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Food Business Line

- Periodic Press Translations

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Report Highlights: *Kinokuniya Co., Ltd.*, high-end supermarket in metropolitan area, will develop smaller size stores in railway station buildings and other commercial buildings to target younger workers; Drug stores and convenience stores are competing for same products; *Nakau Co., Ltd.* to discontinue pork and begin using Australian beef; High-priced restaurants do well in Japan; The healthy food boom results in a rise in soy milk consumption; High 'cacao chocolate' products gain popularity with Japanese consumers and; The California Table Grape Commission conducted "Fruit Table of California Table Grapes" tasting event at a café restaurant in Tokyo inviting 100 health-conscious working women.

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Food Business Line

Periodic Press Translations from ATO Tokyo Vol. V, Issue 17, October 16-November 15, 2005

Retail/Wholesale

- *Kinokuniya Co., Ltd.*, high-end supermarket in metropolitan area, will develop smaller size stores in railway station buildings and other commercial buildings. The new stores will target younger workers with a more casual image but with its original high quality take-out menus, bakery goods and import food products to be separate from convenience stores. (b. 10/14)
- Drug stores and convenience stores are competing for same products. Newly opened drug stores sell box lunch, sandwiches, bakery goods, drinks and magazines, while convenience stores started selling medicines, supplements and cosmetics. It is an example of the dissolution in some parts of retail industry in Japan. (b. 10/24)
- *The Seiyu Co., Ltd.* announced that Ed Colodzieski, COO of Walmart International, will be CEO of The Seiyu Co., Ltd. as of December 15. (b. 11/4)
- *Itochushokuhin Co., Ltd.* settled on a three year management plan through September 2008. It includes the plan to proceed with merger and acquisition (M&A) activity for food manufacturers and wholesalers with unique products to expand those businesses. It's future growth targets for the next three years are group annual sales is 620 billion yen, an increase of 10%, and ordinary profit of 7.5 billion yen, an increase of 25%. (b. 11/14)

Food Service

- *Nakau Co., Ltd.* will make a complete comeback for its beef bowls by November 15 by using Australian beef, and will also discontinue pork bowls. Nakau is planning to secure beef bowl fans before the resumption of U.S. beef imports. (a. 10/14)
- According to the financial statements 13 out of 30 major food service chains for September 2005, their net profits were the higher than the average of the previous year. (b. 10/21)
- According to the Japan Food Service Association's report on total sales of restaurants in September, the total sales among high-priced dinner establishments has exceeded that of the previous year for 6 consecutive months, while other categories experienced slight declines. (b. 10/26)
- *Pepper Food Service Co., Ltd.*, owner of a low price steak restaurant chain called Pepper Lunch, is planning to increase the number of outlets to 500 from the existing 140 by year 2009. It is expecting an increase in demand for steak after the resumption of U.S. beef. (b. 11/4)
- *Yoshinoya D&C Co.* will start beef Sukiyaki pot menu using Australian beef from November 7, which is an improved version of its former Australian beef pot menu. Utilization of U.S. beef is anticipated to be only 10-20% of the total amount before the ban, and they decided to keep a popular Australian beef menu even after the resumption of U.S. beef. (b. 11/7)

Food Processing/New Products/Market Trends

- Soy milk consumption has risen sharply. Food processors are busy creating new soy milk items and menu items using soy milk are popular at food service chain restaurants. The

- healthy food boom has helped expanding the consumption of soy milk products to increase the production by as much as four times that of four years ago. (a. 10/26)
- New products with so-called ‘high cacao chocolate’ which contains twice as much cacao beans are processed by many major confectionery manufacturers. It is popular among health conscious consumers with its high polyphenol content. (a. 10/25)
 - In advance of the prospect of resumption of U.S. and Canadian beef imports in December, the food service industry starts preparing for reentry of the product in their inventories. *Yoshinoya D&C Co.* is planning to start the menu using U.S. beef in January, while retail supermarkets such as *Ito Yokado* and *Aeon* are still circumspect in planning. *The Seiyu Co., Ltd.*, *Walmart’s* subsidiary company, says that they have not changed their supply plans of beef which is mainly from Australia. (b. 11/2)
 - Poultry producers have had hardships since June due to the decreased production caused by the avian influenza outbreak in Saitama and Ibaragi Prefectures. The Ministry of Agriculture and Fisheries (MAFF) and specialists are very cautious because they are on the watch for mutation of the virus in Asia, while producers are craving for a vaccine to prevent expansion of infection and the financial difficulties caused by the extended prevention of epidemics. (a. 11/7)
 - Supermarkets are expanding their Beaujolais Nouveau wine supply including high quality wines and natural wines produced from grapes without pesticides and no additives. This year Beaujolais Nouveau is being sold with in the price range of 2500-4000 yen, while its price range of the previous year was 2000-2500 yen. (a. 11/5)
 - Soup with chunks of vegetables and other ingredients is popular at soup specialty restaurants, fast food restaurants and convenience stores. Soup specialty restaurants such as Soup Stock Tokyo and Dear Soup, has seen a boom since starting in 1999. (b. 11/11).

Food Safety/Consumer Awareness

- *Unicharm Corp.*, is causing quite a stir in the food packaging business with its new product, ‘Cook-Up’, a fabric sheet designed to keep vegetables fresh. The sheet has porous film on one side which absorbs excess moisture and thereby and removes an element that promotes survival of microbes. In the three months since its release it has captured 13 percent of the consumer market for food packaging (i. 11/14)

ATO/Cooperator/Competitor Activities/Trade Shows

- Australian wines are booming in the world with its reasonable price and high quality. Many traders in Japan that increased or start handling Australian wines prior to December when demand for wine was great. (g. 10/19)
- *INAPORC* (French Pork Commission) and *OFIVAL* (French Livestock and Dairy Federation) organized a reverse pork trade and media mission, September 18-24. A famous Japanese cuisine chef was also invited for the purpose of the French-Japanese cuisine exchange. (f. 11/10)
- California Table Grape Commission conducted “Fruit Table of California Table Grapes” tasting event at a café restaurant in Tokyo inviting 100 health-conscious working women. (f. 10/31)

☞ Sources ☞

(a) The Japan Economic Newspaper

(b) The Nikkei Marketing Journal

- (c) The Japan Food Journal
- (e) The Japan Food News
- (g) Fuji Sankei Business I
- (i) Nihon Keizai Shimbun
- (d) The Beverage & Food News Commentary
- (f) The Food Industry News
- (h) Pan News

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