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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: convenience store sales increase in June; specialty stores doing well according to Japan Economic Newspaper survey; Yoshinoya D&C lowers price of popular beef bowl to 280 yen; pre-washed rice is selling well; Japan's Finance Ministry decides to impose high tariff on edible salt imports; and Australian Meat and Livestock Association promotes "Special Select Aussie Beef."

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Wholesale/Retail

- According to the *Japan Franchise Chain Association*, convenience store sales increased 0.1% in June over the same month last year on a same-store basis, and 4.7% on a total-store basis. This is the first time in 11 months for same-store sales to exceed the previous year's record. Hot weather is one of the reasons, citing higher beverage sales. (a 7/24)
- Specialty stores are doing well compared to supermarkets and department stores. According to a *Japan Economic Newspaper* survey, specialty store sales (aggregated for over 400 food and non-food stores) grew 7.2% in 2000 over 1999. This substantially exceeded the aggregated sales growth of the top 500 supermarket and department store retailers (only 2.2%) during the same period. In particular, discount specialty stores, such as electric household appliance stores, camera shops, and casual clothing stores, are doing well. (a 7/19)
- Supermarket retailers such as *Seiyu*, *Seifu*, *Pororocca*, and *Maruetsu* are starting to open smaller size stores with extended operating hours in metropolitan areas. Targeting people who live in the increasing number of newly-built condominiums in Tokyo, the competition is expected to get severe between these supermarkets and convenience stores. (c 7/11)
- National retailer *Daiei* announced it will start selling a new line of private brand beer on July 12. Hoping to regain the attention of beer-loving consumers despite the recent *happoshu* (malt liquor) boom, *Daiei* set the price of its new beer 30% lower than other national brands, matching it to *happoshu* prices. (a 7/11)
- Hot weather and discount sales have been pushing up supermarket sales in July. For example, sales of *Daiei*'s ice cream candies have doubled and air-conditioner sales have increased 50% over the same period last year. *Mycal*'s *happoshu* malt liquor sales also have increased by 60%. (a 7/13)

Food Service

- *Yoshinoya D&C* announced that starting at the end of July, it will reduce the price of its normal size *gyu-don* beef & rice bowl dishes from 400 yen to 280 yen. *Yoshinoya*'s campaign is expected to greatly accelerate price competition among food service companies. (a 7/6)
- *Yakiniku* grilled meat chain restaurant company, *Reins International*, has opened a new theme steak restaurant called "49ers House" in the Tokyo suburb of Setagaya. (b 7/17)

Food Processing/New Products/Market Trends

- *Musen-mai* (pre-washed rice) is selling well. Already, 10% of overall rice sales has switched to *musen-mai* pre-washed rice, and is expected to reach 50% within five years, according to the *National Musen-mai Association*. (f 7/12)

- Japan's Finance Ministry has decided to impose a high tariff rate on imported edible salt. The aim is to protect domestic manufacturers from severe price competition which is expected after the liberalization of salt imports in April 2002. (a 7/15)
- Following the recent detection of unapproved GM ingredients in major manufacturers' snack food products, Japan's Health and Labor Ministry plans to appoint three quasi-public industry organizations to handle inspections for unapproved potato varieties, such as NewLeaf Plus, NewLeaf Y, and StarLink Corn. (c 7/9)
- *Morinaga Seika* (Morinaga Snack Foods) announced on July 11 it is recalling its "Potelong" potato snack due to the detection of an unapproved GM potato ingredient. (a 7/12)
- *P&G* announced on July 17 it is recalling its "Pringle's" potato snack brand due to the detection of an unapproved GM potato ingredient. (a 7/17)
- *Nihon Kaigo Shokuhin Kyogi-Kai* (Japan Elder Care Food Products Association) will be launched in April 2002 with *Kewpie*, *Meiji Nyugyo* (Meiji Milk), *Ito-Ham*, *Wako-do*, *Horika Foods* and *Kameda Seika* (Kameda Snack Foods) as its founding members. Other members are currently being recruited. (f 7/16)
- New types of 100-yen stores are starting to open. For example, *Kobeya Frozen* has opened a 100-yen bakery store and major food wholesaler *Nucx Nakamura* has started a 100-yen frozen food corner in regional supermarkets. One hundred-yen sushi stores and pub restaurants are also opening. (a 7/17)
- *JA Fukaya* in Saitama announced it will invest three million yen over two years for the development of an inspection system to detect pesticide residue in *Fukaya negi* onions. *JA's* aim is to increase the competitiveness of *Fukaya negi* onions over imported onions. (a 7/18)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Meat & Livestock Australia* is currently focusing its efforts on promoting "Special Select Aussie Beef." This grain-fed beef is raised specifically for the Japanese market, according to a strict standard of color and fat similar to Japanese *shimo-furi* marbled meat. Nine meat manufacturers and trading companies are currently selling the meat in Japan. (b 7/17)
- On June 28, the *California Nectarine and Fresh Prune Association* held a nectarine and fresh prune seminar at the Royal Park Hotel, Tokyo. (c 7/9)
- *Seiyu* is selling new Australian-grown *Koshi-hikari* rice from July 7-29. This is *Seiyu's* first time to sell Australian rice, and it is selling well at the chain's 150 stores nationwide. (f 7/19)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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