



Voluntary Report - public distribution

Date: 11/26/2002

GAIN Report #JA2552

Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2002

Approved by:

Kevin Sage-EL, Deputy Director

ATO Tokyo

Prepared by:

Akiko Matsuyoshi, Marketing Clerk

Report Highlights: From America's largest overseas market for food and agricultural exports as translated from Japan's mass media and food press. This issue includes: Years of weak economic activity have led to changing consumer lifestyles and Japanese regional supermarkets are adapting; *McDonald's* presents a new food service outlet without hamburgers; An increase in Japan's meat import prices is attributed to the U.S. west coast dock strike; The popularity with pasta sauce continues to increase; the *U.S. Meat Export Federation* takes its "American Beef Town Hall Meeting" through five major cities and; an Aussie beef promotion targets kids in a photo contest.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo ATO [JA2], JA



Food Business Line

Periodic Press Translations from ATO Tokyo

Vol II, Issue 20 October 15-30, 2002

Retail/Wholesale

- According to the interim financial earnings statement announced on October 15 for major convenience stores, *Seven-Eleven Japan*, the No. 1 convenience store operator in the country, enjoyed a 5% increase in pretax profit compared to the same period last year. *Seven-Eleven* has credited its new store-opening drive with this success. Meanwhile, the No. 2 operator, *Lawson* suffered a 17% drop. *Family Mart* also reported profit growth, getting a boost from its cost-cutting efforts. (a 10/16)
- According to the *Japan Department Store Association*, total sales of member department stores in Tokyo declined by 1.3% in September on a same store basis, compared to the same month last year. It is the 10th consecutive month of not achieving the previous year's level of sales. Food sales also declined by 2.4%. (a 10/17)
- According to the interim financial earnings statement announced on October 21 for the six major food supermarkets, all reported pretax profit gains in the first half of the fiscal year ending August 31. The reasons for this success are attributed to various strategies focused on adapting to changing customer lifestyles. Some examples of these strategies are: reducing prices, renovating stores, offering late-night hours, increased array of prepared foods with tailored taste and, selling small individually packaged items. (a 10/22)
While the regional chains have exhibited better success at adapting to changing consumer lifestyles, national chains, on the other hand have been struggling. It is expected that the regional chains will likely show interest in further merger activity with other local chain stores in order to better compete with both national and foreign-invested retailers.
- According to the *Japan Chain Store Association*, in September, total sales of its member supermarkets declined by 1.3% on a same store basis, compared to the same month last year. It was the third consecutive month of not achieving the previous year's level of sales. However, food sales increased by 1.2%, due to good sales of *sozai* take-away side dishes. (a 10/25)
- According to interim financial earnings statements published on October 24 for four major department stores, all reported declines in sales and three were reported as 'large' declines in profit. Consumer spending is still low, and efforts to renovate retail stores have not resulted in improved sales, as had been expected. Even exclusive brand products, that are said to be relatively stable in recessions, are not selling well. Under these conditions, department stores will likely have to face more severe cost reductions in the coming years. (a 10/25)

Food Service

- *Yoshinoya D&C*, a leading *gyudon* beef bowl restaurant chain operator, announced that it purchased rights to *Shanghai Express Worldwide Co.*, a Tokyo-based Chinese food home delivery service. (a 10/15)
- *McDonald's Japan* is offering something other than hamburgers in its plans to develop a small café-style establishment called "McDonald's Café and Snack". The first shop opened on October

17 at a new shopping center in Shinagawa. *McDonald's* hopes to open about five more by December 2002. (b 10/17)

- Leading pub dining chain operator, *Watami Food Service* is suffering from 18 straight months of reduced sales on a same store basis. In an effort to regain customers, *Watami* plans to launch a new type of restaurant with lower prices and a more sophisticated atmosphere. (b 10/24)

Food Processing/New Products/Market Trends

- Prices of imported meats are rising significantly due to shortages caused by the U.S. west coast dock strike. Prices went up not only because of low domestic inventories but also due to increased freight charges where airfreight had to be an option. (b 10/24)
- Pasta sauce is gaining more popularity as an increased number of people are preferring to eat at home. Pasta sauce is selling well, keeping pace with the 5-percent increase in the amount of spaghetti purchased during January - August 2002 compared with the same period last year. Retort type pasta sauce is especially selling well, and it's production is expected to experience a double-digit increase this year. (f 10/28)

Food Safety/Consumer Awareness

- Japan's Ministry of Health, Labor, and Welfare and the Ministry of Agriculture held their sixth meeting regarding food labeling on October 28. At the meeting, they decided to launch a joint labeling committee consisting of the Japan's Food Science Council and JAS (Japanese Agricultural Standards) Inspection Committee to set a common definition for a phrase or concept related to food labeling. (f 10/31)

ATO/Cooperator/Competitor Activities/Trade Shows

- *U.S. Meat Export Federation* held a "American Beef Town Hall Meeting" on September 5 through October 2 at five major cities in Japan. A combined total of 200 consumers with high interest in food safety issues participated in the meeting with the cooperation of the Cooperatives and Nutritionists Association. (f 10/21)
- On October 20, *Meat and Livestock Australia* started a campaign for "Aussie Beef Kids Smile Contest," a photo contest of kids enjoying a meal made with Aussie beef. (f 10/21)
- *Japan Food Service Wholesalers Association* held a "Food Service Industry Fair" on October 16-17 in Tokyo. This year's theme was "Suggestions for Food That's in Demand Today." (f 10/21)

RRRRRRRR

Sources

- | | |
|----------------------------------|---|
| (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 |

DISCLAIMER - *Food Business Line* is derived from major Japanese news wires, mass distribution press, and food industry newspapers and magazines. Inclusion of an item in *Food Business Line* does not imply agreement by USDA

or U.S. Embassy/Tokyo; nor does USDA or U.S. Embassy/Tokyo attest to the accuracy or completeness of the translation of the news item. ATO Tokyo cannot further translate or send source materials to users.