AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

RURAL ECONOMY

Analysis of the Korean Beef Market: A Study of Hotel Buyers' Perspectives of Beef Imports from Three Major Sources Part II

Renee Bo young Kim, James Unterschultz and
Michele Veeman

Staff Paper 96-08

Staff Paper

Department of Rural Economy
Faculty of Agriculture & Forestry,
and Home Economics
University of Alberta
Edmonton, Canada

Analysis of the Korean Beef Market: A Study of Hotel Buyers' Perspectives of Beef Imports from Three Major Sources
Part II

Renee Bo young Kim, James Unterschultz and Michele Veeman

Staff Paper 96-08

R. Kim was a graduate student in the Department of Agriculture, Food and Nutritional Science. J. Unterschultz and M. Veeman are assistant professor and professor respectively, Department of Rural Economy.

Funding was provided by the Federal/Provincial Market Development Council and the Alberta Agriculture Research Institute.

The purpose of the Rural Economy 'Staff Paper' series is to provide a forum to accelerate the presentation of issues, concepts, ideas and research results within the academic and professional community. Staff Papers are published without peer review.

TABLE OF CONTENTS

1.0 Introduction 1
2.0 Methodology of Survey Study 1
3.1 Product Quality Perception segmented into Three Sub-groups 2
3.2 Promotional Activities segmented into three sub-groups 4
3.3 Country Image segmented into three sub-groups 5
3.4 Discussion of Quantitative Results 5
4.0 Analysis of Qualitative Result 7
4.1 Competitiveness of Foreign suppliers 7
4.2 Important Attributes of Imported Beef for the Hotel Sector 8
4.3 Marketing activities Recommended by the Three Sub-groups 8
5.0 Recommendations 9
5.1 Recommendation Relating to Korean Purchasing Managers 9
5.2 Recommendation Relating to Korean Chefs 10
5.3 Recommendation Relating to non-Korean Chefs 10
6.0 Conclusion 11
7.0 Appendices 12
8.0 List of References 20

1.0 INTRODUCTION

Under the WTO agreement, Korea is slated to liberalize its beef market by the year 2000. Decreasing government regulation and rapid economic growth promise significant growth in the Korean beef industry for foreign beef suppliers. As these opportunities develop, the competitive climate in this market will intensify. For Canada to gain a position in this market, a definitive and effective beef marketing program is necessary.

According to the Canada Beef Export Federation market report (CBEF, 1994) on Korea, Canada promotes itself as a value-added grain-fed beef supplier to Korea. A primary target market is the Korean international hotel industry where imported beef is used in most of the beef dishes. This market segment consists of 9 "super deluxe" hotels which is equivalent to five star hotel rating and 11 "deluxe" hotels (four star rating) as classified by the Canadian Embassy in Seoul, Korea.

In this market segment, decision makers for beef purchases are executive chefs and purchasing managers. The hotel executive chefs determine the type of beef cuts and the brand. The purchasing managers negotiate beef price with the suppliers and place purchase orders based on the chefs' supplier preference. The hotel purchasing managers are mostly native Koreans whereas the executive chefs are 50% non-Korean and 50% Korean. Thus, depending on each sub-groups' responsibilities and experience, the three sub-groups may differ in their perceptions towards imported beef from different countries. By comparing differences in preferences and perceptions about imported beef, differentiated marketing strategies can be developed and targeted at these three sub-groups.

As shown in a previous study by Kim et al.(1996) on the Korean hotel sector, the U.S. gained a dominant position in the hotel sector by building a strong brand image. There was a strong consensus among the hotel buyers about the superior quality of U.S. beef. Hence, supplying good quality Canadian beef at a similar price may not be enough for Canadian suppliers to increase market share in the hotel sector. Canadian suppliers need specific strategies tailored to meet each sub-groups' needs and concerns. Differences in perceptions regarding imported beef are identified for Korean purchasing managers, Korean chefs and non-Korean chefs. This information can be used to aid Canadian beef suppliers to develop differentiated marketing strategies for each sub-group.

The following section describes the methodology used in this study. The results of the survey study are presented in two separate sections: analysis of the quantitative study results and analysis of the qualitative study results. Recommendations on market strategies are made for each sub-group based on the analysis.

2.0 METHODOLOGY OF SURVEY STUDY

The data were gathered using interviews which included formal survey questionnaire methods. Data collection was conducted between September 27 and November 19 of 1995 in Seoul, Korea. The survey interviews were performed directly by Renee Boyoung

Kim. In total, 55 respondents were interviewed. The responses on quantitative questions were gathered from the 44 chefs and purchasing managers of the hotel industry. The responses on qualitative questions were gathered from the 44 chefs and purchasing managers and from 10 government officials and major distributors.

The survey methodology is described in detail in a paper analysing the results for the aggregate Korean hotel sector (Kim et al., 1996). The survey questions were divided into quantitative and qualitative sections. The quantitative questions were formulated using semantic differential scales. Nagashima (1970) used seven point semantic differential scales to compare two groups of national business consumers' attitudes towards country images (Nagashima, 1970). That format was used in this study to evaluate beef from Canada, the U.S. and Australia. The semantic differential scale questions explored three aspects of imported beef marketing: perceptions on beef quality, perceptions on marketing practices and perceptions on country image. Qualitative questions were also asked in an open-end discussion to identify the current situation in the Korean beef market. These results are reported by Kim et al.(1996). An example survey is included in the appendix.

In this project report, the survey data are sub-divided into three groups: responses by Korean executive chefs, responses by non-Korean executive chefs and responses by Korean purchasing managers. The mean scores of the quantitative data are calculated to compare perceptual differences among the three sub-groups. The qualitative responses are also sorted into three sub-groups and the differences between each group are examined. These results are presented next.

3.0 ANALYSIS OF QUANTITATIVE RESULT

The quantitative data were divided into three categories to assess perceptions of Korean purchasing managers, perceptions of Korean executive chefs and perceptions of non-Korean executive chefs on U.S. beef, Australian beef and Canadian beef.
The data were gathered from:

- 22 Korean purchasing managers
- 11 Korean executive chefs, and
- 12 non-Korean executive chefs

The results from all three sub-groups and a discussion of these results are presented below. The semantic differential scale questions are presented in the appendix.

3.1 Product Quality Perception Segmented into Three Sub-Groups

Participants rated their perceptions on overall beef quality for U.S. beef, Australian beef and Canadian beef. Twelve questions were asked about different quality aspects . These attributes and the mean responses are listed in Table 1 and Table 2. A response of -3 was the lowest rating while +3 was the best rating.

The non-Korean executive chefs were the most knowledgeable about Canadian beef. The response rates on the Canadian beef quality questions were 75% for the non-Korean executive chefs, 64% for the Korean executive chefs and 50% for the Korean purchasing managers. Although there was very little variance among the three sub-groups regarding the response rates, the non-Korean chefs gave the most extensive description on Canadian beef in the qualitative interview session. The higher response rate of non-Korean executive chefs may be due to their international experience. On the other hand, all three sub-groups were highly knowledgeable about U.S. beef and Australian beef. The response rates on U.S. and Australian beef quality questions were about 100% for all three sub-groups.

The quantitative data (Table 1) shows that all three sub-groups rated U.S. beef tenderness superior to Canadian or Australian beef tenderness. Although the ranking of non-Korean chefs on the tenderness attribute was identical to that of Korean chefs and Korean purchasing managers, their score ranges were narrower. Korean chefs gave a mean score of 2.1 for the U.S., 0.5 for Canada and -1.0 for Australia on the tenderness attribute while local purchasing managers gave 2.0 for the U.S., 0.64 for Canada and -0.48 for Australia (Table 1).

Non-Korean chefs rated marbling of Canadian beef higher at 1.67 than that of U.S. beef at 1.55. Thus, non-Korean chefs perceive Canadian beef marbling to be competitive with U.S. beef. Australian beef had poorer marbling ratings at -0.18 (Table 1). In contrast, both Korean purchasing managers and Korean chefs gave U.S. beef the highest marbling rating. The mean scores of Korean purchasing managers on the marbling attribute were 1.19 for the U.S., 0.5 for Canada and -0.57 for Australia. The scores of Korean chefs on this attribute were 0.6 for the U.S., 0.14 for Canada and -0.6 for Australia (Table 1).

U.S. beef flavor was rated as superior to Canadian or Australian beef by all three sub-groups. Yet each sub-group had different perceptions on Canadian beef and Australian beef in terms of beef flavor. While non-Korean chefs perceived the three national beef products to have a desirable flavor, Korean chefs and purchasing managers gave negative ratings to Australian beef.

Non-Korean chefs considered Canadian beef to be competitive with U.S. beef in terms of muscle texture, muscle color and fat color and gave the highest scores to Canadian beef on these attributes. Non-Korean chefs' mean ratings on muscle texture were 1.57 for Canada, 1.2 for the U.S. and 0.4 for Australia (Table 1). Their ratings on muscle color were 1.33 for Canada, 1.18 for U.S. and 1.09 for Australia. This group's ratings on fat color were 0.44 for Canada, 0.09 for U.S. and 0.18 for Australia.

Korean purchasing managers had the same opinions as non-Korean chefs on muscle color and fat color attributes. However, they had different views about the muscle texture attribute. They rated the U.S. slightly higher than Canada on this attribute (Table 1). Korean chefs had quite different views about muscle color. Australia had the highest mean rating on the muscle color attribute (at 0.4) and the U.S. had the lowest rating on this attribute (at -0.6).

All three sub-groups considered U.S. beef the most expensive. Their mean scores on U.S. beef price were near -2.0 indicating that U.S. beef is expensive (Table 2). Non-Korean chefs gave -2.18 for the U.S. price, -1.14 for Canadian price and 0 for Australian price. Korean purchasing managers gave -1.95 for the U.S., -0.9 for Canada and 0.76 for Australia. They considered the Australian beef price as inexpensive and the Canadian beef price as slightly expensive. Korean chefs gave -1.0 for the U.S., 0.13 for Canada and 0.9 for Australia. This group viewed both Canadian and Australian beef prices as inexpensive.

The three sub-groups show different perceptions on fat trim. Non-Korean chefs and Korean chefs viewed Australian beef as having the lowest fat level (Table 2). In contrast, Korean purchasing managers perceived U.S. beef as having the lowest fat level and Australian beef as having the highest fat level. The discrepancy between these three sub-groups' rating on fat trim suggests that their knowledge on fat trim on imported beef is superficial.

Non-Korean chefs and Korean purchasing managers had similar opinions about the attribute of food safety standards (Table 2). They both rated Australia as having the best food safety standard with the U.S. rated second best. Korean chefs considered the U.S. to have the best food safety standards and Australia to have the second best standards. They all perceived Canadian food safety standards to be lowest.

U.S. beef suppliers were perceived to provide the highest variety of cuts among Korean purchasing managers and Korean chefs (Table 2). These two groups considered Canada as supplying the lowest variety of beef cuts. Non-Korean chefs gave slightly higher scores to Australia for this attribute than the U.S. Again, Canadian suppliers were rated the lowest for this attribute.

Three sub-groups gave positive scores on the product packaging attribute of U.S., Canada and Australia, implying that imported beef packaging is perceived to be satisfactory.

Regarding overall beef quality, U.S. beef received the highest score in the three sub-groups. U.S. beef was viewed to have excellent overall product quality. Canadian beef had positive scores, although the scores were lower than for the U.S. Australian beef had the lowest overall beef quality scores.

3.2 Promotional Activities Segmented into Three Sub-Groups

The second section of the quantitative survey examined the effectiveness of beef promotion by the three exporting nations. The results are in Table 3. The three sub-groups' perceptions on promotional activities were identical except for one attribute. Korean chefs considered Canada to have a better reputation than Australia. For the other attributes, the U.S. had the highest rating , Australia had the second highest rating and Canada had the lowest rating on promotional activities.

The U.S. mean scores on all four promotional attributes were near 2.0 for all three sub-groups (Table 3). In general, the Korean chefs and Korean purchasing managers rated Canadian promotion far lower than did the non-Korean chefs. For instance, the Korean chefs and the Korean purchasing managers gave a mean score of -1.0 and -1.31 respectively for the effectiveness of Canadian promotion while non-Korean chefs gave Canada a mean -0.41 rating.

3.3 Country Image Segmented into Three Sub-Groups

The third section of the quantitative survey examined overall perceptions of country image. The respondents were asked to give ratings on five attributes: economic management, technological advancement, future relationship, trustworthiness and general product quality. The ratings by each sub-group were all positive, reflecting positive images about the U.S., Canada and Australia.

The country image results are reported in Table 4. The three sub-groups agreed that the U.S. has the best economic management followed by Australia and then Canada. Non-Korean chefs gave a mean rating of 1.92 for the U.S., 1.67 for Australia and 1.5 for Canada on the economic management attribute. Korean purchasing managers gave 1.86 for the U.S., 1.05 for Australia and 0.47 for Canada for this attribute, and Korean chefs gave 1.7 for the U.S, 0.1 for Australia and 0.0 for Canada.

All three sub-groups perceived the U.S. to be the most advanced in technology. Both Korean chefs and Korean purchasing managers viewed Australia as the least advanced in technology while non-Korean chefs viewed Canada as the least advanced in technology (Table 4).

For the attribute of possible future relationship, Canada had the highest score from both Korean chefs (at 2.0) and non-Korean chefs (at 2.45) whereas Australia had the highest score from Korean purchasing managers (at 1.53).

The U.S. received the highest scores from Korean purchasing managers (at 1.24) and non-Korean chefs (at 1.33) for general country product quality. Canada had the lowest scores from all three sub-groups on this attribute. The mean scores for Canada were 0.55 by non-Korean chefs, 0.0 by Korean chefs and 0.44 by Korean purchasing managers (Table 4). The U.S. was perceived to be most trustworthy and Canada was perceived as the least trustworthy country by all three groups.

3.4 Discussion of Quantitative Results

In summary, each group had similar views on imported beef with respect to tenderness, flavor and price attributes. U.S. beef was viewed to have the most desirable flavor, Canadian beef had the second most desirable flavor and Australian beef had the least desirable flavor. Under the assumption that flavor and tenderness are the most critical quality factors, U.S. beef has significant advantage in the Korean hotel market.

However, U.S. beef received substantially lower ratings on the price attribute from all three groups. They perceived U.S. beef as the most expensive and Australian beef as the least expensive. Canadian beef was perceived to be expensive although the score was lower than U.S. ratings.

Generally Korean chefs and Korean purchasing managers had similar views on the quality of imported beef. Their rankings were identical for six product quality attributes. These six attributes were: tenderness, marbling, muscle texture, flavor, price and variety of cuts. For tenderness, marbling, muscle texture and flavor attributes, respondents ranked the U.S. as the highest, Canada as second and Australia as the lowest.

On the other hand, non-Korean chefs gave Canadian beef the highest mean scores for marbling, muscle texture, muscle color and fat color. Thus, there is a discrepancy between the perceptions of Korean chefs and Korean purchasing managers versus non-Korean chefs. While Korean chefs and Korean purchasing managers rated U.S. beef as having substantially higher quality, non-Korean chefs rated Canadian beef quality as equivalent to U.S. beef quality. Non-Korean chefs may be more receptive to trying Canadian beef based on quality promotion.

Regarding promotional activities, the three sub-groups have similar views. The U.S. was viewed to have the best marketing practices and Canada to have the poorest marketing practices. Furthermore, Korean chefs and Korean purchasing managers rated Canada far lower than non-Korean chefs. Foreign chefs had more positive perceptions about Canadian beef promotion although their scores on Canada were negative.

Under the country image category, the U.S. was perceived to have the best economic management and the highest technology level by all three sub-groups. The U.S. scores on these two attributes were near 2.0 indicating the Korean hotel sectors' recognition of the U.S. economy and technology. Canada was considered to have the lowest level of economic and technological advancement.

However, all three groups of respondents indicated an intention to extend their future relationships with Canada. All three groups gave the highest rating to Canada on the relationship attribute. In contrast, all three groups gave the lowest rating to the U.S. for this attribute. Non-Korean chefs and Korean chefs exhibited a higher preference for future relationships with Canada than for the U.S. or Australia . Korean purchasing managers showed minimal differences in their preferences for future national relationships.

Overall, all three groups had similar country perceptions on the U.S., Canada and Australia. They gave positive scores to all three nations for country image attributes. The hotel sector generally has a positive view towards major beef exporting countries. Non-Korean chefs tended to give higher ratings to all three nations than Korean chefs and Korean purchasing managers. The following section explores perceptions of the three sub-groups towards imported beef by analysing the open-ended qualitative question responses.

4.0 ANALYSIS OF QUALITATIVE RESULT

A series of structured open-ended questions were presented to the respondents as part of each survey interview. The qualitative questions explored the following issues:

- Competitiveness of foreign suppliers
- Important attributes of imported beef for the hotel sector
- Marketing activities recommended by each sub-group

The responses to these questions by the three sub-groups of respondents are assessed and discussed in this section. The survey questions are in the appendix.

4.1 Competitiveness of Foreign Suppliers

In general, the majority of the respondents in the three sub-groups agreed on the superiority of U.S. beef quality. U.S. beef was perceived to have excellent tenderness, flavor and muscle texture, almost equivalent to Hanwoo, the Korean native beef. However, at a deeper level, each sub-group had different perspectives on the competitiveness of beef from Australia, Canada and the U.S.

Korean purchasing managers stressed the excellence of U.S. beef quality for consistency and reliability. For instance, 15 out of 22 purchasing managers stated that they chose U.S. beef for the reliability of suppliers. The Korean hotel beef import purchasing system is based on the U.S. beef purchasing guidebook. Hence, the purchasing managers are reluctant to switch to new products which may involve higher risks on quality and on reliability of supply.

In contrast, Korean executive chefs had different attitudes towards new products. Although they acknowledged the quality of U.S. beef, they were more willing to try new products such as Canadian beef. Five out of eleven local chefs stated that they are willing to try Canadian beef as long as the quality is equivalent to U.S. beef.

Three non-Korean executive chefs stated that they would try Canadian beef if it is competitive with the quality of U.S. beef while the remaining 9 non-Korean executive chefs preferred U.S. beef. They chose U.S. beef for its brand image and quality.

All three sub-groups differed in their perceptions on the competitiveness of imported beef. Korean purchasing managers expressed concerns about follow-up service, claim issues and delivery problems. This concern may be due to their direct involvement in these issues. All chefs, both Korean and non-Korean, were concerned with hotel customer reactions. They stated that the main reason for choosing U.S. beef over Canadian beef and Australian beef was due to strong U.S. brand recognition by their hotel customers and the U.S. reputation for high product quality.

All respondents, in each sub-group, mentioned the inferiority of Australian beef texture but they agreed on the desirability of Australian beef prices. Canadian beef is almost non-

existent in the hotel sector and all respondents stated that the Canadian marketing effort has to be improved.

4.2 Important Attributes of Imported Beef for the Hotel Sector

All three sub-groups unanimously chose quality as the most important factor in their beef purchasing decisions. The Korean hotel industry surveyed is a premium market that demands high quality beef. However, non-Korean chefs, Korean chefs and purchasing managers exhibited differences in how they ranked other important beef attributes.

Korean purchasing managers chose price as the second most critical factor in purchasing beef, followed by brand recognition as the third most important attribute. They also stressed the importance of consistency, reliability and accuracy of delivery.

Non-Korean executive chefs, however, did not rank price as the second most critical factor. Instead, they chose brand image as the second most important factor and price as the third most important attribute. They also mentioned the importance of product consistency, reliability and packaging.

Most Korean executive chefs ranked quality first, price second and product quality/consistency as the third most important factor. They were less descriptive about other aspects of imported beef such as follow-up service or delivery aspects. This may be due to their primary focus on producing the best possible quality beef dishes whereas the purchasing manager's primary focus is on maintaining the consistent delivery of high quality beef. Thus, depending on each groups' main responsibilities, their perceptions about important beef attributes were slightly different.

4.3 Marketing Activities Recommended by the Three Sub-Groups

Korean purchasing managers recommended developing a sound business relationship with beef buyers as the most important factor in penetrating the Korean hotel industry. This may be due to their concerns about the reliability of suppliers in this complicated beef importing system. This group is far more hesitant to try Canadian product since it will involve more risk and require time and effort to adjust to new importing procedures. Thus, Canadian packers need to convince Korean purchasing managers about supplier reliability through frequent personal contact. The purchasing managers also stated the importance of product quality improvement through customization and product specification development.

Non-Korean executive chefs, on the other hand, chose sampling as the most effective way of raising the awareness about Canadian beef. Having well connected local agents is as important as having a good reputation for product quality. The Korean hotel industry mainly uses one specific beef import distributor called the Korean Tourist Hotel Supply Center (KTHSC). Since the industry purchases its beef within such a closed marketing channel, a local agent who can effectively connect Canadian packers into this system is

necessary. They also mentioned that participation in well coordinated marketing promotions such as trade shows and seminars would facilitate Canada's positioning in this sector. Korean executive chefs emphasized that Canada needs to improve its beef quality and customize its products better to increase market share. This response may be due to their lack of knowledge on Canadian beef and their undesirable experience with Canadian beef in the past.

Both Korean and non-Korean hotel chefs recommended commodity-oriented marketing activities to better position Canadian beef in Korea. The non-Korean chefs chose sampling as the primary marketing activity required while the Korean chefs emphasized product quality improvement and product customization as the way to market Canadian beef. The Korean purchasing managers recommended more customer-oriented marketing activities, business relationship development, follow-up service enhancement and improvement of product specification.

5.0 RECOMMENDATIONS

The study showed that product quality is a focal point of imported beef marketing in the Korean international hotel sector. This market is recognized as highly profitable by foreign suppliers. Competition is increasing to gain market share. Canada needs to supply high quality beef to this market sector. To do this effectively, Canada should use all available marketing measures to enhance its product image.

Although each sub-group had similar ratings on important product quality attributes such as tenderness and flavor, there were perceived differences for other aspects of imported beef. For example, non-Korean chefs ranked Canadian beef quality higher than U.S. beef in some attributes. Korean chefs and Korean purchasing managers ranked Canadian beef quality lower than U.S. beef in most attribute categories. Also, each sub-group unanimously stressed the weakness of Canada's market promotion activities. Thus, each group had differences and similarities in their views towards imported beef.

Canada needs to tailor marketing strategies that recognize each group's differences. This will enable Canada to develop competitive marketing strategies in the international hotel sector and to consolidate its market position. This section presents marketing strategy recommendations for each sub-group.

5.1 Recommendation Relating to Korean Purchasing Managers

Purchasers emphasized the importance of supplier reliability and supplier's ability to deliver beef on time. Purchasing managers negotiate beef prices with suppliers, arrange product delivery and handle claim or refund problems. Thus, they prefer reliable suppliers who deliver the specified products on time.

Canadian suppliers need to promote their reliability and ability to match their products to each hotel's specific product specification. They should thoroughly examine each major

hotel's product specifications and attempt to customize beef products accordingly. Also, Canadian suppliers need to maintain frequent contact with hotel purchasing managers either in person or through local agents in order to build sound business relationships.

Korean purchasing managers are concerned with the high cost of switching built into the Korean beef purchasing system. The majority of the hotel purchasing managers use the U.S. Meat Buyers' Guide (MBG) as their imported beef purchasing tool and they are highly knowledgeable about this guide. This may prevent them from switching to Canadian beef since it requires time and effort to learn new product specifications and involves risk in trying new products.

Canadian packers in conjunction with the Canada Beef Export Federation (CBEF) should conduct seminars to raise the awareness of Canadian beef products among the purchasing managers.

This group expressed the highest level of dissatisfaction towards the U.S. because of the U.S.'s aggressive lobbying of the Korean Government on imports. They perceived Canadians as " strange gentlemen" who are not as aggressive and forceful as U.S. suppliers. Thus, by understanding the diplomatic climate in Korea, Canada could position itself as an alternative beef supplier with this group.

5.2 Recommendation Relating to Korean Chefs

Korean chefs were mainly concerned with the customers' response to the beef dishes they serve. This group was the least knowledgeable about imported beef. Although they ranked the U.S. as the best in 16 attribute categories, they were more willing to try Canadian beef than either purchasing managers or non-Korean chefs. Korean chefs had the least experience with Canadian beef and were unable to give opinions. This could be viewed as an opportunity for Canadian suppliers since no major consensus about Canadian beef has yet formed among this group. By supplying good quality product consistently, Canada could effectively build positive opinions with this group. In addition, Canadian beef samples should be frequently distributed to the major international hotels in order to raise the awareness of Canadian beef. Since this group has the lowest awareness level about Canadian beef, sampling efforts would be effective.

5.3 Recommendation Relating to Non-Korean Chefs

Non-Korean chefs had the highest level of knowledge on Canadian beef quality and the most positive opinions about Canadian beef. They considered Canadian beef quality competitive with U.S. beef, but noted the weakness of the Canadian beef brand image in Korea.

Non-Korean chefs chose U.S. beef for its brand image since their primary concern is the hotel reputation and the hotel customers' response to the beef dishes they serve. Therefore, a "pulling" strategy may serve most effectively for this group. For a "pulling"

strategy, marketers usually focus on the end-user level and attempt to raise popularity among customers in order to motivate intermediary distributors to purchase their products. By building brand image among the hotel customers, Canadian packers may motivate non-Korean chefs to try more Canadian beef. Canadian brand image could be effectively built by conducting promotional food fair and seminars at hotel restaurants. For example, Canadian packers with CBEF's cooperation may contact each hotel's non-Korean chef or non-Korean general manager to open a Canadian promotion fair in their hotel restaurant. Also, the non-Korean chefs recommended Canadian beef sampling to promote Canadian beef quality.

6.0 CONCLUSION

These major international hotel chefs set the trends on quality and brand of beef for the entire Korean hotel industry. Small and medium sized hotels usually make beef purchasing decision by referring to the purchasing patterns of international hotel chefs. Hence, Canada can enhance the image of its beef product by concentrating on these international hotel chefs.

The beef import system to the Korean hotel industry is tightly regulated and difficult to penetrate. The KTHSC is the sole distributor to this market sector, and this system makes beef import inefficient and costly from the hotel beef buyers' perspective. However, this market structure is changing and the beef import system will liberalize by 2000. Leaders in this market will be the exporters that respond to changing customers' needs and maintain a sustainable marketing strategy. Canada needs to develop differentiated marketing strategies tailored to each sub-group of the hotel sector. The differentiated strategies can meet each sub-group's specific needs and interests.

In summary, commodity-oriented marketing promotion should be conducted for Korean and non-Korean executive chefs and service-oriented marketing practices should be stressed for Korean purchasing managers. Ultimately the Korean hotel industry is a market for high quality beef and Canada must respond to the perceptions and preferences of buyers if Canadian exporters are to succeed in the Korean market.

7.0 APPENDICES

Table 1: Semantic Differential Scale Mean Results
Quantitative Results from the Survey on Beef Product Quality Segmented by Non-Korean Chefs, Korean Chefs and Purchasing Managers

Attributes	Three Sub-Groups	Canada	U.S.	Australia
Tenderness	1.	-0.11	0.45	-0.27
	2.	0.50	2.10	-1.00
	3.	0.64	2.00	-0.48
Marbling	1.	1.67	1.55	-0.18
	2.	0.14	0.60	-0.60
	3.	0.50	1.19	-0.57
Muscle-Texture	1.	1.57	1.20	0.40
	2.	0.40	0.80	-0.30
	3.	1.11	1.14	-0.14
Muscle Color	1.	1.33	1.18	1.09
	2.	-0.29	-0.60	0.4
	3.	1.22	1.10	-0.29
Fat Color	1.	0.44	0.09	0.18
	2.	0.57	0.80	-0.50
	3.	1.11	0.95	0.10
Fat Trim	1.	-0.29	-0.10	0.80
	2.	0	-0.80	0.20
	3.	0.22	0.65	-0.26
Flavor	1.	1.33	2.35	0.73
	2.	0.71	1.70	-0.60
	3.	1.00	2.05	-0.24

1. Non-Korean chefs (75% response rate on Canada, 100% for U.S. and Australia)
2. Korean chefs (64% response rate on Canada, 100% for U.S. and Australia)
3. Korean purchasing managers (50% response rate on Canada, 100% for U.S. and Australia)

+3 is the best rating and -3 is the lowest rating.

Table 2: Semantic Differential Scale Mean Response Quantitative Results from the Survey on Beef Product Quality Segmented by Non-Korean Chefs, Korean Chefs and Purchasing Managers

Attributes	Three Sub-Groups	Canada	U.S.	Australia
Food Safety-Standard	1.	1.50	1.73	1.91
	2.	-0.14	1.30	0.50
	3.	0	0.33	0.48
Price	1.	-1.14	-2.18	0
	2.	0.13	-1.80	0.90
	3.	-0.90	-1.95	0.76
Variety of-Cuts	1.	0.25	1.45	1.55
	2.	-0.29	1.60	0.20
	3.	-0.10	1.15	0.30
Product-Packaging	1.	2.00	2.45	1.91
	2.	1.00	2.10	0.40
	3.	0.60	1.14	1.05
Overall beef-Quality	1.	1.00	2.42	0.58
	2.	0	2.00	-0.10
	3.	0.78	1.95	0.05

1. Non-Korean chefs (100 response rate on all countries)
2. Korean chefs (100 response rate on all countries)
3. Korean purchasing managers (100 response rate on all countries)
+3 is the best rating and -3 is the lowest rating.

Table 3: Semantic Differential Scale Mean Response Quantitative Results from the Survey on Promotional Activity Segmented by Non-Korean Chefs, Korean Chefs and Purchasing Managers

Attributes	Three Sub-Groups	Canada	U.S.	Australia
Service & Assistance	1.	-0.83	2.25	1.55
	2.	-1.27	2.10	0.40
	3.	-1.79	1.95	0.71
Reputation	1.	0.09	2.75	0.92
	2.	-0.64	2.00	-0.80
	3.	-0.71	2.05	-0.33
Effectiveness of Promotion	1.	-0.42	2.17	1.25
	2.	-1.00	1.90	-0.30
	3.	-1.32	1.57	0.05
Awareness of Promotion	1.	-1.25	1.83	1.75
	2.	-1.64	2.80	0
	3.	-1.80	2.00	0.62

1. Non-Korean chefs (100 response rate on all countries)
2. Korean chefs (100 response rate on all countries)
3. Korean purchasing managers (100 response rate on all countries)
+3 is the best rating and -3 is the lowest rating.

Table 4: Semantic Differential Scale Mean Response Quantitative Results from the Survey on Country Image Segmented by Non-Korean Chefs, Korean Chefs and Purchasing Managers

Attributes	Three Sub-Groups	Canada	U.S.	Australia
Economic-Management	1.	1.50	1.92	1.67
	2.	0	1.70	0.10
	3.	0.47	1.86	1.05
Technology	1.	1.73	2.58	1.58
	2.	0.20	2.40	0.10
	3.	0.67	2.24	1.15
Relationship	1.	2.45	1.91	1.82
	2.	2.00	1.30	1.40
	3.	1.50	1.43	1.52
General-Product-Quality	1.	0.55	1.33	0.75
	2.	0	0.30	0.50
	3.	0.44	1.24	0.45
Trustworthi-ness	1.	1.55	1.92	1.50
	2.	-0.33	1.90	0.10
	3.	0.47	1.52	0.71

1. Non-Korean chefs
2. Korean chefs
3. Korean purchasing managers
+3 is the best rating and -3 is the lowest rating.

Survey Questionnaire

INTERVIEW QUESTIONNAIRE FOR KOREAN HOTEL BEEF BUYERS

Name of Organisation:_____
Name:_____
Position:_____
Phone:_____
Fax:_____

Interview Preamble

The purpose of the study is to obtain better understanding of expectation of the Korea KTHSC staff and members on product quality and marketing practices of imported beef. This information will be used by the Canadian beef exporters in refining product and marketing practices as to meet the precise needs of the Korea target customers.

The following questions will be asked directly by Renee Kim.
Example:

Automobile engine power	Powerful		Weak
	Japan	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Germany	:____:____:____:____:____:____:____:	

Section I: Product Quality

Tenderness	Tough		Tender
	Canada	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Marbling	Fatter		Leaner
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Muscle texture	Poor		Good
	Australia	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	

Muscle color	Pale Red		Bright Red
	Canada	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
Fat color	Yellow		White
	Canada	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Fat trim	Thin		Thick
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Flavor	Good		Poor
	Australia	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
Food safety standards	Low		High
	U.S.A.	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
Price	Expensive		Inexpensive
	Australia	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
Variety of cuts	Low		High
	Canada	:____:____:____:____:____:____:____:	
	U.S.A.	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Product packaging	Adequate		Inadequate
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	
Overall beef quality	Excellent		Poor
	U.S.A.	:____:____:____:____:____:____:____:	
	Canada	:____:____:____:____:____:____:____:	
	Australia	:____:____:____:____:____:____:____:	

Section II: Promotional Activity

(In sales/purchases making)

Service & Assistance	Good								Poor
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	
	Australia	:____	:____	:____	:____	:____	:____	:____	
Reputation	Good								Poor
	Australia	:____	:____	:____	:____	:____	:____	:____	
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	
Effectiveness of Promotion	Effective								Ineffective
	Australia	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
Awareness of Promotion	Much Promotion								Little Promotion
	Canada	:____	:____	:____	:____	:____	:____	:____	
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
	Australia	:____	:____	:____	:____	:____	:____	:____	

Section III: Country Image

Management of economy	Well Managed								Poorly Managed
	Australia	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
Technology	Advanced								Not advanced
	Australia	:____	:____	:____	:____	:____	:____	:____	
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	
Relationship	Want more ties								Do not want more ties
	U.S.A.	:____	:____	:____	:____	:____	:____	:____	
	Australia	:____	:____	:____	:____	:____	:____	:____	
	Canada	:____	:____	:____	:____	:____	:____	:____	

General Product Quality	Poor							Excellent
U.S.A.	:____	:____	:____	:____	:____	:____	:____	:
Canada	:____	:____	:____	:____	:____	:____	:____	:
Australia	:____	:____	:____	:____	:____	:____	:____	:

Trustworthiness	Trustworthy							Not trustworthy
Canada	:____	:____	:____	:____	:____	:____	:____	:
U.S.A.	:____	:____	:____	:____	:____	:____	:____	:
Australia	:____	:____	:____	:____	:____	:____	:____	:

Section IV. Supplemental questions

1. If all the competitors offers item equal in price, quality and promotion, which country's beef product would you select?
2. Which country do you think produces beef product of the greatest value when considering price, quality, promotion and service?
3. What should Canadian exporters do in order to increase market share in Korean import beef market in terms of marketing practices and product quality?
4. What do you think will happen in Korean beef market in next 5 years? particularly in the hotel and restaurant sector?
5. List 5 most important factors you consider before making a beef purchasing decision?
6. What are the reasons for choosing your current suppliers of high quality beef?
7. Would you prefer frozen or fresh/chilled beef? Please give your reasons.

8.0 LIST OF REFERENCES

Canada Beef Export Federation (1994). Opportunities and Constraints for Marketing Canadian Beef in Korea. Calgary, Alberta. August, 1995.

Kim, R., J. Unterschultz, M. Veeman, P. Jelen (1996). Analysis of the Korean Beef Market: A Study of the Hotel Purchasers' Perspectives on Imported Beef from Three Major Sources. Part I. Department of Rural Economy, University of Alberta. Edmonton, Staff Paper 96-07.

Nagashima, A. (1970). A Comparison of Japanese and the U.S. Attitudes Towards Foreign Products. *Journal of Marketing*, 34 (1), 68-74.