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## Japan

### Market Development Reports

#### Food Business Line

*Periodic Press Translations from ATO Tokyo*

**2001**

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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's highlights include: About 10% of all liquor stores in Japan have either closed or gone bankrupt in the past three years; Food manufacturers are trying to increase sales by featuring healthy elements contained in their products based on newly found scientific facts; The total number of organizations that have been authorized to rate the organic JAS standard has grown to 1,741; and Japan's Health, Labor, and Welfare Ministry announced it will appropriate 10.2 million yen for food safety measures.

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# Food Business Line

Periodic Press Translations from ATO Tokyo

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## Wholesale/Retail

- According to the *National Liquor Sales Central Union*, 12,000 liquor shops, representing about 10% of all liquor stores in Japan, have either closed or gone bankrupt in the past three years. This owes mainly to the deregulation of the Liquor Retail Sales License Law, which allowed convenience stores and drug stores to obtain licenses and open stores more easily. (b 8/23)
- According to the *Japan Franchise Chain Association*, total sales of its member convenience stores in July dropped 0.8% compared to same month last year on a same store basis. This is the first time in two months that sales have dipped below the previous year record. On the other hand, total sales increased 4.0% on a whole store basis. (b 8/23)
- To reform its distribution system, *Ito-Yokado* has consigned four major wholesalers, *Sanyu Koami*, *Ryoshoku*, *Ito-chu Shokuhin*, and *Nishino Shoji*, to handle its distribution in the Tokyo area. *Ito-Yokado* plans to expand this system to other regions in Japan as well. (c 8/29)

## Food Service

- According to the *Japan Food Service Association*, total sales of member companies in July declined 1.0% compared to the same month last year, which is the 44<sup>th</sup> consecutive month of decline. However, the rate of decline has dropped to the level of February 2000. Total sales increased 5.2% on a whole store basis, which is the fifth consecutive month of increase. (a 8/25)

## Food Processing/New Products/Market Trends

- So-called "Academic Marketing" is spreading rapidly in the food industry. Food manufacturers are trying to increase sales by featuring healthy elements contained in their products based on newly found scientific facts. For example, *Morinaga Milk Products* sells an iced-cocoa product which has become quite popular in the summer time in which the sterilizing effect of cocoa is said to have the effect of preventing food poisoning. *House Foods* held a promotional forum on health effects of curries, based on the theory by a professor at Tokyo University that curry increases blood circulation in one's brain. (b 8/21)
- Unit prices of goods continue to decline under a deflationary economy suffering from a decline in consumer expenditures, excessive competition from increased store numbers, protection against foreign currencies, a decline in family size, aging society, and a strong yen. According to wholesaler *Ryoshoku*, the average unit price of their products declined 2.76% in January-July compared to last year. (c 8/27)
- Forty-six agencies were registered in August to authorize the JAS organic certificate. The total number of organizations that have been authorized to rate the organic JAS standard has grown to 1,741. The numbers have grown rapidly, especially in these past three months. (c 8/31)

- Japan's Health, Labor, and Welfare Ministry announced it will appropriate 10.2 million yen for food safety measures. The details of the measures are: 1. Strengthening of the GMO inspection system 2. BSE issues 3. Inspection of imported foods. ( c 8/31)

**ATO/Cooperator/Competitor Activities/Trade Shows**

- On August 23, the *Japan Food Service Wholesalers Association* held a press conference at the KKR Hotel in Tokyo prior to the "Food Service Industry Fair" that is planned for October 3-4 in Tokyo. (f 8/30)

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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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