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## 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

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**Report Highlights:** From America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: Despite negative results throughout the Department Store sector for non-food sales, food sales are still more encouraging; Based on a *Codex* standard for bottled drinking water, more than 90 percent of all labels which now read "Natural Mineral Water" might be replaced with "Bottled Packaged Water"; The Japan beef market continues to normalize, post-BSE as demand for beef used in *Sukiyaki* or *Nabe* creates upward pressure on domestic prices and; French Beaujolais Nouveau was released in Japan on November 21, 2002.





# Food Business Line

Periodic Press Translations from ATO Tokyo

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## Retail/Wholesale

- To reform its distribution system, fast food chain operator *Freshness Burger* announced that it will use *Itochu Corporation* to handle procurement and distribution of all of its food ingredients. The distribution information is planned to be controlled by a shared electronic database. (b 11/21)
- According to the *Japan Department Store Association*, in 2002, total sales of its member department stores in October declined by 3.5% on a same store basis, compared to the same month last year. The cause is attributed to the warm weather negatively impacting autumn and winter clothing sales. This is the seventh consecutive month in which sales were lower than that posted for the same month in the previous year. Food sales also declined by 1.8%. (a 11/26)
- According to the *Japan Chain Store Association*, total sales of member supermarkets in October declined by 2.7% compared to the same month last year. However, food sales increased by 0.8%. (a 11/27)
- According to the interim financial earnings statement for 19 department stores, 13 reported an overall decline in sales in the first half of the fiscal year ending August 31. However, 13 department stores reported an increase in food sales, which implies that sales volumes from food purchases has not been enough to offset reductions in non-food sales. (f 11/28)

## Food Service

- Akebono, former American "Yokozuna(a grand champion)" sumo wrestler, opened an American restaurant "ZUNA Grill" on November 14 in central Tokyo. Homemade-style Hawaiian food and Southern cuisine will be served there. The head chef is also from the United States. (b 11/19)
- According to interim financial earnings statements for 26 food service companies, 17 reported declines in profit. However, despite circumstances that seem to negatively impact other sectors of the food service market, "Nakashoku" companies such as *bento* take-away lunch box shops and *sozai* side dish shops are doing well. The "Nakashoku" now account for 20% of the entire food service market. (a 11/21)

## Food Processing/New Products/Market Trends

- It was agreed at the Ministry of Health, Labor, and Welfare's food standardization meeting on November 12, 2002, that the Japanese guideline for drinking water should match the definition of the *Codex* standard. If this concept is implemented, the label "Natural Mineral Water" used currently by 90% of the water suppliers might be replaced with "Bottled Packaged Water." (a 11/16)
- *Sapporo Breweries* plans to take over *Godo Shusei* and will start selling wines produced by the Australian giant, *Beringer Blass Wine Estates* beginning January 2003. *Sapporo Breweries* aims to strengthen its competitiveness by marketing imported wines prior to the liberalization of domestic alcohol sales licensing planned to take effect in the fall next year. (a 11/16)

- The price of domestic beef is rapidly rising as the demand for beef used in *Sukiyaki* or *Nabe* (Hot Pot dishes) increases. Both dishes are a favorite Japanese winter specialty. Most of the beef prices now exceed the levels before the BSE incident. (b 11/21)
- *Pokka Corporation* known in Japan for canned coffee and initiating vending machines in the 1970's, announced on November 25 that it had sold the entire 100 percent stake in its U.S. subsidiary, *Pokka USA Inc.*, to *The Coca-Cola Company*. (f 11/28)

### **Food Safety/Consumer Awareness**

- The Tokyo Metropolitan Government announced its plans to strengthen food safety measures for the next fiscal year. Some of the measures they plan to adopt are: To launch a food safety committee; Review its system for inspection of food service outlets and retail shops and; Issuing new regulations related to food safety. (a 11/16)
- "*5-A-Day*" *Japan Association* held its first general assembly on November 14 in Tokyo. It's main activity for the time being will be to approach schools to enhance food educational programs. (f 11/28)

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

- French Beaujolais Nouveau was released on November 21. It is reported that some 200 people celebrated and enjoyed a wine tasting party at a hotel in Tokyo on the same day. Japan is the largest importer of Beaujolais Nouveau, and the sales are forecast for be a record high this year. (a 11/21)  
*ATO Comments: The remarkable popularity of French Beaujolais Nouveau in Japan implies that despite tightened purse strings in the midst of this sluggish economy, value-added products still attract Japanese consumers regardless of the price. In addition to its widely-accepted taste, setting the time for the release of its product and holding wine tasting parties continues to be a successful marketing strategy for the Japanese market.*

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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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