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Market Development Reports

Food Business Line

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Report Highlights:

The new *Roppongi Hills* multi-purpose development is continuing to create economic benefits for its tenants, like Wolfgang Puck, and other nearby businesses; While 5 out of 10 of the top ranking pub-style restaurant chains reported sales declines in 2002, some of the successful chains have aggressive expansion plans; In 2002, Japan's institutional food service sector's sales growth slightly outpaced that for the food service industry as a whole; A hen with a diary and selling her eggs over the internet; A recent survey reveals that Japanese housewives express some concern about food safety when it comes to processed meat products and milk and; *Tsushima Supermarket* in Hakodate works with ATO Tokyo to make its first American fair a success.

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Food Business Line

Periodic Press Translations from ATO Tokyo

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Retail/Wholesale

- One of the largest Highway Service Areas in Japan, Ebina Service Area, has completed remodeling under a new “*Depa-chika*” concept, resembling the popular B1 (basement level) food floor of most major department stores in Tokyo. It now provides an open kitchen cafeteria, a prominent French bakery shop, and a demonstration kitchen counter. Other Highway Service Areas are also remodeling stores and improving services in order to compete with convenience stores and local specialty stores located along the express way. (b 4/29)
- Food supermarkets located in Roppongi are enjoying increased sales after the April 25th opening of the “Roppongi Hills”, a large-scale multi-purpose commercial complex constructed by developers of *Mori Building* in the Roppongi redevelopment area. *Food Magazine* doubled its daily sales, and *Meidi-ya*’s profit also saw an increase of 20%. (b 5/8)

Food Service

- Following the enforcement of the law designed to curb secondhand smoke in public facilities on May 1, more and more food service companies are introducing total smoking bans at their outlets. *Matsuya*, *Ringer Hut*, and *Starbucks Coffee*, have already banned smoking, and others like *Ootoya* and *Yoshinoya D&C* will follow. (b 5/13)
- According to the Nikkei Marketing Journal’s top ten sales ranking for the pub restaurant chains in 2002, five out of ten companies reported overall sales declines and nine companies reported declines in same-store sales compared to previous year. However, in spite of the current situation, *Monteroza* continues to rank at the top, opening 137 outlets, now exceeding 1,000 in all. It even plans to increase the equipment investment by 30%. *Colowide* achieved a top growth rate of 16%, owing to new outlets and menu improvements. (b 5/8)
- *Doutor Coffee* fast food shop operator, *Skylark* family restaurant chain operator, and *Yoshinoya D&C gyudon* beef bowl fast food chain operator, all plan to open their 1,000th outlet in the current fiscal year. Offering cups of coffee for 180 yen, *Doutor Coffee* has located many of its stores in gasoline stations and bank branch locations. In September, *Skylark* expects to open its 1,000th outlet in its *GUSTO* low-price family restaurant chain, whose 480-yen daily lunch specials are particularly popular. Finally, *Yoshinoya D&C* plans to open 102 new outlets in fiscal 2003, increasing its total number of outlets in Japan to 1,010. The firm was hit hard by the outbreak of mad cow disease, but believes it still has the potential to open 750 more outlets in the future. (a 5/8)
- According to the Nikkei Marketing Journal’s top ten sales ranking for institutional food service companies (hospital and welfare) in 2002, overall growth was 3.5%, higher than the food service market growth rate of 2.2%, which hints a growing institutional sector in the food service market. *Nisshin Iryo Shokuhin* ranked #1, and *Fuji Sangyo* and *Green House* achieved two-digit growth compared to the previous year. (a 5/15)

Food Processing/New Products/Market Trends

- “Roppongi Hills” has attracted a total of more than one million visitors in its first four days of operation! The site, a multi-purpose commercial complex housing more than 200 retail stores and restaurants, as well as hotels, movie theaters and condominiums, has already become a popular tourist spot in Tokyo. It has attracted more than double the number of visitors than the Marunouchi Building, which opened last September. It was reported that *L’Atelier de Joel Robuchon*, a French restaurant, proved to be one of the most popular destinations. During peak hours in the early evening, customers waited two hours just to be seated. (a 4/29)

ATO Comments: Wolfgang Puck Restaurant is also located in the new Roppongi Hills Plaza complex. Our communication with them recently reveals that from their grand opening in April their staff has been over worked ever since. They expected that the popularity for Roppongi Hills would die down after Japan’s ‘Golden Week’ (this year it occurred from April 29 thru early May), however as of mid-June, it has not!

- The internet-based, on-line egg store of *Ohara Farm*, which is actually located in Nagano Prefecture, is selling very well. Its effective marketing strategy of adding value to egg sales with an attractive homepage and the on-line diary of a particular hen laying an egg is drawing more and more customers. Unit price costs are several times more expensive than eggs sold in supermarkets, nevertheless several thousand units a month are sold through the website. (b 5/1)

Food Safety/Consumer Awareness

- A recent survey done by the *IX Knowledge and NTT Data Institute of Management Consulting* of 1,000 housewives (Tokyo 600, Kansai 400, age ranging from 20 to 59) on the subject of food safety revealed that 77% were concerned about the safety of processed meat products like ham, bacon, and sausages, and 72% were concerned about milk. (a 5/15)
- According to the survey on GMO products done by the *Society for Techno-innovation of Agriculture, Forestry and Fisheries* of 5,000 consumers chosen at random, among the 1,090 that responded, 77% replied that they are interested in the technology and 71% replied that it was a “useful technology” for the food and agriculture sector. The reasons why the respondents thought it was a “useful technology” were: It will make it easier to grow agricultural products (57% of the responses); It will allow crops to grow in currently inappropriate environments such as in deserts (50%) and; It will solve the food shortage problems in the developing countries (48%). Also, 51% replied that they would buy GM products according to safety conditions and 44% replied that they would not. (Gaishoku Journal 5/15)

ATO/Cooperator/Competitor Activities/Trade Shows

- *ATO Comments: Tsushima Supermarket* in Hakodate, one of ATO Tokyo’s new regional mid-size retail contacts, decided to sponsor their first American Fair in the Hakodate area on June 5-7 at all 15 stores. They were also showing interest in sponsoring an American Lunch Buffet promotion in association with the Fair but decided to wait until next year, pending the success of this year’s menu fair. ATO staff is currently providing all the necessary

information and POP materials. Everything is being done to assist in their promotional event, including fostering new relationships between *Tsushima* and U.S. cooperators and agents.

☞ 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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