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## Japan

### Market Development Reports

#### Food Business Line

*Periodic Press Translations from ATO Tokyo*

**2002**

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**Report Highlights:** 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: USDA Secretary Veneman attends a seminar at Japan's Akasaka Elementary School's cooking school featuring U.S. beef and pork; *Seven-Eleven Japan* continues to outpace its competitors with plans to open 900 stores in 2002; Attempts to target the environment and health-conscious Japanese consumer is noted with a new offer of foods produced with minimal chemicals and fertilizer, and in another example, preservative-free, 'non-GM' sandwiches offered by *Pret A Manger of Britain*; McDonald's Japan's very successful hamburger price promotion causes local competitors to respond in like manner and; *Nippon Meat Packers* admits to disguising imported meat as domestic under a government-funded beef buyback program.

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# Food Business Line

Periodic Press Translations from recurrence Tokyo

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## Retail/Wholesale

- *Seven-Eleven Japan*, which achieved top sales among the convenience stores in 2001, continues to widen the gap between itself and other convenience store chains in terms of the number of stores, according to the survey done by the Nikkei Marketing Journal. With plans to open 900 stores in 2002, *Seven-Eleven* locations in Japan will soon total 10,000 stores in all. It is estimated that about one in two newly opened convenience stores in 2002 is likely to be *Seven-Eleven*. (b 7/25)
- *Fast Retailing*, the operating company of *Uniqlo*, known for low cost clothing stores, plans to sell food items via the internet, beginning in November, targeting environment and health conscious consumers. They also plan to open a test store. These food items will be produced under the supervision of *Nagata Agricultural Consultants*, which created the, so-called, Nagata method designed to minimize the use of agricultural chemicals and fertilizer. Unlike the firm's low-cost and standardized clothes, the amount of new food products for sale will be limited to 100 items, and prices are expected to be higher than those at supermarkets. This decision comes when clothing sales at *Uniqlo* have been declining for nine consecutive months through June on a same store basis compared to the previous year's record. (a 8/2)

## Food Service

- British sandwich shop chain *Pret A Manger* ('Ready to Eat' in French) opened a Japan branch office in June, and plans to open its first shop in Tokyo this fall. *Pret A Manger* has seen success in the UK, selling varieties of preservative-free, 'non-GM' sandwiches which are made fresh daily. It opened its first overseas shop in New York on July 2001, and in Hong Kong on February 2002 with the help of *McDonald's*, which owns a 33% stake. (b 7/25)
- After *McDonald's Japan* reduced the price of a regular hamburger from 80 yen to a record-low 59 yen on August 5, other fast food chains are following its lead in cutting prices. For example, *Zensho*, an operator of the "Sukiya" *gyudon* grilled beef bowl restaurants, reduced the meal sets from 400 yen to 380 yen. *Family Mart* convenience stores and *Lotteria* hamburger fast food chain also started to offer hamburger and cola meal sets in a reduced price. (a 8/5)
- *McDonald's Japan* announced that its nationwide sales on August 5, the first day of its campaign to sell hamburgers at Y59, increased for 17.7% compared to the same day of the previous week. Total number of customers also increased 28.4%. The sales and the number of customers increased for 2.3% and 12.7% respectively when compared to the same day last year. (a 8/7)

## Food Processing/New Products/Market Trends

- On August 7, *Nippon Meat Packers* admitted to disguising imported beef as domestic and selling it to an industry association under the government-funded beef buyback program set up to help meat processors hit by the BSE outbreak last year. After selling the meat to the *Japan Ham & Sausage*

- Processors Cooperative Association, Nippon Meat* allegedly recovered 1.3 tons of beef, including 520kg of the disguised domestic beef from the association and incinerated it without the permission of the Japan's Agricultural Ministry (MAFF). *Nippon Meat* apparently tried to avoid having the meat inspected by MAFF. MAFF is considering filing criminal complaints against those involved in the scandal. It also plans to ask the subsidiary involved to suspend its beef-related operations until an internal monitoring system is established to prevent recurrence (see attache report JA2031). (a 8/7)
- More and more supermarket operators are pulling *Nippon Meat* products from shelves after the food labeling scandal. On August 10, *Ito-Yokado* and *Seiyu* removed about 100 items of *Nippon Meat* from their stores. *AEON, Tokyu Store, and Life Corporation* also followed. (a 8/11)
  - Starting in September, *Kao Corporation*, a major household chemicals manufacturer, announced on August 6 that it plans to sell a mayonnaise that contains its popular low-fat Econa brand cooking oil. Currently, *Ajinomoto* and *Q.P. Corporation* account for about 90% of the domestic mayonnaise market, but *Kao* expects a positive response from the Japanese health-conscious consumers, and plans to obtain a 10% share in the near future. *Kao* also plans to begin test-marketing its Econa cooking oil in the U.S. beginning this fall, to prepare for the launch of a full-scale overseas marketing effort. (a 8/7)
  - *Ajinomoto* plans to set up food R&D centers in China and US to gather and analyze information on food ingredients. *Ajinomoto* will also carry out inspections on local food ingredient establishments, responding to growing consumer concerns for food safety in Japan brought about after the detection of BSE and numerous food mislabeling scandals. The new centers will also accumulate know-how on procuring ingredients at lower cost. The center in China is scheduled to open in Shanghai in January 2003. (a 8/7)

#### ATO/Cooperator/Competitor Activities/Trade Shows

- On July 25, Australia's Agricultural Minister visited *Co-op Kobe's* largest department-style supermarket *Seer*, and observed various fresh Australian food such as Aussie beef, on sale. (f 8/5)
- On July 25, USDA Secretary Veneman attended the Akasaka Elementary School's cooking school. *US Meat Export Federation* supported the seminar, and menus using U.S. beef and pork were introduced. (f 8/5)

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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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