, the campaign can then turn to the secondary public. The secondary public is the media in which the campaign channels its message or messages. For the most part, campaigns focus on the media which have been found to have a high level of influence in shaping public opinion (Izard, 1985).

The media, as a channel of public relations messages, are responsible for creating an awareness of an issue in their public. However, awareness is not all the media create; they also have the power to influence the priority their public places on an issue (McCombs, 1977). The effectiveness of the campaign rests on the media's ability to create an awareness and determine the level of importance an issue has for its public. Since the media relies on public relations practitioners for their information (Turk, 1985), the gains made in the campaign are a direct result of public relations practitioner's effectively creating a message that the media will use. This reliance on the public relations practitioner is most pronounced when the
issues are technical or confused. PR practitioners in this instance mediate the situation to provide a clearer account of the issues. (Dunwoody and Ryan, 1983). Even though PR practitioners are successful in mediating certain situations and providing valuable information, they can not sustain the media's attention indefinitely. Issues must be newsworthy for the media to cover them. However, PR practitioners do use various techniques to recapture the media's interest. One such way is the pseudo-event, an event created by a promoter that is covered by the press as news (Boorstin, 1964). Additionally, since beef is being attacked by the Japanese farm groups, it is an issue that can capture the media's attention (Newsom, 1983).

Given the differing types of media with many specialized and general audiences, the PR practitioner segments the media, much like consumers are segmented, in order to reach a target market (Mendelson, 1973). An effective dissemination of information in Japan is the press. Newspapers, in general, are the most effective at forwarding central issues concerning their audience (Shaw and McCombs, 1977). The Japanese press is dominated by large multinational newspapers that are effective information suppliers throughout the country. Among them are the "big three" of Asahi, Yomiuri, and Mainichi, and also the Sankei Shimbun, and the Nihon Keizai Shimbun. Newspapers in Japan are useful to public relations practitioners because they capture the majority of the Japanese reading audience. The
reason for the press's continued strength is that it joined the broadcasting industry early and remains a cooperative partner. In fact, much of what appears in broadcast news initiates with the press (Komatsubara, 1982). This flow of information between the two media furthers the exposure of the message and arouses more attention. However, exposing an issue to the public or attracting its attention does not necessarily mean that an attitude change will occur in the target audience.

Since the goal of the public relations campaign is to change attitudes, the investigation will examine the persuasive processes that govern attitude change. However, before examining these processes the investigation will address the factors influencing a quality message, cognizant of the benefits and limitations of using the Japanese press as the channel for the message.

A message can be identified by certain attributes. As Bradac, Hopper, and Wiemann (1989) suggest, a message is symbolic, coherent, and intentional when one tries to convey meaning to another. These three concepts establish a basis for understanding what a message is; however, a message can be further qualified as persuasive with additional factors. Darrell (1963) suggests that an organized message results in greater comprehension and retention; given the journalist's highly structured writing style, the quality is further enhanced when the message is channeled through the media. Additionally, Burgoon (1989) suggests two message factors
for those "initially in opposition to the position advocated by the message" (p. 145). First, while logically inconsistent messages may not affect those in agreement with the position, those audiences opposed or neutral are more prone to reject the illogical arguments. Second, messages that provide both sides of the argument are more effective with an audience having an educational background. Given the importance the Japanese place on education, providing two sides of an argument would seem beneficial.

Since the message is channeled through the press, Grunig (1979) suggests a simple message to capture the attention of the general public. Thus, the question arises about the quality versus the quantity of the message, suggesting that if the message is simple, there should be a number of messages to be persuasive. Cognitive-response theory suggests a quantitative approach in that if the audience receives more positive arguments than negative arguments, then persuasion occurs. However, as Burgoon suggested, since the audience is either opposed or neutral to the issue, there is a need for a quality message.

To answer this quality versus quality argument, the investigation looks to Petty and Cierioppo's (1986) Elaborative Likelihood Model. The theory suggests that recipients of a persuasive message use either two routes, central or peripheral, in processing the message. That is, the audience considers the message with either much attention (the central route) or with little attention (the
peripheral route). The basis for how much attention is paid to the message is founded on how important the subject matter is to the recipient. If the message has a high-level of personal relevance to the recipients, there is need for fewer messages because the audience has a vested interest in the subject and will review the message content independently. However, when there is a low level of personal relevance, the audience is more responsive to the quality of the arguments (e.g. organization, logic, etc.) and more arguments are needed for persuasion.

This evidence suggests that a campaign directed at Japanese housewives requires quality messages and should be repeated a number of times to change their attitudes. As Grunig (1989) points out, mass publics, such as the Japanese housewives are generally passive, thus, suggesting a low level of involvement.

An additional factor that should be considered when channeling messages through the press is the concept of time as a governing factor when promoting issues. Issues, like products, have life-cycles. The implication here is that interest groups, wanting to get their fair share of the attention, need to begin promotion in the early stages of the issue's life-cycle (Watt and Vanden Berg, 1981). That is, when the market is liberalized, prices will drop off dramatically and the housewife will be faced with the quality issue versus the lower price. Additionally, the media might also pick up on how the reduced price is
affecting the market. During this point in the early stages of liberalization promotion should begin in full force.

Time has been stressed throughout this section. The potential for gaining a favorable market share rests on entering the market early. As prices steadily decrease in response to lower tariffs, consumption is assumed to rise. This is the U.S. producers best opportunity to sell their agricultural products to the Japanese. However, the major obstacle preventing U.S./Montana beef from capturing its share of the market is the negative publicity. The need for promoting U.S./Montanan beef products becomes more important as Japanese consumers continue to be misinformed about the safety of U.S. agricultural products. More than anything else, promoting U.S./Montana products is needed before entering the market. The later these products are promoted the less market share opportunity there will be for U.S. producers.

CONCLUSION

When Commodore Perry Sailed into Edo Bay, he did more than open Japan to trade. He opened the Japanese to the cultural influences of the outside world, and in turn the outside world was exposed to the influences of Japanese culture. This relationship has benefited Japan and the United States in many ways both financially and intellectually. However, even today the Japanese remain isolated in the way they think about themselves, and this
attitude has lead to misunderstandings about the Japanese. As Japan's relationships with the U.S. and others grow more interdependent, so does its responsibility to understand the countries with whom it shares these relationships. Communication is the foundation on which mutual understanding is built. In closing, the investigation will look at the necessity of communication in breaking down Japan's isolationism and in creating mutual understanding.

Section One explained Japanese agriculture from a historical and cultural perspective, illustrating how Japan has remained isolated even as it progresses in world trade. The study focused on the culture and history of the Japanese to better understand the market before entering it. The market environment is a product of a nation's culture and history, and knowledge of communication practices and theory can alleviate problems as they arise. Additionally, effective communication can prevent problems from occurring in the future (Dunn, 1974). Understanding the social aspects of Japan allows marketers not only the capacity to work in the country but also the ability to empathize with Japanese situation.

The protectionist agricultural policies discussed in Section Two illustrate how Japan has retained its isolationism in its rural economy. Certainly, isolation impedes communication, and the issue of food security is a good example of how Japan's agricultural sector has created barriers of isolation. Rather than open themselves to
negotiations, the Nokyo, the Ministry of Agriculture, Forestries and Fisheries, and Liberal Democratic Party would maintain the issue of food security, and anything suggested from the other side would endanger this all-encompassing food security. However, as Japan's protectionism threatens the stability of the nation's industrial exporters, importing countries continue to argue for freer Japanese markets, suggesting more than food security is at stake, and concessions, such as the 1988 Agreement on Beef and Citrus, have been made. By communicating to the Japanese the need for an equal partnership in trade and showing the effects of closed markets (e.g. threatening trade restriction), the U.S. and other countries are slowly changing Japan's isolationist attitudes.

To combat protectionism and build on current liberalization, Section Three addressed strategic market planning and the need to enter the market early. However, before the U.S. enters the market, the last section suggested ways in which attitudes could be changed to further the positive image concerning U.S./Montana beef. This discussion does not suggest that attitudes concerning beef are the only ones that need to be addressed. To the contrary, Japanese-American relations are strained in many areas, and there is need for both the Japanese and Americans to rethink their positions about each other. Moreover, if Americans are serious about tapping into the Japanese market, they can not rely on trade agreements to open the
market. While the markets may be open, the Japanese will refrain from purchasing American products as long as negative perceptions about these products persist. Certainly, Americans can make quality products, and the Japanese need to be made aware of this fact.

No less important is the need for American producers to understand the Japanese perspective. One such instance is that concerning events that have occurred since the liberalization of the Japanese beef market. Before Japan agreed to liberalize the beef market, the Japanese wholesalers and packers enjoyed the profits and stability of a highly controlled market. However, with the phasing out of the Livestock Industry Promotion Corporation (LIPC), the beef industry is faced with the inevitable free-market system and is looking for ways to retain stability in the market.

For years the Japanese have invested heavily in the Australian beef industry (Hiatt, 1988) and recently have been buying American feed-lots and packing facilities. For example, the Japanese either own or have arrangements with 15 to 25 feed-lots in the West and Midwest. In fact, the Selkirk ranch in Montana was purchased by the Zenchiko Company, a Tokyo-based meat wholesaler. Additionally, the Japanese have gained controlling interest in the O'Neil Packing Plant in California and the Colonial Beef packing facility in Pennsylvania, and have arrangements with three to four other packing plants in the United States (Krings,
With the exception of Colonial Beef, all of these acquisitions have occurred in the last few years, making it appear to American producers that they are being shut out of the Japanese market.

Rather, the purchase of American ranches and packing facilities is an attempt to offset shortages that might occur in the beef market. Before, the LIPC was responsible for controlling the market, but it will no longer control the buying and selling of imported beef, and U.S. producers will have to find Japanese buyers on their own. The liberalization of the beef market has made communication and cultural understanding on the part of the Japanese and Americans that much more important. As Japanese isolation slowly fades not only can there be more communication but there must be more communication.

Commodore Perry influenced the opening of Japan's borders with a simple message: force. Today, the interdependent relationship between the U.S. and Japan calls for less direct messages. By promoting the rewards of open markets and the positive image of U.S. products, a more cooperative and profitable relationship can exist between the two nations.
References


Knocking the Nokyo (1988, June) The Economist, pp. 73.


Footnotes

1 The districts have remained largely the same since their formation under the constitution even though much of the population has migrated to more urban areas.

2 Due to the inflated rice prices many farmers supplement their income by producing rice. This accounts for the large surpluses of rice that could be used for feed, but many Japanese regard feeding rice to livestock as sacrilegious.

3 These costs are estimates based on the conversion 205,975 yen and 200,575 yen into dollars based on the 1980 rate of exchange of 250 yen = one dollar.

4 From the early 1960s, Japan reduced its import quotas from 107 agricultural products to 22 in 1974 (Reich, et al, 1987).

5 Commodities subject to import quotas as of May 1986: (3) Dairy products including milk, evaporated milk, and processed cheese; (2) Meat including beef, and beef/pork prepared products; (2) Rice including rice/wheat flour and rice/wheat meal; (6) Fruits and vegetables including fresh oranges, stored oranges, fruit juice, fruit purée, pineapple and tomato ketchup; (2) Sugar including glucose and starch; (3) Rural products including pulse, peanuts, and edible kelp; (3)
Footnotes (continued)

Marine products including some fresh fish including herring, cod, yellow-tail etc., dried versions of the same, and scallops, squid, adductors of shellfish; (1) Other prepared foodstuffs (JETRO, 1986).

6 Since then, the Japan Diet has amended their constitution to allow for armed forces to be maintained.

7 The majority of these are chain stores that, in some cases, import live cattle directly (including from Montana).